

**MICHIGAN STRATEGIC FUND BOARD
NOVEMBER 25, 2008**

ADOPTED MEETING MINUTES

A meeting of the Michigan Strategic Fund (MSF) Board was held on November 25, 2008 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

MEMBERS PRESENT: James Epolito; Linda Ewing; Jeff Leithauser; Stanley “Skip” Pruss; Charlie Rothstein; Tom Saxton (acting on behalf of Robert Kleine, authorization attached); Jim Herbert (via phone)

MEMBERS ABSENT: Paul Hodges; George Jackson; Richard Rassel

CALL TO ORDER: Mr. Epolito called the meeting to order at 2:05 p.m.

APPROVAL OF MINUTES: Mr. Epolito asked for a motion to approve the October 22, 2008 meeting minutes. **Mr. Saxton motioned approval of the minutes. Director Pruss seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

PUBLIC COMMENT: Mr. Epolito opened the floor for public comment. There was no public comment.

COMMUNICATION: Nathan Ohle, MEDC Board Relations Liaison, advised the Board that a letter had been received from Jeff Leithauser recusing himself from projects on the November 25, 2008 MSF Board Meeting Agenda. Mr. Ohle also pointed out that letters had previously been received from Jim Epolito and Skip Pruss, but had subsequently been withdrawn. Mr. Ohle also provided clarification regarding the updated agenda materials distributed to each member.

CONFIDENTIALITY REPORT: Ned Staebler, MEDC Vice President of Program Administration, reported that two applicant companies under the 21st Century Jobs Fund Competition program had requested confidentiality. *The following two resolutions were voted on together.*

Resolution 2008-166: Confidentiality Acknowledgement – Critical Signal Technologies

Resolution 2008-167: Confidentiality Acknowledgement – Pixel Velocity

Mr. Epolito asked if there were any questions from the Board. Being none, **Director Pruss motioned approval of Resolutions 2008-166 and 2008-167. Mr. Leithauser seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

[**Recused:** Jeff Leithauser]

Martin Dober, MEDC Vice President of New Markets, reported that four applicant companies under the Centers of Energy Excellence (COEE) program had requested confidentiality.

Resolution 2008-168: Confidentiality Acknowledgement – American Process, Inc.

Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Saxton motioned approval of Resolution 2008-168. Ms. Ewing seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused

Resolution 2008-169: Confidentiality Acknowledgement – Working Bugs

Mr. Epolito asked if there were any questions from the Board. Being none, **Director Pruss motioned approval of Resolution 2008-169. Mr. Saxton seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused

Resolution 2008-170: Confidentiality Acknowledgement – Adaptive Materials

Mr. Epolito asked if there were any questions from the Board. Being none, **Director Pruss motioned approval of Resolution 2008-170. Mr. Saxton seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused

[Returned: Jeff Leithauser]

Resolution 2008-171: Confidentiality Acknowledgement – A123 Systems

Mr. Epolito asked if there were any questions from the Board. *Ms. Ewing expressed her concern about the company requesting confidentiality for the employment impact data. Discussion ensued and clarification was provided on the purpose for the request – the company has submitted their application to the SEC to become a public company. A requirement of the application process involves a ‘quiet period’ during which the company is not allowed to disclose specific pieces of information for any reason. David Vieau, Chief Executive Officer for A123 was present and explained that disclosure of restricted information would not necessarily hurt their application process but would delay it extensively. Mr. Dober added that the company had provided it and while it could not be included as part of a public meeting, any Board member interested in reviewing the information is welcome to do so.* Being no more discussion, **Director Pruss motioned approval of Resolution 2008-171. Mr. Saxton seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

21st CENTURY JOBS FUND:

Centers of Energy Excellence (COEE): Martin Dober provided background information on the following six resolutions, including information on each applicant’s proposed project/request for funding.

Resolution 2008-172: Centers of Energy Excellence Approval of Amendment to Grant Template

Mr. Dober explained that an amended grant template had been created and finalized for the Board's review and approval. This amended template will be used for each grant awarded through the COEE program.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Mr. Rothstein asked if the applicant company was required to be located in Michigan to qualify for the program. Mr. Dober responded that the company did not, however, the project for which the funding was being requested did have to be in-state.* Being no more discussion, **Mr. Leithauser made a motion for approval of Resolution 2008-172. Mr. Saxton seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

Mr. Dober then provided a brief overview of the COEE program for the new Board members who were not serving on the Board at the time the program was originally created and presented.

Resolution 2008-173: Centers of Energy Excellence Appointment of Committee Members

Mr. Dober explained that the originally appointed committee members were Jeff Leithauser, Richard Rassel, and Keith Cooley. Because former Director Cooley is no longer serving on the Board, this resolution appoints newly appointed Director Stanley “Skip” Pruss to fill that vacancy. Mr. Leithauser and Mr. Rassel remain as appointed members.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-173. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

Mr. Dober continued his presentation by explaining that four applications for funding to the COEE Program were being brought before the Board for consideration. The total requested funds for the four applications are \$32.9 Million. The total available funds in the 2008-2009 fiscal year for the COEE Program are \$16 Million. There is not enough funding remaining in this fiscal year to fully fund each of the proposals.

The four applicants were all recommended to receive funding through the COEE program. Since there are not enough funds remaining to fully fund each, recommendations were made to reduce the amount of the awards to some of the requests, in a manner in which the projects would still be economically viable, but so that more awards could be made, and making awards first to the highest scoring proposals. It was further recommended that three of the proposals be awarded funds now, totaling a combined \$16 Million in remaining funds for this fiscal year - and that an additional award be granted to the fourth application, subject to funds becoming available in the future and program eligibility in the future. *Discussion ensued regarding the members of the review committee and their various areas of expertise.*

Resolution 2008-174: Centers of Energy Excellence Applicant Approval-A123 Systems

A123 Systems, based in Ann Arbor, requests \$10 Million from the COEE Program to establish a center that will develop and manufacture lithium-ion batteries. University participants include University of Michigan and Michigan State University. This proposal is recommended to be funded at \$10 Million. *David Vieau, Chief Executive Officer for A123 Systems, addressed the Board.*

Mr. Dober then introduced the guests representing the A123 Systems Project: David Vieau and Maria Thompson – A123 Systems; Jack Hu – University of Michigan; Larry Drzol – Michigan State University

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Discussion ensued regarding the company's revenues and profitability – While the company is not allowed to announce any forward-looking revenues due to the 'quiet period', he did share with the Board that they anticipate \$70 million in revenues this year and while they are not currently turning a profit, they anticipate doing so very soon.* Being no more discussion, **Mr. Saxton made a motion for approval of Resolution 2008-174. Mr. Leithauser seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

[Recused: Jeff Leithauser]

Resolution 2008-175: Centers of Energy Excellence Applicant Approval-Working Bugs

Working Bugs, with operations in East Lansing and Webberville, requests \$4 Million from the COEE Program to establish an agricultural processing biorefinery that would produce high value biochemicals (such as fusel alcohols, succinic acid, and amino acids) and biofuels (such as biobutanol) from natural feedstocks. The university partner is Michigan Tech University. This proposal is recommended to be funded at \$2 Million. *Diane Holman of Working Bugs addressed the Board.*

Mr. Dober then introduced the guests representing the Working Bugs Project: Diane Holman and Kris Berglund – Working Bugs; David Reed – Michigan Tech University; Jody Pollok-Newsom – Michigan Corn Growers Association; Jim Byrum – Michigan Agri-Business Association

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Discussion ensued regarding the company's revenues and profitability – The company's revenues are currently at \$1 million annually, and they anticipate that increasing to \$5 million over the next three years. They are profitable but try to put a large portion of the revenues back into the company for purchasing equipment.* Being no

more discussion, **Mr. Saxton made a motion for approval of Resolution 2008-175.** Ms. Ewing seconded the motion. The motion carried unanimously – 6 ayes; 0 nays; 1 recused.

Resolution 2008-176: Centers of Energy Excellence Applicant Approval-American Process, Inc. (API) American Process Inc., based in Atlanta, GA, in partnership with Decorative Panels International in Alpena, requests \$8.6 Million from the COEE Program to establish a forest processing biorefinery that would produce cellulosic ethanol and biochemicals (such as sodium acetate). Valero Energy Corporation is an investor, and the university partner is Michigan Tech University. This proposal is recommended to be funded at \$4 Million. *Theodora Retsina of American Process, Inc. addressed the Board.*

Mr. Dober then introduced the guests representing the API Project: Theodora Retsina – API; Jim Gillingham – Valero Energy; Dennis Warbelo and Tim Clark – Decorative Panels International; Kevin Korpi – Michigan Forest Products Council; Robert Herr – Crowe Horwath; David Reed – Michigan Tech University

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Discussion ensued regarding the company's revenues and profitability – The company's revenues are currently \$4 million. The project is expected to be profitable from the start up, including the subsidy and investors. Discussion continued about the portion of the award designated to the University, how that amount is determined and the process by which the University actually receives their portion, since the full award is paid directly to the company. Discussion also took place about how viable these companies are if they are only receiving a portion of the full amount requested.* Being no more discussion, **Mr. Saxton made a motion for approval of Resolution 2008-176.** **Mr. Rothstein seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused.

Resolution 2008-177: Centers of Energy Excellence Contingent Applicant Approval-Adaptive Materials Adaptive Materials Inc., based in Ann Arbor, requests \$10.3 Million from the COEE Program to establish a solid oxide fuel cell Center. The Center would produce solid oxide fuel cells for military and commercial portable power applications. University of Michigan, Lawrence Technological University, and Michigan Tech University are partners in the project. This proposal is recommended to be funded at \$3 Million to match their federal awards, subject to future funding availability and program eligibility. *Michelle Crumm, Chief Executive Officer for Adaptive Materials, addressed the Board.*

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Mr. Epolito asked Ms. Crumm to elaborate to the Board how important of a role previous funding Adaptive Materials received through the MEDC has played in the company's success. Ms. Crumm proceeded to highlight some of the company's successes attributed to the funding.* Being no more discussion, **Mr. Saxton made a motion for approval of Resolution 2008-177.** **Director Pruss seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused.

[Returned: Jeff Leithauser]

Resolution 2008-178: Retention of Pfizer Assets – Kalamazoo Wet Lab (Building 126)
Ned Staebler provided background information on this action.

In response to Pfizer's 2007 downsizing efforts, the MSF Board solicited proposals from regional economic development organizations for strategies to successfully retain Pfizer assets in the communities of Ann Arbor, Holland, Kalamazoo, Plymouth Township, and Portage. Pfizer assets included talent, buildings, technologies and equipment. Southwest Michigan First Corporation (SWMF) and the Kalamazoo community have been ardently working to retain the Pfizer assets in downtown Kalamazoo, and recently, MPI Research announced that they would create 3,300 new Kalamazoo-area jobs during the next five years, including at least 400 in downtown Kalamazoo. As part of this downtown effort, MPI has committed to spending \$30M to upgrade and equip two downtown Pfizer facilities. Southwest Michigan

First is requesting that funding for the Retention of Pfizer Assets program be increased to \$15.5 million and a grant of \$2.0 million be made to SWMF to help retain and refurbish the Kalamazoo facilities.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-178. Mr. Saxton seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

Resolution 2008-179: Appointment of the MSF Investment Subcommittee Members

Ned Staebler provided background information on this action.

Mr. Staebler explained that the originally appointed subcommittee members were George Jackson, Jim Herbert, Charlie Rothstein, and Cindy Douglas. Because of a reorganization that recently took place within the MEDC, Cindy Douglas no longer serves as staff person to the Board – Ned Staebler has taken her place in that role, as well as related roles, including subcommittee membership. This resolution appoints Ned Staebler to that vacancy. Mr. Jackson, Mr. Herbert, & Mr. Rothstein remain appointed members.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-179. Director Pruss seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

Resolution 2008-180: Increase in Contract Amount – Michigan Business Promotion Program

Lisa Dancsok, MEDC Senior Vice President of Marketing and Communications, provided background information.

The 21st Century Jobs Fund legislation included an appropriation to develop and execute a business marketing campaign and promotions associated with the campaign. In 2006, the MSF Board approved \$19.5 million dollar contract with Duffey Petrosky & Company, LLC to execute the business marketing campaign. In fiscal year 2008, the contract was extended through September 30, 2009, and additional funds from the 21st Century Jobs Fund of \$17,805,560.00 were approved by the Board. This request is for the MSF Board to approve an amendment to the contract with Duffey Petrosky & Company to increase the contract with an additional \$3.25 million through September 30, 2009.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Discussion ensued regarding digital media and how much of the full contract amount is being spent on digital, more audience specific media versus the broader audience mass media. It was explained that the amount is slowly increasing as research is done and they are finding out more specifically what source(s) companies are using to get their information from.* Being no more discussion, **Mr. Saxton made a motion for approval of Resolution 2008-180. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

Resolution 2008-181: Approval of Velesco Subordination Request

Cindy Douglas, MEDC Vice President of Business Development, provided background information on this action.

Velesco Pharma Services, LLC is a contract research organization supporting early stage product (drug) development work for pharmaceutical companies. Velesco's contract analytical and drug formulation services are designed to ensure clients reach the full therapeutic potential of their new medicines. The company was formed soon after the 2007 Pfizer closing announcement of the Ann Arbor facility. In 2008, Velesco received a \$450,000 Pfizer Company Formation and Growth Fund low interest (1%) loan (secured by a first lien on all tangible personal property owned by the company). The company has recently agreed to terms regarding a \$100,000 line of credit from the Bank of Ann Arbor. The Bank of Ann Arbor loan requires a first lien on all assets to finalize the loan with Velesco. This is an extremely positive endorsement of Velesco by the Bank of Ann Arbor given the current economic environment and limited availability of credit for companies of any size. The portfolio management staff recommends approval of a subordination of the \$450,000 Pfizer Company Formation and Growth Fund to the Bank of Ann Arbor's \$100,000 line of credit.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-181. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

PRIVATE ACTIVITY BONDS - INDUCEMENT:

Resolution 2008-182: Consumers Energy – Jackson (Jackson County)

New/Solid Waste - \$100,000,000

Diane Cranmer, MEDC Bond Specialist, provided background information on this action.

Consumers Energy Company is a Michigan corporation engaged in providing electric and gas service to customers in Michigan's Lower Peninsula. This project consists of solid waste disposal and recycling and sewage facilities - including real estate, equipment and systems which have been or will be acquired, improved, installed and constructed for use as solid waste disposal, recycling, or sewage disposal facilities at the company's Karn, Cambell, Whiting, Cobb and Weadock plants in Michigan.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-182. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

PRIVATE ACTIVITY BONDS – ISSUING:

Resolution 2008-183: Detroit Edison Company – Detroit (Wayne County)

New/Solid Waste - \$100,000,000

Diane Cranmer provided background information on this action.

The Detroit Edison Company, a Michigan corporation, is a regulated public electric utility which serves approximately 2.2 million customers and employs approximately 7,200 individuals. This project includes financing solid waste disposal equipment and facilities at the company's Power Plant in Monroe.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Saxton made a motion for approval of Resolution 2008-183. Mr. Leithauser seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

Roll Call: **Ayes:** James Epolito; Linda Ewing; Jim Herbert; Jeff Leithauser;
Stanley "Skip" Pruss; Charlie Rothstein; Tom Saxton (acting on behalf of
Robert Kleine, authorization attached)
 Nays: None
 Recused: None

Resolution 2008-184: Wedgwood Christian Services – Kentwood (Kent County)

New/Refinancing/Non-Profit - \$11,000,000

Diane Cranmer provided background information on this action.

Wedgwood Christian Services is located in Kentwood and employs approximately 348 people. Wedgwood is a non-profit corporation whose mission is to provide services, including counseling and education, to youth and families that have experienced physical and sexual abuse, neglect, drugs and the absence of a stable place to live and learn. The project consists of financing the construction, furnishing and equipping of a new home for residential youth; the renovation and equipping of five existing homes for residential youth; the construction, furnishing and equipping of a new addition to an existing gymnasium; the construction, furnishing and equipping of an addition to an existing building used for youth employment training programs; and the construction and equipping of a walking trail; the construction, furnishing and equipping of an addition to an existing administration building to be used for outpatient and community based programs such as foster care, independent living skills and prevention programs; and land improvements related to the projects described above. This project will consolidate four separate campuses of Wedgwood into one central campus.

This project was induced at the August 27, 2008 MSF Board meeting for \$10,500,000. Staff is requesting that the Board approve at this time increasing the bond authorizing amount to \$11,000,000.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-184. Mr. Rothstein seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

Roll Call: **Ayes:** James Epolito; Linda Ewing; Jim Herbert; Jeff Leithauser;
Stanley “Skip” Pruss; Charlie Rothstein; Tom Saxton (acting on behalf of
Robert Kleine, authorization attached)
 Nays: None
 Recused: None

PRIVATE ACTIVITY BONDS – OTHER:

[**Recused:** Jeff Leithauser]

Resolution 2008-185: Holland Home – Grand Rapids (Kent County)
Conversion of Taxable Bonds to Tax-Exempt

Diane Cranmer provided background information on this action.

In 2005, Series 2005B bonds were issued for the benefit of Holland Home by the MSF to advance refund a portion of the outstanding principal balance of the MSF Revenue and Refunding Revenue Bonds, Series 1998 in the original aggregate principal amount of \$20,595,000. Holland Home is requesting the MSF Board approve the conversion of previously issued federally taxable bonds to tax-exempt bonds.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Director Pruss made a motion for approval of Resolution 2008-185. Mr. Saxton seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused.

[**Returned:** Jeff Leithauser]

RENAISSANCE ZONES:

Resolution 2008-186: Gerber Products Company – City of Fremont (Newaygo County)
New Agricultural Processing Renaissance Zone

Ned Staebler provided background information on this action.

Gerber Products Company began in 1928 on the production lines of the Fremont Canning Company in Fremont, Michigan. Today, Gerber produces nearly 190 different food products which are labeled in 16 languages and distributed in 80 countries around the world. In addition, Gerber Life Insurance Company was formed as a subsidiary of Gerber Products Company in 1967. Gerber employs approximately 1,100 people in its combined operations and often competes head-to-head with out-of-state facilities for new investment and jobs. Gerber is the largest employer in Newaygo County and impacts the local economy through direct jobs as well as indirect jobs.

Under the proposed Agricultural Processing Renaissance Zone (APRZ), Gerber Products Company will commit to maintaining their current level of employees at 1,100, add 200 new jobs, and invest \$75 million in order to receive a full 15 years of APRZ benefits. Gerber’s project includes updating and modernizing their existing manufacturing facility, the addition of new production lines, converting production lines from glass to plastic, the purchase of new equipment, and a new warehouse and distribution center. This project was presented to, and approved unanimously, by the Michigan Agriculture Commission on Wednesday, November 12, 2008. The County of Newaygo and City of Fremont are requesting the establishment of an APRZ for a period of 15 years.

[Charlie Rothstein left the meeting temporarily.]

Mr. Staebler then introduced the guests representing the Gerber Project: Mark Shipley – Gerber/Nestle; Andy Lofgren, Executive Director – Newaygo County Economic Development Corporation; Mike DiBernardo, Economic Development Specialist – Michigan Department of Agriculture; Bill Kratz, Business Development Manager – MEDC.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-186. Director Pruss seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 0 recused.

[Charlie Rothstein returned.]

The following three resolutions were approved together with one vote.
Ned Staebler provided background information on these actions.

**Resolution 2008-187: Ryan’s Equipment Company – Time Extension Request
Montcalm & Gratiot Cos. Renaissance Zone/Village of Edmore Subzone**

Ryan’s Equipment, Inc. has been a manufacturer of specialized equipment for the forestry, landscaping and development community for 11 years. The company manufactures specialized shear and saw products, as well as grapples, rakes and stump grinders. The time extension request is for Lot 10 of the Sunrise Addition to the Village of Edmore subzone. This project will reuse two of the three remaining buildings on the site and are needed to expand the company’s manufacturing capacity as well as space for parking, a production staging area and future growth. Ryan’s will use these two buildings as their expanded manufacturing location for their specialized equipment for the forestry and landscaping industries. The Village of Edmore and Montcalm County are requesting a modification to the Village of Edmore subzone in the Montcalm & Gratiot Counties Renaissance Zone. Ryan's timeline is revised to indicate that it will be moved into and operating in the newly renovated manufacturing space by early spring 2009. There are seven years duration remaining on the parcel of property; the time extension is for eight years (to bring total years to the full 15 allowed). The time extension for Lot 10 will increase the expiration date from 2015 to December 31, 2023. All other property located in the subzone will still expire on December 31, 2015, with regards to Renaissance Zone benefits.

**Resolution 2008-188: Amhawk Project – Time Extension Request
Van Buren County Renaissance Zone/Hartford 2 Subzone**

AmHawk, LLC acquired both Postelli Steelfab and Powder Perfect Paint through an asset acquisition and the customers and employees continued with AmHawk as the new owner. Both the fabrication plant and powder coat facility operate under the same business umbrella. Plant 1, owned by AmHawk, is located in Hartford, employs 22 people. Plant 2 is leased, located in Coloma, employs 22 people and is used for the fabrication operation. The 22 existing jobs in Coloma will be transferred to the Hartford facility if the time extension is granted and an additional 37 employees will be hired within five years. The time extension request is for parcel of land in the Van Buren County Renaissance Zone, City of Hartford 2 subzone. The project would not require any zoning change or variance and will add to the aesthetics of the entire property and the neighborhood. Van Buren County and the City of Hartford are requesting a modification to the Hartford 2 Subzone in the Van Buren County Renaissance Zone. The request is for a time extension in the Hartford 2 subzone. This subzone is already in the 25% phase-out period with an expiration date of 2010. Absent the approval of an extension, there are two years remaining on the renaissance zone designation for the parcel. The requested time extension is for eight years, to bring the total duration of the subzone status to 10 years. As approved, the time extension for this parcel allows an expiration date of December 31, 2018, rather than December 31, 2010. All other property located in the subzone will still expire on December 31, 2010, with regards to Renaissance Zone benefits.

**Resolution 2008-189: Renewafuel Project – Time Extension Request
K.I. Sawyer Renaissance Zone (Marquette County)**

Renewafuel, LLC is a subsidiary of Cliff Natural Resources and is a next generation biofuel manufacturer of renewable energy for industrial and institutional applications. The company aggregates, engineers and distributes coal sized renewable energy cubes made from proprietary blends of sustainably collected feedstock from local farms and businesses including wood, sawdust, corn stover, straw, paper, grasses,

grains, seed hulls & screenings. In 2008, Renewafuel focused on transitioning from research and development activities to the establishment and growth of commercial operations. The Company recently completed expansion and upgrade of its Battle Creek facility to commercial-ready status and has announced plans to build a 150,000 ton per year production facility near Marquette. Renewafuel plans to have both facilities in full commercial operation by the second quarter of 2009. Renewafuel is positioned to be a leader in biofuel production, add value to local farms and businesses, create jobs, reduce energy costs, and reduce energy-related environmental impacts in Michigan.

The time extension request is for Parcels of the K.I. Sawyer Renaissance Zone. These parcels total 7.7 acres and are owned by the County of Marquette. This project will increase economic growth in Marquette County through the creation of family sustaining jobs with benefits and capital investment. Renewafuel will create 25 new jobs within 24 months and estimates its Michigan operations will create or support an additional 25 indirect jobs. Marquette County worked hard to grow and diversify its economy since losing K.I. Sawyer AFB a decade ago. Projects like Renewafuel, taking size and industry into account, are a perfect fit for the community. As approved, the time extension for this parcel allows an expiration date of December 31, 2023, rather than December 31, 2014. All other property located in the Renaissance Zone will still expire on December 31, 2014, with regards to Renaissance Zone benefits.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Rothstein made a motion for approval of Resolutions 2008-187, 2008-188, and 2008-189.** **Mr. Leithauser seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

TOOL & DIE RECOVERY ZONES:

Resolution 2008-190: American Tooling & Manufacturing Coalition New Tool & Die Recovery Zone Designation

Ned Staebler provided background information on this action.

Guests: Margaret O'Riley, Consultant – O'Riley Consulting; Michele Scott, President (Contact Person) – American Tooling & Manufacturing Coalition

The MEDC received an application and supporting documentation from the American Tooling & Manufacturing Coalition. The application identifies 15 companies that have signed a qualified collaborative agreement. Two companies are seeking a five-year Recovery Zone designation; four companies are seeking a seven-year Recovery Zone designation; two companies are seeking a ten-year Recovery Zone designation; one company is seeking a 12-year Recovery Zone designation; and six companies are seeking a 15-year Recovery Zone designation for parcels of property used primarily for tool and die business operations. The MEDC recommends MSF approval of a new Tool & Die Recovery Zone designation for the American Tooling & Manufacturing Coalition.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Discussion ensued regarding the location of the member companies being throughout the state of Michigan.* Being no more discussion, **Mr. Leithauser made a motion for approval of Resolution 2008-190.** **Mr. Rothstein seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

The following three resolutions were approved together with one vote.

Ned Staebler provided background information on these actions.

Resolution 2008-191: Auto Craft Tool & Die Join Existing Global Tooling Alliance Recovery Zone

Guest: Peter Ruggirello, Chief Operating Officer – Complete Surface Technologies, Inc.

Auto Craft Tool & Die Company, Inc. was established in 1958 and specializes in automation equipment, conveyor systems, lift assists, manufacturing, and is capable of general assembly tooling produced in-house. Auto Craft employs 60 employees. The MEDC received a request from the Global Tooling

Alliance to allow Auto Craft, located in Clay Township, St. Clair County, to join their existing Recovery Zone that was designated by the MSF on December 19, 2007, effective January 1, 2008.

Auto Craft obtained approval from Clay Township for an eight-year Recovery Zone, effective January 1, 2009, with an expiration of 2016. The Global Tooling Alliance (GTA) Recovery Zone/collaborative agreement members agreed to allow Auto Craft to join the coalition. There was a unanimous vote to accept Auto Craft as a member. The MEDC recommends MSF approval of the property for Auto Craft Tool & Die Company, Inc. to join the Global Tooling Alliance Recovery Zone.

**Resolution 2008-192: Complete Surface Technologies
Join Existing Global Tooling Alliance Recovery Zone**

Complete Surface Technologies, Inc. (CST) was established in 1992 and specializes in polishing, finishes and textures for the appropriate surface requirement. Welding and spotting capabilities allow CST to provide a more comprehensive repair service. CST employs 29 employees. The MEDC received a request from the Global Tooling Alliance to allow CST, located in Clinton Township, Macomb County, to join their existing Recovery Zone that was designated by the MSF on December 19, 2007, effective January 1, 2008.

CST obtained approval from Clinton Charter Township for a 14 year Recovery Zone, effective January 1, 2009, with an expiration of 2022. The Global Tooling Alliance (GTA) Recovery Zone/collaborative agreement members have agreed to allow Complete Surface Technologies to join the coalition. There was a unanimous vote to accept CST as a member. The MEDC recommends MSF approval of the property for CST, Inc. to join the Global Tooling Alliance Recovery Zone.

**Resolution 2008-193: Custom Tooling Systems, Inc.
Join Existing West Coast Tooling Alliance Recovery Zone**

Custom Tooling Systems, Inc. was incorporated in 1990. In December 1990, Custom Tooling moved into its current plant and have found it necessary to expand three times in ten years to keep up with expanding business. The Company's current customer list includes Johnson Controls, Gestamp and ARJ. Custom Tooling currently builds small to large progressive, line and transfer dies for the automotive industry. During the last two years, the Company stated it has been hard to sustain growth with the increased competition from Korea and Canada. Being allowed to join the West Coast Tooling Coalition will offer the opportunity to work together with other companies to reduce tooling costs and be better equipped to compete in the global economy. The Company currently has 43 employees who count on the Company to stay in business to provide for their families.

The MEDC received a request from the West Coast Tooling Coalition to allow Custom Tooling Systems, located in Zeeland, Ottawa County, to join their existing Recovery Zone that was designated by the MSF on December 21, 2005, effective January 1, 2006. Custom Tooling Systems has obtained approval from Zeeland Township for a six year Recovery Zone, effective January 1, 2009, with an expiration of 2014. The West Coast Tooling Coalition Recovery Zone/collaborative agreement members have agreed to allow Custom Tooling Systems to join the coalition. There was a unanimous vote to accept Custom Tooling Systems as a member. The MEDC recommends MSF approval of the property of Custom Tooling Systems, Inc. to join the existing West Coast Tooling Alliance Recovery Zone.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Ewing made a motion for approval of Resolutions 2008-191, 2008-192, and 2008-193. Mr. Saxton seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

The following four resolutions were approved together with one vote.
Ned Staebler provided background information on these actions.

**Resolution 2008-194: Freedom Tool & Manufacturing
Three Year Extension of Zone Duration**

Freedom Tool & Manufacturing Company was designated with the Tooling Advantage Group as a Recovery Zone by the MSF Board on December 21, 2005, for a 12 year period of time, with an expiration of 2017. At the time of designation, all companies had to apply for the same number of duration years. The majority of companies in this collaborative actually obtained resolutions for “up to 15 years,” but decided to all drop down three years, to 12 years, in order for the one company that could only obtain a 12-year resolution could also receive designation. The MEDC received a new resolution obtained from Egelston Township requesting that the MSF approve extending the original 12-year Recovery Zone designation for Freedom Tool & Manufacturing for an additional three year period, for a total of 15 years, with a new expiration date of 2020 rather than 2017. The MEDC recommends the MSF extend the Recovery Zone duration on the parcel of property previously designated for Freedom Tool & Manufacturing Company at 1741 Wolf Lake Road in Muskegon.

**Resolution 2008-195: Class-A Tool & Machine
Three Year Extension of Zone Duration**

Class-A-Tool & Machine LLC was designated with the Tooling Advantage Group as a Recovery Zone by the MSF Board on December 21, 2005, for a 12-year period of time, with an expiration of 2017. At the time of designation, all companies were required to apply for the same number of duration years. The majority of companies in this collaborative actually obtained resolutions for “up to 15 years,” but decided to all drop down three years to 12 years, in order for the one company that could only obtain a 12-year resolution to also receive designation. The MEDC received a new resolution obtained from Egelston Township requesting that the MSF approve extending the original 12 year Recovery Zone designation for Class-A-Tool & Machine for an additional three year period, for a total of 15 years, with a new expiration date of 2020 rather than 2017. The MEDC recommends the MSF extend the Recovery Zone duration on the parcel of property previously designated for Class-A-Tool & Machine LLC at 770 S. Maple Island Road in Muskegon.

**Resolution 2008-196: SelfLube
Three Year Extension of Zone Duration**

SelfLube was designated with the Coopersville Tooling Coalition as a Recovery Zone by the MSF Board on December 16, 2004, for a seven year term to expire in 2011. The MEDC received a resolution from the City of Coopersville requesting that the MSF approve extending the original seven year Recovery Zone designation for SelfLube for an additional three year period, for a total of ten years, with a new expiration date of 2014 rather than 2011. The MEDC recommends the MSF extend the Recovery Zone duration on the parcel of property previously designated for SelfLube at 526 O’Malley Drive in Coopersville.

**Resolution 2008-197: Philips Machining Company
Three Year Extension of Zone Duration**

Philips Machining Company was designated with the Coopersville Tooling Coalition as a Recovery Zone by the MSF Board on December 16, 2004, for a seven-year term to expire in 2011. The MEDC received a resolution from the City of Coopersville requesting that the MSF approve extending the original seven-year Recovery Zone designation for Philips Machining Company for an additional three years, for a total of ten years, with a new expiration date of 2014 rather than 2011. The MEDC recommends the MSF extend the Recovery Zone duration on the parcel of property previously designated for Philips Machining Company at 80 Mason Drive in Coopersville.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolutions 2008-194, 2008-195, 2008-196, and 2008-197. Mr. Saxton seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) – JOB CREATION:

Resolution 2008-198: Renewafuel, LLC (Marquette County) - \$500,000

Mary Kramer, MEDC Infrastructure Finance Specialist, provided background information on this action.

As described earlier in the meeting, Renewafuel, LLC is a subsidiary of Cliff Natural Resources and is a next generation biofuel manufacturer of renewable energy for industrial and institutional applications. They currently operate a research and development facility in Battle Creek. The company aggregates, engineers and distributes coal sized renewable energy cubes made from proprietary blends of sustainably collected feedstock from local farms and businesses including wood, sawdust, corn stover, straw, paper, grasses, grains, seed hulls & screenings.

Renewafuel recently entered into an agreement to sell its biofuel cubes to Marquette Board of Light and Power and to Cliff's Natural Resources in Marquette County. The company identified facilities at the K.I. Sawyer Airport that are suitable for the production of these biofuel cubes. The company indicated that for this project to be financially feasible they need financial assistance with their machinery and equipment purchases. The project is expected to create 25 jobs over the next two years. Marquette County is requesting a \$500,000 grant of CDBG funds to assist Renewafuel with equipment purchases.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Leithauser made a motion for approval of Resolution 2008-198. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) - PLANNING:

Resolution 2008-199: Spring Lake Township - \$15,000

Mary Kramer provided background information on this action.

Spring Lake Township is requesting a \$15,000 CDBG to assist with the funding of a study to determine the feasibility of developing a municipal owned industrial park. The township would like to use CDBG funds to conduct a wetland delineation of the township owned site, an analysis of the existing infrastructure servicing the site, estimates of potential needed infrastructure upgrades and a transportation study to determine if road conditions will allow for future economic development.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. Being none, **Director Pruss made a motion for approval of Resolution 2008-199. Mr. Leithauser seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) – BLIGHT ELIMINATION:

Resolution 2008-200: Buena Vista Charter Township - \$660,000

Mary Kramer provided background information on this action.

The Charter Township of Buena Vista is requesting a \$660,000 grant through CDBG funds for the demolition of the former Fort Saginaw Mall. This demolition will include the complete removal of all building debris, footings, slabs, foundations and the parking lot surface materials. These activities will eliminate the blight and dangerous conditions which now exist on this site.

Board Discussion: Mr. Epolito asked if there were any questions from the Board. *Mr. Herbert asked how this project fits into the program when no jobs are being created. Ms. Kramer responded that blight elimination is one of the three national objectives of the program, and this project was included in our 2008 plan.* Being no more discussion, **Mr. Saxton made a motion for approval of Resolution 2008-200. Mr. Rothstein seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS:

Ms. Kramer provided an update on the CDBG status of funds and available resources. There were no questions from the Board.

ADDITIONAL BUSINESS: Mr. Epolito opened the floor for additional business or discussion. There were no additional items to discuss.

ADJOURNMENT: Mr. Epolito adjourned the meeting at 3:45 p.m.