

**MICHIGAN STRATEGIC FUND BOARD  
OCTOBER 22, 2008**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Strategic Fund (MSF) Board was held on October 22, 2008 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** Susan Corbin (acting on behalf of Keith Cooley, authorization attached); James Epolito; Linda Ewing; Paul Hodges; Robert Kleine; George Jackson (via telephone); Richard Rassel (via telephone)

**MEMBERS ABSENT:** Jeff Leithauser

**CALL TO ORDER:** Mr. Epolito called the meeting to order at 1:36 p.m.

**APPROVAL OF MINUTES:** Mr. Epolito asked for a motion to approve the September 24, 2008 meeting minutes. **Treasurer Kleine motioned approval of the minutes. Mr. Hodges 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 letters had been received from Paul Hodges and Richard Rassel recusing them from projects on the October 22, 2008 MSF Board Meeting Agenda. Mr. Ohle also provided clarification regarding the updated agenda materials distributed to each member.

**CONFIDENTIALITY REPORT:** Martin Dober, MEDC Vice President of New Markets, reported that one applicant company under the Centers of Energy Excellence (COEE) program had requested confidentiality.

**Resolution 2008-145: Confidentiality Acknowledgement – Centers of Energy Excellence: 4G Innovation**  
Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine motioned approval of Resolution 2008-145. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

**21<sup>st</sup> CENTURY JOBS FUND:**

**Resolution 2008-146: Approval of Loan and Warrant Templates for 21<sup>st</sup> Century Jobs Competition**  
*Ned Staebler, MEDC Vice President of Program Administration, provided background information.*

Mr. Staebler provided an informational update to the Board on the 21<sup>st</sup> Century Jobs Competition. After noting to the Board that the initial 17 awardees had been named and that the final due diligence process had begun by staff, he explained that the Board needed to provide final approval on the loan and warrant templates proposed to be used in the agreements between the MSF Board and each of the final awardees. *These actions are further described in Resolutions 2008-146.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Ewing made a motion for approval of Resolution 2008-146. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

**Resolution 2008-147: Centers of Energy Excellence Applicant Rejection – 4G Innovation**

*Martin Dober provided information on this action.*

One application for funding is being considered at the October Board meeting. The total requested funds for this application is \$7 Million from the COEE Program. The applicant provided a complete application to the COEE program, including a cover letter, university support letter, and a business plan. The applicant went through a formal review process that included an initial technical oral interview, followed by a written review of their application materials. The application and reviews were reviewed by the COEE subcommittee in its meeting on October 16, 2008. The complete application has been made available to all Board members.

Based in Dexter, 4G Innovation requests \$7 Million from the COEE Program to establish a center focused on hydrogen production and use as a transportation fuel. The proposed project involves the production of hydrogen from water and electricity using electrolysis, and using that hydrogen as fuel for retrofitted vehicles with internal combustion engines. Integrated hydrogen production/dispensing units for homes and farms would be commercialized, using core technology from partners Avalence (a Connecticut company) and Kraus Global (a Canadian company). Avalence and Kraus Global will each start an office in Michigan for this effort, initially residing at Kettering University’s incubator. The Home Hydrogen Stations are to be manufactured in Michigan by a yet to be determined company. The project includes retrofit kits for vehicles so that internal combustion engines could run on hydrogen. Kettering University would contribute to the design and testing of the hydrogen production systems, testing of the fuel in vehicles, and development of vehicle retrofit kits.

**Recommendation:** After reviewing the proposal and discussing it, and because of the low scores that the proposal received in its formal review, the MSF COEE subcommittee is not recommending this application for funding. Subsequent to the MSF COEE subcommittee meeting, Kettering University withdrew its support of 4G Innovation’s (4G) application. As a result, 4G is ineligible to receive a grant from the COEE program. A resolution has been prepared to deny funding to this request. *This action is further described in Resolution 2008-147.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-147. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

**PRIVATE ACTIVITY BONDS - INDUCEMENT:**

**Resolution 2008-148: C & L Tiling, Inc. – City of Clifford (Lapeer County)**

**\$4,000,000 – New Financing/Manufacturing**

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

C & L Tiling, Inc. (C & L) is an S corporation founded in 1982 and is a manufacturer of tubing and piping for a variety of industries. C & L is located in Clifford, and currently employs approximately 23 people. The project includes financing the acquisition of land, the construction of a manufacturing facility, and the acquisition and installation of machinery and equipment. The company anticipates creating approximately 11 jobs at project completion. The starting hourly wage of the lowest paid job being created is estimated at \$9.00 per hour. The average hourly wage of all of the jobs being created is estimated at \$10.00 per hour. The average hourly wage of all of the existing jobs at the company (site specific) is \$10.00 per hour. The fringe benefits provided to the new hires by the company include, group health and life insurance, 401(k), vacation and holiday allowance.

**Recommendation:** MEDC staff recommends the adoption of an Inducement Resolution in the amount of \$4,000,000 for this project. *This action is further described in Resolution 2008-148.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-148. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

[Recused: Paul Hodges]

**Resolution 2008-149: Boji Group of Hamtramck, LLC – City of Hamtramck (Wayne County)  
\$12,000,000 – New Financing**

*Diane Cranmer provided background information on this action.*

Boji Group of Hamtramck, L.L.C. (Boji) is a property development organization established in August of 2008 and is incorporated in the State of Michigan. The project includes financing the redevelopment of the former “Woody Pontiac” car dealership. The site is located in the northern end of Hamtramck’s central business district which is also a Downtown Development Authority district. The current structure will be demolished and remediated to be replaced with a building with on-site parking for the end-user. The building will house State of Michigan Department of Human Services offices. The Company anticipates creating approximately 59 new jobs and the retention of 90 existing jobs.

**Recommendation:** MEDC staff recommends the adoption of an Inducement Resolution in the amount of \$12,000,000. *This action is further described in Resolution 2008-149.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-149. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused

[Returned: Paul Hodges]

**PRIVATE ACTIVITY BONDS – ISSUING:**

**Resolution 2008-150: Glastender, Inc.-\$7,600,000–New Financing/Manufacturing - Reauthorization**

*Diane Cranmer provided background information on this action.*

The MSF Board approved the Glastender, Inc. bond authorizing resolution at its August 27, 2008, Board meeting. The project was unable to close as scheduled on September 24, 2008, due to market conditions and the language in the Authorizing Resolution indicating the initial rate would not be more than 6% per annum for this bond. On September 24, 2008, the Board approved an amendment to the Authorizing Resolution for Glastender, Inc. granting an increase in interest rate and an extension to the final expiration date. The authorization to issue such bonds lapsed on October 17, 2008, under the terms of such bond Authorizing Resolution. The turmoil in the financial markets that began the week of September 15<sup>th</sup> has forced a postponement on all variable rate demand bonds across the nation. Investor confidence in the variable rate demand markets has not yet been fully restored. The underwriter is monitoring the situation on a daily basis and the parties intend to proceed with a closing when the financial bond markets have resumed functioning.

**Recommendation:** MEDC staff recommends that the MSF Board adopt a resolution extending the sunset date for the issuance of bonds for the Glastender, Inc. project from October 17, 2008, to December 31, 2008. *This action is further described in Resolution 2008-150.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-150. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**Roll Call:**           **Ayes:** Susan Corbin (acting on behalf of Keith Cooley, authorization attached);

James Epolito; Linda Ewing; Paul Hodges; George Jackson; Robert Kleine;  
Richard Rassel

**Nays:** None

**Recused:** None

[**Recused:** Richard Rassel]

**Resolution 2008-151: Regina High School – Warren (Macomb County)  
\$12,700,000 – Debt Financing/Non-Profit – Reauthorization**

*Diane Cranmer provided background information on this action.*

The MSF Board approved the Regina High School, Inc. bond authorizing resolution at its September 24, 2008, Board meeting. The project was unable to close due to market conditions before the expiration date of October 17, 2008. As with the Glastender project, the turmoil in the financial markets has forced a postponement on all variable rate demand bonds across the nation.

**Recommendation:** MEDC staff recommends the MSF Board adopt a resolution extending the sunset date for the issuance of the bonds for the Regina High School, Inc., project from October 17, 2008, to December 31, 2008. *This action is further described in Resolution 2008-151.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Ewing made a motion for approval of Resolution 2008-151. Treasurer Kleine seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused

**Roll Call:**           **Ayes:** Susan Corbin (acting on behalf of Keith Cooley, authorization attached);  
James Epolito; Linda Ewing; Paul Hodges; George Jackson; Robert Kleine  
                          **Nays:** None  
                          **Recused:** Richard Rassel

**PRIVATE ACTIVITY BONDS – INDUCEMENT AMENDMENTS:**

**Resolution 2008-152: Anadar, LLC and Marimba Auto, LLC**

*Diane Cranmer provided background information on this action.*

The Michigan Strategic Fund induced a \$10,000,000 project on behalf of Anadar, LLC and Marimba, LLC on June 25, 2008. The induced project description included financing of the acquisition of land, the construction of a manufacturing facility, and the acquisition and installation of machinery and equipment to be located in Canton Charter Township, Wayne County. Because of Marimba's need to install new equipment related to completion of customer contracts by spring of 2009, and the possibility that construction of the new facility may not be completed in that time frame, Marimba has elected to defer construction of the new facility to 2010 and to remain at their current location. As a result of this decision, Marimba is requesting that Inducement Resolution 2008-083 be amended to change the definition of project to include the installation of machinery and equipment at both their current leased location in Van Buren Township and the proposed location in Canton Charter Township.

**Recommendation:** MEDC staff recommends the approval of the amending resolution to change the definition of the project. *This action is further described in Resolution 2008-152.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-152. Ms. Corbin seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused

**Resolution 2008-153: Arab American and Chaldean Council**

*Diane Cranmer provided background information on this action.*

The MSF Board induced a project on behalf of the Arab American and Chaldean Council (ACC) at its September 15, 2005 meeting. The project included the acquisition cost of the purchase and/or renovation of facilities located within Wayne, Oakland and Macomb Counties. The ACC is requesting to have its inducement resolution amended to extend the expiration date on the remaining portion of its induced amount (\$8,000,000, an inducement amount of \$12,500,000 less the already issued Series 2006 bonds issued in the amount of \$4,500,000) through July 31, 2009. The ACC needs additional time to finalize the purchase of property, building plans and building contracts for the project.

**Recommendation:** MEDC staff recommends the approval of the amending resolution to extend the expiration date for the project to July 31, 2009. *This action is further described in Resolution 2008-153.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Ewing made a motion for approval of Resolution 2008-153. Mr. Hodges seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 1 recused

[Returned: Richard Rassel]

**RENAISSANCE ZONES:**

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

**Resolution 2008-154: Time Extension Request – A & O Equipment Project**

**Montcalm and Gratiot Counties Renaissance Zone; Village of Edmore Subzone (Montcalm County)**

Apiaries & Orchard Forklift, Inc. d/b/a A&O Equipment (A&O) has been a marketer of specialized fork lifts for 20 years and a manufacturer of specialized rough terrain fork lifts for the beekeeping and orchard industry for the last 3 years. Last year, A&O manufactured over 100 fork lifts. This year that number will be greater than 260. By 2012 the number is projected to be greater than 1,000. A&O has outgrown their existing space and needs to expand to meet current and future demand.

The time extension request is for property on 3 lots of the Sunrise addition to the Village of Edmore subzone. The property totals approximately 8 acres located in the 65 acre site abandoned Hitachi Magnetics located in the Village of Edmore. The entire 65 acre site was donated by Hitachi to the Village of Edmore in 2007. No development has occurred yet on the donated acres as significant environmental cleanup of the site was required before any development was possible. The 65 acres also needed to be platted before development could occur. Both cleanup and platting were completed in early 2008. The Village of Edmore put a new roof on the building as part of their investment to make the project a reality. All utilities are on site, all permits are in place, and all environmental issues have been addressed.

The project will reuse 1 of the 3 remaining buildings on the Hitachi Site as A&O's manufacturing location for their specialized fork lifts for the orchard and bee keeping 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. The request is for a time extension on these three lots that would become effective on January 1, 2009, and end of December 31, 2023. All other property located in the subzone will still expire on December 31, 2015, with regards to Renaissance Zone benefits.

**Recommendation:** MEDC staff recommends approval of the Village of Edmore and Montcalm County's request for an eight (8) year time extension for Lots 15, 17 and 18 in the Sunrise addition to the Village of Edmore subzone in the Montcalm & Gratiot Counties Renaissance Zone, contingent upon the

following: 1) By October 22, 2009, A&O Equipment shall have commenced the project outlined in the Village of Edmore, Montcalm County's application in the Village of Edmore subzone in the Montcalm & Gratiot Counties Renaissance Zone; and 2) A development agreement is negotiated and signed between A&O Equipment and the MSF Board. *This action is further described in Resolution 2008-154.*

**Resolution 2008-155: Amendment to New Subzone Request – Production Engineering, Inc. Project City/County of Jackson Renaissance Zone**

In June of this year, the MSF Board approved a new subzone for the City/County of Jackson Renaissance Zone for a project for Production Engineering, Inc. This project is being brought back to the MSF board in order to amend the job creation numbers, as well as the property ownership structure. With the original approval, staff indicated that the project would create 122 new full-time jobs in addition to retaining 112 full-time jobs. The jobs created number needs to be amended to reflect 68 new jobs. Also, this project was originally approved with the contingency that the pertinent property for the designation would be transferred to Production Engineering, LLC by August 31, 2008. After the MFS Board approved the resolution in June 2008, Equestor Partners, LLC was established as a Michigan Limited Liability Company for the purpose of holding title to and maintaining the property for the subzone designation. Equestor Partners, LLC is 50% owned by CCM Holdings, LLC, and 50% owned by Alro Steel Corporation, a Michigan Corporation. CCM Holdings, LLC is 100% owned by James P. Jansen and Thomas J. Jansen, who together are 100% owners of Production Engineering, Inc. Transfer of the property to Equestor Partners, LLC took place by August 31, 2008.

**Recommendation:** MEDC staff recommends approval of the City and County of Jackson's request for a 33 acre subzone, consisting of property parcel numbers 6-1843.5 and 6-1843.6 to be called the Production Engineering subzone in the City and County of Jackson's Renaissance Zone with the amended job creation numbers, as well as the property ownership structure, and, contingent upon the following: 1) That a development agreement be negotiated and signed between the Michigan Strategic Fund, Production Engineering, Inc., and Equestor Partners, LLC. *This action is further described in Resolution 2008-155.*

**Resolution 2008-156: Request for New MSF Renaissance Zone – United Solar Ovonic LLC City of Battle Creek (Calhoun County)**

United Solar Ovonic LLC (USO) is a leader in building integrated and commercial rooftop photovoltaics, one of the fastest growing segments of the solar power industry. The company manufactures and sells thin-film solar laminates that convert sunlight to energy using proprietary technology. To further reduce the manufacturing cost of PV modules, USO has pioneered the development of, and has the fundamental patents on, a unique approach utilizing a proprietary continuous roll-to-roll solar cell deposition process. Distributed globally, the company's products are ideally suited for cost-effective solar roofing solutions because they are lightweight, durable, flexible, can be integrated directly with building materials, and generate more energy in real-world conditions. USO currently operates facilities in Auburn Hills and Greenville and employs approximately 870 people in Michigan. USO also continues to expand its operations at their site in the Greenville Renaissance Zone. USO is owned 100% by Energy Conversion Devices based in Auburn Hills.

The company proposes development of two new manufacturing facilities on 45 acres located in Battle Creek's Fort Custer Industrial Park. There is an additional 108.58 acres in the zone for future expansion. The estimated initial capital investment for the USO project is \$440 million for the first 3 years and investment could reach \$1.3 billion if all phases of the project go forward. This investment will add approximately 240 MW of manufacturing capacity, and require a capital investment of approximately \$440 million in real and personal property by 12/31/2011. It is expected that 700 new full-time jobs will be created during the first 3 years of the project with up to 2,100 new full-time jobs if all phases of the project commence.

The City of Battle Creek, Calhoun County, is requesting the establishment of a Michigan Strategic Fund Renaissance Zone (MSFRZ) for a period of 15 years. If approved, this zone will begin on December 31, 2008, for property tax purposes and January 1, 2009, for MBT and income tax purposes. The zone will end on December 31, 2022, for property tax purposes and December 31, 2023, for MBT and income tax purposes. Beginning in the year 2021 the company will pay twenty-five percent of the taxes due, fifty percent in the year 2022, and seventy-five percent in the year 2023.

**Recommendation:** MEDC staff recommends approval of the City of Battle Creek, Calhoun County's request for a 153.58 acre Michigan Strategic Fund Renaissance Zone for United Solar Ovonic LLC, contingent upon the following: 1) By November 30, 2008, title to 3 parcels shall be transferred from the Battle Creek Tax Increment Finance Authority to United Solar Ovonic LLC; 2) By November 30, 2008, Battle Creek Tax Increment Finance Authority will enter in an exclusive option to sell parcels 0866-00-030-0 through 0866-00-036-0 to United Solar Ovonic LLC. This option will restrict the Battle Creek Tax Increment Finance Authority from selling this property to any other buyer during that period. Among other reasons for revocation, if the Battle Creek Tax Increment Finance Authority sells the property to another buyer anytime during the period of zone designation, the MSF may revoke the Renaissance Zone designation, effective the beginning of the year following the sale; and 3) A development agreement is negotiated and signed between the Board, the City of Battle Creek, the Battle Creek Tax Increment Finance Authority and United Solar Ovonic, LLC. *This action is further described in Resolution 2008-156.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolutions 2008-154, 2008-155, and 2008-156. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

### **TOOL & DIE RECOVERY ZONES:**

#### **Resolution 2008-157: Request to Join Existing First Choice Machining Solutions Recovery Zone Falcon Tool & Die – Spring Lake Township, Spring Lake (Ottawa County)**

*Ned Staebler provided background information on this action.*

Falcon Corporation d/b/a Falcon Tool & Die (Falcon) was founded as a tool & die manufacturer in Ferrysburg, Michigan in 1964. Its 44 year history makes it one of the longest continuous operation tool & die shops in western Michigan. In July 2006, Falcon relocated to a modern 28,000 sq. ft. facility in Spring Lake that allowed an increase in technology, capabilities and capacity. Today, Falcon is a full service global manufacturer of metal stamping dies serving the domestic automotive, foreign transplant automotive and office furniture markets. Geographic markets served are in the U.S., Canada, Mexico, and an Asian sourcing alliance is in place.

The MEDC has received a request from First Choice Machining Solutions to allow Falcon Tool & Die, located in Spring Lake, to join their existing Recovery Zone that was designated by the Board in 2006, effective January 1, 2007. Falcon has obtained approval from Spring Lake Township for a 12 year Recovery Zone, effective January 1, 2009, with an expiration of 2020. The First Choice Machining Solutions Recovery Zone/collaborative agreement members have agreed to allow Falcon Tool & Die to join the coalition. There was a unanimous vote to accept Falcon as a member. The coalition believes the opportunity to add Falcon offers the members more diversity and tooling expertise in growing their businesses to meet the future needs of a very competitive tooling industry. The collaborative is focused toward building greater momentum, focusing on growth and utilizing diversification in a global economy.

**Recommendation:** MEDC staff recommends approval of the property for Falcon Tool & Die to be designated as a Recovery Zone and join First Choice Machining Solutions. *This action is further described in Resolution 2008-157.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-157. Treasurer Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**Resolution 2008-158: Revocation of an Existing Zone – Tool Ventures International  
Resolution 2008-158: Relocation to an Existing Zone – Tool Ventures International**

*Ned Staebler provided background information on these actions.*

Tool Ventures, Inc. d/b/a Tool Ventures International (the “Company”) was originally designated with the United Tooling Coalition as a Tool & Die Recovery Zone in 2004 under the name of Trimline Tool, Inc. Since designation, the Company’s name and location of operations have changed. The company moved from 4621 Spartan Industrial Drive, Grandville, Michigan 49418, to 3695 44<sup>th</sup> St. SE, Kentwood, Michigan 49512, on June 1, 2008. The Company continues to be an active participant in the United Tooling Coalition collaborative agreement and is conducting tool and die business operations at its new location. The Company is applying for a new Recovery Zone parcel designation at its new location.

**Recommendation:** MEDC staff recommends approval of the property for Tool Ventures International to be designated as a five (5) year Recovery Zone at its new location in the City of Kentwood. *These actions are further described in Resolutions 2008-158 and 2008-159.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Ewing made a motion for approval of Resolution 2008-158. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused. Then, **Treasurer Kleine made a motion for approval of Resolution 2008-159. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

**Resolution 2008-160: Time Extension Request – Harrington Tool Company**

*Ned Staebler provided background information on this action.*

Harrington Tool Company was designated with the Muskegon Tooling Alliance as a Recovery Zone by the Board on December 20, 2006, for a 5 year period of time, with an expiration of 2011. Companies in this Recovery Zone were approved for different duration years. One other company received 5 years, three received 12 years and one received 15 years according to the resolutions from the local unit of government where the parcels of property were located. The MEDC received a new resolution from the Assessor for the City of Ludington requesting that the Board approve extending the original 5 year Recovery Zone designation for Harrington Tool Company by a second 5 year period, for a total of 10 years, changing the expiration date from 2011 to 2016.

**Recommendation:** MEDC staff recommends the Board extend the Recovery Zone duration on the parcel of property previously designated for Harrington Tool Company at 105 N. Rath Avenue, Ludington, Michigan. *This action is further described in Resolution 2008-160.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-160. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) - ADMINISTRATION:**

**Resolution 2008-161: Fund Manager Authorization**

*Ned Staebler provided information on this project.*

Mr. Staebler explained to the Board that on occasion, some of the CDBG investments require an increase in funding to accommodate legal fees or other unexpected costs that CDBG dollars can cover. In these situations, often times the need is urgent and required within a short timeframe – one that cannot wait until the next scheduled MSF Board meeting to receive approval.

**Recommendation:** MEDC staff recommends that the Board authorize the Fund Manager of the Michigan Strategic Fund to approve these increases up to \$75,000. Also, any increases approved by the Fund Manager in these situations would be brought to the Board as information items. *This action is further described in Resolution 2008-161.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-161. Ms. Crobin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

### **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) - JOB CREATION:**

#### **Resolution 2008-162: Western Land Services, Inc. (City of Ludington) - \$650,000**

*Mary Kramer, MEDC Acting CDBG Manager, provided information on this project.*

Western Land Services, Inc., based in Ludington, is a major oil and gas brokerage service company. The company's customers include national as well as smaller independent utilities and gas and oil companies across the United States. They have offices in eight states but work on projects throughout the United States.

Western Land Services, Inc. is planning to undertake a \$8,093,650 expansion and relocation project. The company will be purchasing property in downtown Ludington and constructing a commercial 5 story mixed use building that will house their corporate headquarters. The company expects to create 22 new jobs over the next two years. They are currently located in an industrial park on the outskirts of Ludington and this project will relocate the headquarters into the heart of downtown Ludington. The City of Ludington is requesting a \$650,000 grant through Community Development Block Grant ("CDBG") funds for the reconstruction of a public parking lot and the relocation of utility lines in the project area. The cost of these improvements is \$650,000, with \$348,500 being allocated for the parking lot and \$301,500 being allocated for the utility line relocation.

**Recommendation:** MEDC staff recommends that an application in the amount of \$650,000 be authorized for the City of Ludington. *This action is further described in Resolution 2008-162.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-162. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

#### **Resolution 2008-163: Hagerty Insurance (City of Traverse City) - \$1,000,000**

*Mary Kramer provided information on this project.*

Headquartered in Traverse City, Michigan, Hagerty Insurance Agency, Inc. started out as a general lines insurance agency 40 years ago. They saw a need for specialty insurance and in 1984 launched a revolutionary Agreed Value policy for classic boat owners. In 1991, Hagerty launched specialty insurance for collector car owners, and today, they are the leading insurance agency for collector cars and boats in the United States. They currently have 358 employees in Michigan and anticipate hiring an additional 100 people as a result of this expansion.

Hagerty Insurance is planning an expansion at its current location within the Old Town area of Traverse City. The company plans to spend \$8,000,000 on the construction of a 21,000 square foot building. In order for this expansion to occur the city must assemble property for the construction of a public parking facility. The \$1,000,000 grant will be used by the City of Traverse City to purchase property and to engage an engineer for the construction of the public parking facility. Once the property is assembled, the city will construct a public parking facility which is needed for Hagerty Insurance's expansion.

**Recommendation:** MEDC staff recommends that an application in the amount of \$1,000,000 be authorized for the City of Traverse City. *This action is further described in Resolution 2008-163.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-163. Treasurer Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**Resolution 2008-164: United Solar Ovonic LLC (Calhoun County) - \$10,000,000**

*Mary Kramer provided information on this project.*

As noted earlier, USO is in the process of expanding. USO also continues to expand its operations at their site in the Greenville Renaissance Zone. The City of Greenville and USO have been awarded CDBG funds for infrastructure improvements and the purchase of machinery and equipment in the amount of \$19,947,889. To date, the City of Greenville and USO have expended approximately \$10 million of the CDBG award on infrastructure and machinery and equipment for two buildings that are nearing completion.

The company proposes development of two new manufacturing facilities in Battle Creek's Fort Custer Industrial Park. The estimated initial capital investment for this project is \$440 million over the first 3 years. The project will be located in the City of Battle Creek, which is an entitlement community that receives its own award of CDBG funds. Because the project is located in an entitlement community, HUD requires, among other things, that the residency of the beneficiaries of the project must be proportional to the amount of investment of State CDBG funds vs. City of Battle Creek matching funds. The city's investment of \$2.6 million represents 21 percent of the public funds contributed to the project for this purpose, so a maximum of 21 percent of the jobs to be created may be held by City of Battle Creek residents. The State's \$10 million of CDBG funds represents 79 percent of the public funds contributed to the project, so a maximum of 79 percent of the jobs to be created will be held by residents outside of the City of Battle Creek. Calhoun County is requesting a \$10,000,000 grant through Community Development Block Grant ("CDBG") funds for machinery and equipment acquisition and site improvements in support of USO's expansion.

**Recommendation:** MEDC staff recommends that an application in the amount of \$10,000,000 be authorized for Calhoun County. *This action is further described in Resolution 2008-164.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-164. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) – GRANT INCREASE:**

**Resolution 2008-165: Great Lakes Tissue (City of Cheboygan) - \$90,000**

*Mary Kramer provided information on this project.*

At its May 8, 2007 meeting, the Board approved a \$35,000 CDBG grant to the City of Cheboygan to study the potential for upgrading the city's wastewater treatment facility. The city's major manufacturing employer, Great Lakes Tissue (the "Company"), has an ongoing problem related to the treatment of their

wastewater and has been unable to treat their wastewater in compliance with MDEQ standards. The company had to lay off employees at that time and was in danger of closing.

On September 22, 2008 the Company filed for protection under Chapter 11. To protect the City's collateral interests that secure the Company's loan repayment obligations to the State, the City requests an additional \$90,000 in CDBG funds for legal fees. The City requests the \$90,000 increase to fund its legal counsel expenses related to the Company's Chapter 11 bankruptcy proceedings.

**Recommendation:** MEDC staff recommends that a \$90,000 grant increase be approved for this project. *This action is further described in Resolution 2008-165.*

**Board Discussion:** Mr. Epolito asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2008-165. Mr. Hodges 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 2:18 p.m.