

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan, on Wednesday, January 25, 2006, 9:30 a.m.

MEMBERS PRESENT:

Brian Ellis
Jim Epolito
Linda Ewing
James Herbert
George Jackson
Richard Rassel
Jay Rising
Charles Rothstein
Bob Swanson (acting for and on behalf of David C. Hollister, Director, Department of Labor and Economic Growth, authorization attached)

ABSENT:

Jay Shah
Richard Wilcox

CALL TO ORDER:

The meeting was called to order at 9:35 a.m.

REVISED AGENDA:

John Czarnecki advised the Board that the Agenda had been revised.

A motion was made by Jim Herbert to approve the revised agenda. Richard Russell seconded the motion. The motion carried.

ADOPTION OF MINUTES FROM DECEMBER 21, 2005

Bob Swanson moved that the December 21, 2005 minutes be approved. Richard Rassel seconded the motion. The motion carried.

COMMUNICATIONS:

John Czarnecki advised the Board that two conflict of interest letters were received, one from Mr. Rassel and another from Mr. Epolito.

Since Mr. Epolito will have to reclude himself from the meeting, John Czarnecki suggested the Board appoint an acting chair when Mr. Epolito has to leave the meeting. It was moved by Bob Swanson that Jim Herbert act as Chair during Mr. Epolito's absence. Linda Ewing seconded the motion. The motion carried.

INFORMATION:

John Czarnecki advised the Board that a sample Conflict of Interest letter was provided in the Board packet. Board members could make adjustments as they deemed necessary.

Also included in the packet were the 2006 MSF Board meeting dates. The MSF Board meetings are being held the 4th Wednesday of each month, except for November and December where it has been moved to the 3rd Wednesday of the month so as not to conflict with the holidays.

21st Century Jobs Fund Program

1. Commercialization

A discussion followed regarding Commercialization Resolution 2005-372, which was adopted at the December 21, 2005 meeting. Rescission action is needed on Resolution 2005-372, so as to consider a revised Resolution.

Based upon advice from the Attorney General staff, the MSF Board cannot direct how the Commercialization Board allocates the funds. John Czarnecki explained that the resolution adopted by the Board at their December meeting was incorrect.

Jay Rising asked for clarification regarding the adopted resolution. Sante Perrelli advised the Board that the problem the Attorney General had with the previous resolution was the wording of the "subject to MSF discretion" as well as "primarily commercialization." The MSF Board cannot direct the Commercialization Board.

Charles Rothstein questioned how these grants made by the Commercialization Board would be monitored. Mr. Epolito explained that the process was being worked on and it would involve a series of checks and balances.

Jeff Mason added that projects recommended for investment would be "the best of the best." This recommendation would be made based on criteria set by the legislation. Annual reports, financial audits, and performance audit results would be provided to the MSF.

Brian Ellis expressed concern that if the total allocation was not used, it might compel the Commercialization Board to recommend projects to be funded that

were less than “the best of the best.” Charles Rothstein stated that criteria must be developed to assure checks and balances.

Sante Perrelli advised the Board that Sec. 88k of the legislation spells out exactly how the MSF will make allocations to the Commercialization Board, and their independence.

Jim Herbert questioned if the MSF Board has the ability to pull the reins in if it was determined that the funds were not being used appropriately.

Terry Grady, from the Attorney General’s office, interjected at this point that there is no money for this program. He stated that until the Tobacco Settlement Finance Authority meets and approves the issuance of bonds, followed by the ultimate issuance of those bonds, no money will be available. At this time, Mr. Grady suggested that the Board may want to table this item until that time.

A motion to table the Commercial issue was made by Bob Swanson. Charles Rothstein seconded the motion. The motion carried.

2. Investment Strategy Discussion

Jeff Mason provided the Board with an overview of the 21st Century Jobs Fund, Jobs for Michigan Investment Fund Opportunities.

Jay Rising asked for clarification on the RFP process. Jeff Mason explained that the legislation states it is to be a competitive process, but the law is silent on whether to consider proposals on a case-by-case basis or at one time.

Charles Rothstein asked what the next steps would be. Mr. Mason stated that consideration is being given to hiring an individual or firm to assist in the development of an Investment Strategy. Mr. Mason also stated that he felt input by the MSF Board members would be very beneficial. Mr. Rothstein volunteered his assistance in this endeavor.

(Jim Epolito was excused at 10:35 a.m. Jim Herbert stepped in as Acting Chair.)

Resolution 2006-001 – Administrative Resolution

The Administrative Resolution is further described in proposed Resolution 2006-001.

3. Administration

- a. Memorandum of Understanding (MOU) between the MSF and MEDC

Jeff Mason provided background information regarding the above-stated MOU. He advised the Board that a new item #7 had been added and that the Attorney General recommended the following language be added to item #7 "as approved by the Board." The MOU would allow the Michigan Economic Development Corporation (MEDC) to carry out the administrative responsibilities of the 21st Century Fund Program for the MSF.

Linda Ewing questioned whether the new item #7 would allow the MEDC to hire a consultant. Jeff Mason responded that the MEDC would like to use an outside consultant, but this would require MSF Board approval.

Mr. Herbert asked if there were any further questions from the Board regarding the Memorandum of Understanding between the MSF and MEDC. There being none, approval of proposed Resolution 2006-001 was moved by Bob Swanson. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-002 – Capital Access Program (CAP)

The Capital Access Program Resolution is further described in proposed Resolution 2006-002.

4. Capital Access Program

Mr. Morante explained the Capital Access Program. It was originally adopted by the MSF in 1986 and ran until September 2002. The program, at its peak, participated in over 1,000 loans per year and cost the MSF about \$2 million a year to operate.

As part of the 21st Century Jobs Fund, PA 225 directs the MSF Board to re-establish the Capital Access Program and also directs the Fund to make an initial commitment of \$3.5 million to implement it.

Mr. Morante then explained a change to Article III of the draft Agreement that had been distributed to Board members prior to the meeting. The new paragraph added to Article III, after discussions with the Attorney General's office, allows banks to combine their remaining reserve accounts with reserves they will create by enrolling new loans in the reestablished CAP. In order to facilitate this, the MEDC will need to adopt a resolution permitting the transfer of these reserve accounts, held at the various banks, to the MSF.

Mr. Herbert asked if there were any questions from the Board. There being none, George Jackson moved approval of the proposed Resolution 2006-002. Richard Rassel seconded the motion. The motion carried.

(Jim Epolito returns to meeting at 11:12 a.m.)

Resolution 2006-003 – Business Marketing

The Business Marketing Resolution is further described in proposed Resolution 2006-003.

5. Business Marketing

George Zimmerman explained to the Board the timetable for the selections of firms to develop the Business Marketing plan and Travel Marketing plan. He also provided the Board with a list of individuals to serve on the evaluation committee. Mr. Epolito suggested that he be allowed to appoint other members to the evaluation committee. The following language was added to the resolution before the Board: "**Therefore, be it resolved**, that the Board authorizes the Chair to make other appointments to both Committees as necessary."

Mr. Epolito asked if there were any questions from the Board. There being none, approval of the proposed Resolution 2006-003 was moved by Linda Ewing. Richard Rassel seconded the motion. The motion carried.

Industrial Development Revenue Bond Inducements

Resolution 2006-004 – Electro Chemical Finishing Company – (Wyoming, Kent County) - \$7,500,000 – Manufacturing – New

This project is further described in proposed Resolution 2006-004.

Mr. Corry Decker provided the Board with background information on Electro Chemical Finishing Company, and their request for inducement.

Mr. Epolito asked if there were any questions from the Board. There being none, approval of proposed Resolution 2006-004 was moved by Bob Swanson. George Jackson seconded the motion. The motion carried.

(Richard Rassel leaves Board meeting at 11:20.)

Resolution 2006-005 – Livonia Tool, Inc. – (Litchfield, Hillsdale County) - \$4,000,000 – Manufacturing – New

This project is further described in proposed Resolution 2006-005.

Mr. Michael Rickabaugh provided the Board with background information on Livonia Tool, Inc., and their request for inducement.

Mr. Epolito asked if there were any questions from the Board. There being none, approval of proposed Resolution 2006-005 was moved by Jim Herbert. Bob Swanson seconded the motion. The motion carried.

Industrial Development Bond Issuing

Resolution 2006-006 – Skyway Precision, Inc./GBT Properties, L.L.C./New Opportunity Properties, L.L.C. – (Livonia, Wayne County) - \$6,750,000 – Manufacturing – New

This project is further described in proposed Resolution 2006-006.

Mr. Epolito asked if there were any questions from the Board. There being none, a motion to adopt proposed Resolution 2006-006 was made by Bob Swanson. George Jackson seconded the motion. The motion carried.

ROLL CALL:

Adopted.

AYES: Brian Ellis, Jim Epolito, Linda Ewing, Jim Herbert, George Jackson, Jay Rising, Charles Rothstein, Bob Swanson (acting for and on behalf of David C. Hollister, Director, Department of Labor and Economic Growth, authorization attached)

NAYS: None

(Richard Rassel returns to meeting at 11:25 a.m.)

Community Development Block Grant – Planning

Resolution 2006-007 – Monroe County - \$30,000 – Planning Study

This project is further described in proposed Resolution 2006-007.

Mr. Epolito asked if there were any questions from the Board. There being none, a motion to adopt proposed Resolution 2006-007 was made by Bob Swanson. Brian Ellis seconded the motion. The motion carried.

Community Development Block Grant – Job Creation

Resolution 2006-008 – Thomas Township – (Hemlock Semiconductor) - \$1,010,000 – Infrastructure improvements

This project is further described in proposed Resolution 2006-008.

Resolution 2006-009 – Charlevoix City – (Michigan Scientific Corporation) - \$45,000 – Infrastructure improvements

This project is further described in proposed Resolution 2006-009.

Resolution 2006-010 – Chippewa County (Chippewa County EDC/Kretz Lumber Company, Inc.) - \$120,000 – Renovations/Rehabilitation

This project is further described in proposed Resolution 2006-010.

Resolution 2006-011 – City of Charlotte – (Next Door & Thomas Fabrication Job Training) - \$450,000 – Job Training

This project is further described in proposed Resolution 2006-011.

Resolution 2006-012 – Blackman Charter Township (Mid-American Products) - \$100,000 – upgrade waterline

This project is further described in proposed Resolution 2006-012.

Resolution 2006-013 – Village of Spring Lake – (Peel Brothers, LLC) - \$300,000 – extend existing street, streetscaping, utility relocation

This project is further described in Resolution 2006-013.

Resolution 2006-014 – City of Iron Mountain – (Champion, Inc.) - \$278,752 – water and sewer extension

This project is further described in Resolution 2006-014.

Mr. Epolito asked if there were any questions from the Board. There being none, it was moved by George Jackson that the above seven proposed resolutions be adopted by the Board. Brian Ellis seconded the motion. The motion carried.

Community Development Block Grant – Amendments

Resolution 2006-015 – City of Three Rivers – (City of Three Rivers) - \$187,717 – renovation of public parking lot and road improvements

This project is further described in Resolution 2006-015.

Resolution 2006-016 – Montcalm County - \$600,000 – Clarion Technologies

This project is further described in Resolution 2006-016.

Mr. Epolito asked if there were any questions from the Board. There being none, it was moved by Bob Swanson that the above two Amendment Resolutions be adopted by the Board. Richard Rassel seconded the motion. The motion carried.

Renaissance Zones – Tool & Die Recovery Zone discussion item

John Czarnecki provided the Board with an overview of legislation signed by Governor Granholm on December 18, 2005, that took effect on December 19, 2005 (HB4818/PA 276). The Act was amended to allow companies to join existing Collaboratives and, therefore, become part of an existing Tool & Die Zone with this change. The law was also amended to allow an additional five zones to be designated, bringing the total to 25. Staff anticipates six to eight zones being designated this year. Mr. Czarnecki explained the Board could see applications as early as March of this year.

There being no further business, it was moved by Jim Herbert that the January 25, 2006 MSF Board meeting be adjourned. Jay Rising seconded the motion. The motion carried.

The meeting adjourned at 11:40 a.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on Wednesday, February 22, 2006.

MEMBERS PRESENT:

James Epolito
George Jackson
Richard Rassel
Jay Rising
Charles Rothstein (via phone)
Jay Shah
James Smiertka (acting for and on behalf of Robert W. Swanson Acting Director of the Department of Labor and Economic Growth, authorization attached)

MEMBERS ABSENT:

Brian Ellis
Linda Ewing
James Herbert
Richard Wilcox

CALL TO ORDER:

The meeting was called to order at 9:40 a.m.

ADOPTION OF MINUTES FROM JANUARY 22, 2006

John Czarnecki advised the Board that Jim Herbert had been omitted from the list of Members Present in the January 22, 2006 Proposed Minutes. The correction will be made. Jay Shah moved that the January 22, 2006 minutes be approved. George Jackson seconded the motion. The motion carried.

CONFIDENTIALITY REPORT:

Diane Cranmer reported that one company requested confidentiality. The staff's report was included in the meeting packet. Mr. Epolito asked if there were any questions. There being none, it was moved by Jay Shah that the confidentiality report be approved. Richard Rassel seconded the motion. The motion carried.

21st Century Jobs Fund Program

1. Life Science Pipeline RFP

Resolution 2006-017 – Initiation of Life Sciences Pipeline RFP Process

The Initiation of Life Sciences Pipeline RFP Process is further described in proposed Resolution 2006-017

As part of the 21st Century Jobs Fund legislation, Jeff Mason provided the Board with an overview of the Life Sciences Pipeline. Public Act 213 of 2005 directs the MSF Board to establish a Michigan Life Sciences Pipeline. The legislation states that the Pipeline is to promote the development of businesses in this state engaged in providing goods and services related to the development and commercialization of life sciences. The legislation also states that the Pipeline shall begin operations no later than June 1, 2006.

Mr. Mason further explained that the Michigan Life Sciences Pipeline could be thought of as a “broker.” In essence, the Pipeline will bring together life sciences companies from across the State of Michigan that are providers of products and/or services. Mr. Mason also provided the Board with the specifics of the legislation and what the Pipeline shall do.

Further, this legislation directs the MSF to select a person or entity to operate the Pipeline by issuing a request for proposal. It also states the criteria by which the RFP will be evaluated.

Mr. Mason provided the Board with the timeline for selecting an operator of the Pipeline.

Mr. Mason advised the Board that the MEDC is recommending the American Association for the Advancement of Science (AAAS) be engaged to perform the review of Pipeline proposals because of their reputation as being an education, leader, spokesperson, and professional association and dedication to advancing science around the world.

Jay Shah asked if the RFP provided a definition of “Michigan based firm.” Mr. Mason responded it was an entity that has a presence in Michigan.

Jay Shah asked if there would be more than one winner. Mr. Mason advised they are expecting multiple applications. It is the intent to make one award, but there is the possibility of a collaborative among some of the applicants.

Jay Shah also asked if this program is considered an investment. Mr. Mason responded that this is not clearly stated in the legislation.

Mr. Epolito proceeded to advise the Board in some areas within the 21st Century Jobs Fund legislation, there is no clear guidance.

Richard Rassel asked who and how would possible entities be receiving the information for submitting an RFP. Mr. Mason advised that the information would be put on the MEDC website, by word of mouth through the various life science networks throughout the state, and a formal press release.

Mr. Epolito stated that we would also rely on the local economic development organizations to relay this information to qualified life science entities.

Mr. Epolito asked if there were any further questions from the Board. There being none, Jay Shah moved approval of Resolution 2006-017. Richard Rassel seconded the motion. The motion passed unanimously.

2. Update on Investment Strategy

Mr. Mason provided the Board with an Investment Strategy Timeline. He advised that at the March MSF meeting a draft investment strategy would be presented for adoption. After the March MSF Board meeting, the MEDC will then hold a Public Hearing to solicit public comment.

At the April MSF meeting, approval for the final strategy and RFP will be needed. It was proposed that a subcommittee of the MSF Board engage in this process. Mr. Mason stated that Charles Rothstein, Jim Herbert, and Brian Ellis are being recommended to assist with this process.

Charles Rothstein (via phone) advised the Board that during the next four weeks they would be gathering information regarding similar initiatives in other states, as well as within the State of Michigan. It was hoped that this could move as quickly as possible.

Mr. Epolito advised the Board that any MSF member could participate in this process and encouraged them to do so to assure that it moves along quickly.

Jay Shah asked if the Board would be kept informed regarding how many proposals were received. Mr. Epolito stated the Board would be kept up-to-date.

(Charles Rothstein phone call ended at 10:05 a.m.)

3. **Business & Travel Marketing**

Resolution 2006-018 – Selection of Vendor for Business Marketing Campaign

The Selection of Vendor for Business Marketing Campaign is further described in proposed Resolution 2006-018.

Lisa Dancsok provided the Board with an overview of the RFP process for the selection of a business marketing agency. She advised that the announcement has not been made regarding the company chosen. This announcement will be made after March 7, 2006, when the recommendation goes before the State Administrative Board.

Ms. Dancsok advised the Board that 85 RFP's were sent out. For the Business Marketing RFP ten proposals were received, of which four finalists were invited to make a presentation. For the Travel Marketing RFP, nine proposals were received and three finalists made a presentation. She also advised that Board Member, Brian Ellis, was able to participate in part of the evaluation process for Business Marketing.

Ms. Dancsok also provided the Board with an overview of the selection criteria which was used. Jim Epolito commented that evaluations of the proposals were conducted without any knowledge of the bid amount. Staff is recommending the firm of DP and Company for the Business Marketing RFP.

Jay Rising asked if she would briefly describe how the finalists were compared. Ms. Dancsok advised they had more difficulty with the evaluations for the Business Marketing Consultant than the Travel Marketing Consultant. DP & Company appeared to have the most compelling strategies for an overall campaign.

George Jackson inquired about sub-contractor requirements and asked if there was language in the contracts regarding female and minority sub-contractors. Ms. Dancsok replied that the RFP and contract specified approval of any subcontractor arrangements for any selected agency campaign.

Ms. Dancsok advised the Board that the Business Marketing would start by late spring/early summer.

Representative Huizenga asked about the amount for Business Marketing. Ms. Dancsok replied it was \$9.2 million for 2006 and \$9.2 million for 2007. Mr. Epolito asked if there were any further questions from the Board. Their being none, George Jackson moved approval of proposed Resolution 2006-018. Jay Rising seconded the motion. The motion carried.

Resolution 2006-019 – Selection of Vendor for Travel Marketing Campaign

The Selection of Vendor for Travel Marketing Campaign Resolution is further described in proposed Resolution 2006-003.

George Zimmermann advised the Board that we are will continue to use current marketing consultant since we had to make buys in various markets for this year's travel season.

Mr. Epolito interjected that other states have much larger budgets than Michigan. George Zimmerman provided the Board with dollar amounts from several other states.

Jay Rising inquired about who is the current agent. Mr. Epolito replied it was Brogan and Partners.

Ms. Dancsok advised the Board that the bulk Travel Marketing promotions would occur outside of the state. The Business Marketing would also be primarily be out-of-state, with only a minimal presence in Michigan.

George Zimmerman explained to the Board how the committee selected McCann Erickson as the Travel Marketing Consultant. He advised the Board of the criteria used in the committee's evaluation.

Mr. Epolito asked if there were any further questions from the Board. There being none, James Smiertka moved approval of proposed Resolution 2006-019. Richard Rassel seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND – OTHER

Resolution 2006-020 – Surefil, L.L.C. – Amend Inducement Resolution

This project is further described in proposed Resolution 2006-020.

Mr. Epolito asked if there were any questions from the Board. There being none, George Jackson moved approval of proposed Resolution 2006-020. Jay Rising seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUING

Resolution 2006-021 – Ilmor Engineering, Inc. (Charter Township of Plymouth, Wayne County) - \$2,560,000 – Manufacturing

Resolution 2006-021 is further described in proposed Resolution 2006-021.

ROLL CALL VOTE:

AYES: Jim Epolito, George Jackson, Richard Rassel, Jay Rising, Jay Shah, James Smiertka (acting for and on behalf of Robert W. Swanson, Acting Director of the Department of Labor and Economic Growth, authorization attached)

NAYES: None

INFORMATION

Diane Cranmer provided the Board with an overview of Industrial Development Revenue Bonds 2005 Activities.

Jay Shah thanked Ms. Cranmer for this information. He asked if we could garner any knowledge from the trend as to the future of Michigan's manufacturing sector. John Czarnecki responded it was difficult to make a projection based on activity in the IDRB program. It appears though from annotated evidence, that the state bottomed out in 2004 and the economy was beginning to move up. As for the IDRB program, we most likely will never get to the 1999 level of activity.

COMMUNITY DEVELOPMENT BLOCK GRANT – JOB CREATION PROJECTS

Resolution 2006-022 – City of Ithaca - \$132,866 – public parking lot and alleyway improvements and redevelopment of the former Beebe Furniture building

This project is further described in proposed Resolution 2006-022.

COMMUNITY DEVELOPMENT BLOCK GRANT – INFRASTRUCTURE CAPACITY ENHANCEMENT PROJECTS

Doug Voshell explained to the Board that these projects will begin their term of work by June, 2006. He further explained that this program was designed to allow low to moderate income communities to improve their public infrastructure.

There is a total of \$6,260,496 CDBG grant monies awarded to the 22 listed communities. There was a total match of \$4,556,858.

Mr. Voshell went on to discuss how each project was evaluated and what criteria was used. He advised the Board that over 70 applications had been received.

James Smiertka asked if these projects were ready to begin. Mr. Voshell responded affirmatively. Mr. Smiertka asked how long each grant is open. Mr. Voshell explained each project has a two-year term of work.

Mr. Epolito asked if a system was in place to determine the projects status. Mr. Voshell advised that his staff is assigned various territories throughout the state and would check to be sure each project was progressing in a timely fashion.

Jay Shah stated he noticed that the engineering piece of the project was completed prior to Board approval. Mr. Voshell advised that this is a risk that the community takes. If they are not approved, they are not reimbursed for the engineering costs.

Richard Rasel inquired as to how many communities qualify as low mod. Mr. Voshell advised he would send this information to him.

Resolution 2006-023 – City of Bangor - \$418,000 – improvements to existing community infrastructure

This project is further described in proposed Resolution 2006-023.

Resolution 2006-024 – Belding City - \$500,000 – public parking lot improvements

This project is further described in proposed Resolution 2006-024.

Resolution 2006-025 – Belding City - \$434,000 – public sewer improvements

This project is further described in proposed Resolution 2006-025.

Resolution 2006-026 – Big Rapids City - \$108,416 – public parking lot improvements

This project is further described in proposed Resolution 2006-026.

Resolution 2006-027 – Boyne City - \$1,000,000 – public street, water, and sewer improvements

This project is further described in proposed Resolution 2006-027.

Resolution 2006-028 – Calumet Charter Township - \$85,000 – township community center improvements

This project is further described in proposed Resolution 2006-028.

Resolution 2006-029 – Village of Cass City - \$45,000 – sidewalk improvements

This project is further described in proposed Resolution 2006-029.

Resolution 2006-030 – Evert City - \$280,600 – public wastewater treatment improvements

This project is further described in proposed Resolution 2006-030.

Resolution 2006-031 – Evert City - \$383,000 – public water main improvements

This project is further described in proposed Resolution 2006-031.

Resolution 2006-032 – Farwell Village - \$110,000 – public water main improvements

This project is further described in proposed Resolution 2006-032.

Resolution 2006-033 – City of Fennville - \$449,980 – upgrade and enhance existing deteriorated public infrastructure

This project is further described in proposed Resolution 2006-033.

Resolution 2006-034 – Village of Fowlerville - \$225,000 – storm water system improvements

This resolution is further described in proposed Resolution 2006-034.

Resolution 2006-035 – City of Hartford - \$190,000 – replace existing 4” cast iron water main with 8” ductile iron water main

This resolution is further described in proposed Resolution 2006-035.

Resolution 2006-036 – City of Imlay City - \$238,000 – pedestrian pathway project

This resolution is further described in proposed Resolution 2006-036.

Resolution 2006-037 – Ironwood City - \$400,000 – public water and sewer improvements

This resolution is further described in proposed Resolution 2006-037.

Resolution 2006-038 – Lake Odessa Village - \$80,000 – public road, sewer, and sidewalk improvements

This project is further described in proposed Resolution 2006-038.

Resolution 2006-039 – City of Olivet - \$275,000 – bridge, sewer line, and sidewalk construction

This project is further described in proposed Resolution 2006-039.

Resolution 2006-040 – Village of Ovid - \$230,000 – connect a back up municipal well to village's water treatment plant with a water line

This project is further described in proposed Resolution 2006-040.

Resolution 2006-041 – City of Rogers City - \$291,000 – replacement of failing sanitary sewer, upsizing existing water main, construction of new storm sewer and drainage improvements, as well as reconstruction of a major city street

This project is further described in proposed Resolution 2006-041.

Resolution 2006-042 – Scottville City - \$20,000 – public park improvements

This project is further described in proposed Resolution 2006-042.

Resolution 2006-043 – Scottville City - \$85,000 – public road improvements

This project is further described in proposed Resolution 2006-043.

Resolution 2006-044 – City of Tawas City - \$112,500 – water main loop that will attach to the 12 inch waterline

This project is further described in proposed Resolution 2006-044.

Mr. Epolito asked if there were any questions from the Board. There being none, James Smiertka motioned to adopt Resolutions 2006-023 through 2006-044. Jay Rising seconded the motion. The motion carried.

Resolution 2006-045 – Iron County - \$354,437 – interior demolition and renovation of a building to be owned by the Iron County EDC

This project is further described in proposed Resolution 2006-045.

Mr. Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned to adopt proposed Resolution 2006-045. Jay Shah seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS

Doug Voshell provided the Board members with a spreadsheet of the CDBG Status of Funds.

The meeting adjourned at 10:55 a.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on Wednesday, March 22, 2006.

MEMBERS PRESENT:

Julie Croll
Brian Ellis
James Epollito
Linda Ewing
George Jackson
James Herbert
Richard Rassel
Charles Rothstein
Jay Shah
Robert Swanson

ABSENT:

Richard Wilcox

CALL TO ORDER:

The meeting was called to order at 9:34 a.m.

John Czarnecki advised the Board that the Agenda had been revised.

Under Agenda item V. 21st Jobs Fund Program, MEDC transfer of assets from the former Life Science Corridor had been deleted.

Under Agenda item VII. Industrial Development Revenue Bond – Other, Genesee Power Station had been deleted.

Under Agenda item IX. Industrial Development Revenue Bond Issuing, Alliance Interiors, Inc. had been deleted.

ADOPTION OF MINUTES FROM FEBRUARY 22, 2006

Jay Shah advised the Board that under the 21st Century Job Fund Program, on page 2 and 3, that Jay Rising's name had been inadvertently used rather than his. The correction will be made. Robert Swanson moved that the February 22, 2006 minutes be approved. Jim Herbert seconded the motion. The motion carried.

PUBLIC COMMENT:

There was no public comment.

COMMUNICATIONS:

John Czarnecki advised the Board that a letter from Mr. Rassel had been received requesting his recusal from the Livonia Tool, Inc. vote. A letter from Mr. Epolito had been received recusing him from the Small Business Capital Access Program – Bank Signatories Card vote.

John Czarnecki requested that Item 12, Item 1. City of Greenville – United Solar Onivac - \$5,000,000 be moved to be discussed after communications.

COMMUNITY DEVELOPMENT BLOCK GRANT – AMENDMENT:

Resolution 2006-046 – City of Greenville – United Solar Onivac - \$5,000,000

This project is further described in proposed Resolution 2006-033.

A short presentation was given by John Morgan of United Solar Onivac. He explained his product and gave a brief history of the company.

John Czarnecki advised the Board that a Renaissance Zone designation would be presented to the Board at the May MSF Board meeting for the City of Greenville and United Solar Onivac. It had been hoped this designation would go before the Board in April, but due to property being bought by the city for the United Solar Onivac project being located in the township, they would have to have an annexation of the property.

Mr. Epolito asked if there were any questions from the Board.

Brian Ellis commended the company on their choice of locating in Greenville. He also suggested that due to poor road access to Greenville, it might behoove the state to ask for assistance from the Department of Transportation to provide better road access.

John Czarnecki advised that he would be emailing Jackie Shinn in this regard.

Jay Shah also commended the company on their choice of locating in Greenville. He asked for an explanation of how the shingles are designed. Mr. Morgan explained that through the light spectrum, they were extracting hydrogen, which in effect, was the same as extracting electricity.

Mr. Shah also asked how staff calculated the cost per job. John Czarnecki explained \$5.5 million was divided into 200 jobs.

Linda Ewing asked what type of work skills the company would be seeking. Mr. Morgan explained that 72% were transferable and this would assist the displaced workers from Electrolux. The other 28% would be of an educational support nature.

Jim Herbert asked what the company's annual revenue would be once they were up and running. Mr. Morgan replied that they expected \$66 million/year profit.

Mr. Epolito asked if there were any further questions from the Board. There being none, George Jackson moved approval of Resolution 2006-046. Jay Shah seconded the motion. The motion carried.

At this time, John Czarnecki advised the Board that a motion for a temporary Chair should be made for Mr. Epolito's recusal.

Robert Swanson motion that Jim Herbert be selected as temporary Chair during Mr. Epolito's absence. Richard Rassel seconded the motion. The motion carried.

[Jim Epolito leaves the meeting at 10:00 a.m.]

Resolution 2006-047 – Small Business Capital Access Program – Bank Signatories Card

This project is further described in proposed Resolution 2006-047.

John explained that this Resolution was for approval for Minesh Mody, MEDC Chief Financial Officer, and Juzer Modi, Director of MEDC Financial Services to be signatories for the Small Business Capital Access Program – Bank Signatories Card.

Mr. Herbert asked if there were any questions. There being none, Jay Shah moved approval of proposed Resolution 2006-047. Robert Swanson seconded the motion. The motion carried.

INFORMATION:

John Czarnecki reminded the Board that the April MSF Board meeting has been rescheduled for April 26, 2006, from 2:30 – 4:30 p.m.

[Jim Epolito returns to meeting]

21st CENTURY JOBS FUND PROGRAM:

Resolution 2006-048 – American Association for the Advancement of Science (AAAS) Contract

This contract is further described in Resolution 2006-048.

Jeff Mason provided the Board with background information regarding the 21st Century Jobs Fund competition and Independent peer review agency selection.

Mr. Mason advised that the Strategic Economic Investment and Commercialization (SEIC) Board approved the American Association for the Advancement of Science (AAAS) at their January 6, 2006 meeting as the entity responsible for conducting the independent peer review proposals submitted under the 21st Century program. He advised that the work activities for the 21st Century program were similar to duties performed as part of an existing contract, between the MEDC and AAAS, which expires September 30, 2006 for the former Technology Tri-Corridor program.

Mr. Mason also advised that the current contract is not sufficient to meet the requirements found at MCL 125.2088k(3)(b). This section requires the MSF Board to approve a fund contract with the peer review expert selected by the SEIC Board. Mr. Mason also advised that the Attorney General's office stated that the AAAS contract must also be approved by the State Administrative Board.

The proposed contract will not extend beyond December 31, 2006. This contract will not exceed \$3.7 million.

Jim Herbert commented that he is familiar with the AAAS. He expressed concern that they may not understand what is meant by commercialization. Jeff Mason responded that this same concern was raised with the SEIC Board. Staff has been assured by the AAAS that they will team with business experts in order to compliment the scientific and technical expertise.

Charles Rothstein asked what would happen if the contract was not fulfilled. Jeff Mason responded that the contract incorporates a 30-day termination clause. Mr. Mason also stated that the contract end date was incorrect on the contract. The contract end date is December 31, 2006, not December 31, 2007.

Jeff Mason advised the Board that the contract was for a fixed price. The AAAS would receive \$1,502 for completion of each mail review of the written applications, and \$106,000 during the panel interview phase.

Jay Shah asked if the AAAS was a non-profit. Jeff Mason responded he was not sure.

Richard Rassel asked how many other states the AAAS works with. Jeff Mason responded that AAAS works with a number of other states throughout the country. He is not sure of the number.

George Jackson expressed concern for the risk of getting the AAAS through the commercialization process. Jeff Mason responded that the AAAS has assured us they will include experts in business start-up and investment entities for this process.

George Jackson asked what the role of the MEDC staff is in reviewing proposals. Jeff Mason explained the role is limited. Robert Swanson further explained that the legislation is very specific in the weighting criteria in regard to review of the applications. Jeff Mason further explained that the criteria consists of (1) 25% science, (2) 25% personal/business experience, (3) commercialization merit, (4) leverage of other resources and dollars.

Charles Rothstein asked about the 30-day opt out clause in the contract. Jim Epolito replied that we can cancel with the 30-day opt out clause and pay only for services rendered at that time.

Mr. Epolito asked if there were any further questions from the Board. There being none, Jay Shah moved approval of proposed Resolution 2006-048. Robert Swanson seconded the motion. The motion carried.

RENAISSANCE ZONE:

Resolution 2006-049 – Potlatch Wood Products Corporation (Gwinn, Marquette, County) – Amended Development Agreement

This project is further described in proposed Resolution 2006-049.

Mr. Epolito asked if there were any questions from the Board. There being none, Robert Swanson moved approval of proposed Resolution 2006-049. Brian Ellis seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND - OTHER:

Resolution 2006-050 – Great Lakes Pulp Company

This project is further described in proposed Resolution 2006-050

Mr. Epolito asked if there were any questions from the Board. There being none, Robert Swanson moved approval of proposed Resolution 2006-050. Brian Ellis seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND INDUCEMENTS:

Resolution 2006-051 – Severstal North America, Inc. – (Dearborn, Wayne County) \$52,000,000 – Solid Waste

This project is further described in proposed Resolution 2006-051.

Mr. William Hornberger, of Severstal North America, Inc., provided the Board with a brief overview of the company. He provided the Board with the history of how this company had evolved and arrived at its Michigan location. Mr. Hornberger advised the Board that Steverstal was the largest steel maker in Russia. Their request for bond inducement was to be used for solid waste and pollution control equipment.

Mr. Epolito asked if there were any questions from the Board. There being none, Brian Ellis moved approval of proposed Resolution 2006-051. Linda Ewing seconded the motion. The motion carried.

Resolution 2006-052 – Erwin Quarder, Inc. – (Grand Rapids, Kent County) - \$3,000,000 – Manufacturing

This project is further described in proposed Resolution 2006-052.

Ms. Jennifer Steward, General Manager of Erwin Quarder, Inc., provided the Board with the evolution of Erwin Quarder, Inc. to their present location in Michigan. She explained that Erwin Quarder, Inc. is a tier three automotive supply company. She explained the process of manufacturing the components which this company is responsible for.

Jim Herbert asked what the company makes. Ms. Steward replied that they manufacture door lock components, speaker components, and a number of other auto related items.

Mr. Epolito asked if there were any questions from the Board. There being none, Richard Rassel moved approval of proposed Resolution 2006-052. Linda Ewing seconded the motion. The motion carried.

[Richard Rassel is excused for the Livonia Tool, Inc. project at 10:50 a.m.]

INDUSTRIAL DEVELOPMENT REVENUE BONDS ISSUING:

Resolution 2006-053 – Livonia Tool, Inc. – (Litchfield, Hillsdale County) - \$4,000,000 – Manufacturing

This project is further described in proposed Resolution 2006-052.

[Robert Swanson leaves Board meeting at 10:45 a.m.]

Mr. Epolito asked if there were any questions from the Board. There being none Jay Shah moved for a roll call vote. George Jackson seconded the motion.

ROLL CALL VOTE:

Adopted:

AYES: Julie Croll, Brian Ellis, James Epolito, Linda Ewing, George Jackson, James Herbert, Charles Rothstein, Jay Shah

NAYES: None.

[Richard Rassel returns to meeting at 10:52 a.m.]

Resolution 2006-054 – Spectrum Human Services, Inc. – (Westland, Wayne County) - \$2,865,000 – Non-Profit

This project is further described in proposed Resolution 2006-054.

Resolution 2006-055 – Surefil Properties, LLC/Surefil – (Grand Rapids, Kent County) - \$4,300,000 – Manufacturing (Kentwood, Kent County)

This project is further described in proposed Resolution 2006-055.

Mr. Epolito asked if there were any questions from the Board. There being none, Brian Ellis moved for a roll call on the proposed resolution. Charles Rothstein seconded the motion.

ROLL CALL:

Adopted:

AYES: Julie Croll, Brian Ellis, James Epolito, Linda Ewing, George Jackson, James Herbert, Richard Rassel, Charles Rothstein, Jay Shah

NAYES: None.

COMMUNITY DEVELOPMENT BLOCK GRANT – PLANNING:

Resolution 2006-056 – City of Howell - \$30,000 – City of Howell Main Street Program

This project is further described in proposed Resolution 2006-056.

Mr. Epolito asked if there were any questions from the Board. There being none, Jay Shah motioned to adopt proposed Resolution 2006-056. Richard Rassel seconded the motion. The motion carried.

**COMMUNITY DEVELOPMENT BLOCK GRANT – INFRASTRUCTURE CAPACITY
ENHANCEMENT PROJECTS:**

Resolution 2006-057 – Bangor Township – VanBuren County - \$6,544 – Parking lot

This project is further described in proposed Resolution 2006-057.

Resolution 2006-058 – Buena Vista Township – Saginaw County - \$142,900 – Water improvements

This project is further described in proposed Resolution 2006-058.

Resolution 2006-059 – Dowagiac City – Cass County - \$48,636 – Parking lot

This project is further described in proposed Resolution 2006-059.

Resolution 2006-060 – Hart City – Oceana County - \$255,670 – Lift station

This project is further described in proposed Resolution 2006-060.

Resolution 2006-061 – Hartford City – VanBuren County - \$261,000 – Water tower improvements

This project is further described in proposed Resolution 2006-061.

Resolution 2006-062 – Iron River City – Iron County - \$541,500 – Sewer improvements

This project is further described in proposed Resolution 2006-061.

Resolution 2006-063 – Kaleva Village – Manistee County - \$240,000 – Water improvements

This project is further described in proposed Resolution 2006-063.

Resolution 2006-064 – Maple Rapids Village – Clinton County - \$525,000 – Wastewater improvements

This project is further described in proposed in Resolution 2006-064.

Resolution 2006-065 – Mesick Village – Wexford County - \$93,600 – Water improvements

This project is further described in proposed Resolution 2006-065.

Resolution 2006-066 – Muir Village – Ionia County - \$40,000 – Wastewater improvements

This project is further described in proposed Resolution 2006-066.

Resolution 2006-067 – Nashville Village – Barry County - \$76,980 – Sewer improvements

This project is further described in proposed Resolution 2006-067.

Resolution 2006-068 – Norway City – Dickinson County - \$380,735 – Road, water, sewer

This project is further described in proposed Resolution 2006-068.

Resolution 2006-069 – Rosebush Village – Isabella County - \$181,150 – Sewer improvements

This project is further described in proposed Resolution 20006-068.

Resolution 2006-070 – Vandalia Village Cass County - \$110,851 – Street/park improvements

This project is further described in proposed Resolution 2006-071.

Resolution 2006-071 – Yale City – St. Clair County - \$45,375 – Water improvements

This project is further described in proposed Resolution 2006-071.

John Czarnecki advised the Board that the sum of the Infrastructure Capacity Enhancement projects equaled \$3,349,941.

Mr. Epolito asked if there were any questions from the Board. There being none, Jay Shah motioned to approve proposed Resolutions 2006-057 through 2006-071. Julie Croll seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – AMENDMENT:

Resolution 2006-072 – Oceana County – Outdoor Resources, Inc. (d/b/a Double JJ Resort) – Tourism Project - \$1,075,000

This project is further described in proposed Resolution 2006-072.

Mr. Epolito asked if there were any questions from the Board. There being none, Linda Ewing motioned to adopt proposed Resolution 2006-072. Richard Rassel seconded the motion. The motion carried.

Ken Murdoch provided the Board with the Community Development Block Grant status of funds and available balances.

Brian Ellis asked if the Chief Compliance Officer had been hired. Jim Epolito responded that the position has been posted through Civil Service. The MEDC is not involved in the hiring process.

Meeting adjourned 11:03 a.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on Wednesday, April 19, 2006.

MEMBERS PRESENT:

Brian Ellis
James Epolito
Linda Ewing
James Herbert
Robert Kleine
Richard Rassel
Charles Rothstein
Jay Shah
James Smiertka (acting for and on behalf of Robert W. Swanson, Acting Director, Department of Labor and Economic Growth, authorization attached)

MEMBERS ABSENT:

George Jackson
Jeff Leithauser

CALL TO ORDER:

The meeting was called to order at 2:34 p.m.

James Epolito introduced and welcomed, recently appointed, Mr. Robert Kleine, State Treasurer, to the MSF Board members.

ADOPTION OF MINUTES FROM MARCH 22, 2006:

Jay Shah moved that the March 22, 2006 minutes be approved. Richard Rassel seconded the motion. The motion carried.

PUBLIC COMMENT:

There was no public comment.

CONFIDENTIALITY REPORT:

Diane Cranmer reported that two companies requested confidentiality. The staff's report was included in the meeting packet. Mr. Epolito asked if there were any questions. There being none, it was moved by James Herbert that the confidentiality report be approved. Linda Walker seconded the motion. The motion carried.

COMMUNICATIONS:

John Czarnecki advised the Board that a letter from Mr. Russel had been received requesting his recusal from Pioneer Steel Corporation

RENAISSANCE ZONE:

Resolution 2006-073 – Diversified Natural Products – City of Scottville, Mason County

This project is further described in proposed Resolution 2006-073.

Mr. Fabian Knizacky, Mason County Administrator, provided a brief economic overview of the geographic area where Diversified Natural Products is located. He advised the Board that this would bring approximately 94 jobs to their area.

Mr. Knizacky introduced Dr. Gary Mills, Chief Operating Officer of Diversified Natural Products. Dr. Mills provided the Board with background information of this company. He also gave a brief overview of the processing of their product – exotic gourmet mushrooms. He advised the Board that while their operations are basically Michigan based, they do have offices in Canada, New York, and France. The Canadian-based operations will be transferred to Michigan.

Dr. Mills summarized that this project has \$30.5 million total private investment; would create 94 new full-time jobs, requesting a 10-year agricultural processing zone on 58.606 acres. The project will be conducted in phases:

- Polychitosamine facility (1,000 sq. ft. - \$1.5 million)
- Mushroom Complex (6 buildings @ \$4.5 million per bldg. - \$27 million)
- Mushroom processing building (20,000 sq. ft. - \$2 million)

Dr. Mills also advised the Board that Diversified Natural Products had submitted a proposal for \$2 million in funding to the 21st Century Jobs Fund Program, for consideration by the Strategic Economic Investment and Commercialization Board.

Mr. Robert Craig, Director of the Agriculture Development Division, Michigan Department of Agriculture, came forward to confirm the Department of Agriculture's support of this project.

James Smiertka asked if the proposal submitted to the SEIC Board was not approved, would this have an adverse affect on the company moving forward. Dr. Mills advised it would slow down the process, but they would continue to move forward.

James Epolito inquired, with the company operations located world-wide, would they stay in Michigan. Dr. Mills advised the company is committed to Michigan.

Mr. Epolito asked if there were any further questions from the Board. There being none, Jay Shah moved approval of proposed Resolution 2006-073. Richard Rassel seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BONDS INDUCEMENTS

Resolution 2006-074 – Pioneer Steel Corporation – (Detroit, Wayne County) 4,250,000 – New – Manufacturing – (Byron Township, Kent County)

This project is further described in proposed Resolution 2006-074.

[Richard Rassel is excused for the presentation of the Pioneer Steel Corporation project at 3:04 p.m.]

Mr. Donald Sazama, President of Pioneer Steel Corporation provided the Board with a brief overview of the project. The company is in the business of providing metal burning and metal machining services to automotive, machine tool, and tool and die industries, as well as being a level one government supplier. They are currently located in Detroit, Michigan and are looking to expand their operations.

Mr. Sazama advised the Board that the project includes financing the construction of an approximately 40,000 square foot manufacturing facility and the acquisition and installation of machinery and equipment, furniture and fixtures, all to be located in Byron Township, Kent County.

James Smiertka asked how the new facility in Byron Township would affect employment levels in the Detroit location. Mr. Sazama replied, this expansion and increase of production would actually add more employees to the Detroit location.

Mr. Smiertka asked if the property tax abatement under P.A. 198 had yet been approved. Mr. Sazama replied that it had.

James Herbert asked what the yearly revenue was for the company. Mr. Sazama replied it was \$20 million.

Mr. Epolito asked if there were any further questions from the Board. There being none, James Smiertka motioned approval of proposed Resolution 2006-074. Jay Shah seconded the motion. The motion carried.

[Mr. Rassel returns to the meeting at 3:23 p.m.]

Resolution 2006-075 – Great Lakes Recovery Center, Inc. – (Marquette, Marquette County) \$600,000 – Refinancing – Non-profit

This project is further described in proposed Resolution 2006-075

Mr. Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned approval of proposed Resolution 2006-075. Jay Shah seconded the motion. The motion carried.

Resolution 2006-076 – John A. Van Den Bosch Company/509 East Washington, LLC – (Holland, Ottawa County) \$2,000,000 – New - Manufacturing

This project is further described in Resolution 2006-076.

Mr. David Van Den Bosch provided the Board with a brief overview of the project. The company is a producer and distributor of wild birdseed, pet food, deer feed, dietary supplements and other associated products.

The project includes financing an renovation of approximately 2,500 square foot in existing structures, the construction of an approximately 1,000 square foot equipment tower and an approximately 14,000 square foot manufacturing facility and the acquisition and installation of machinery and equipment at the original site of this company's operation.

Jim Herbert asked what the company's yearly revenue was. Mr. Van Den Bosch replied that the company produces approximately 100 tons per week with a revenue of approximately \$17-18 million per year.

Mr. Epolito asked if there were any further questions from the Board. There being none, Brian Ellis motioned approval of proposed Resolution 2006-076. James Herbert seconded the motion. The motion carried.

Resolution 2006-077 – Security Packaging, Inc/Erin Flint Properties, LLC – (Flint, Genesee County) - \$4,720,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-077.

Ms. Christine Scheer, President, provided an overview of this project to the Board. The company is a packaging products manufacturer and packaging services provided.

Ms. Scheer explained to the Board that the project includes financing the acquisition of land, an existing approximately 207,000 square foot manufacturing facility, rehabilitation of the building, and acquisition and installation of machinery and equipment.

Mr. Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned approval of proposed Resolution 2006-077. Jay Shah seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUING:

Resolution 2006-078 – Grand Rapids Art Museum – (Grand Rapids, Kent County) – NTE \$35,000,000 – New – Non-profit – to be issued in two separate series during 2006, the first series NTE \$17,000,000

This project is further described in proposed Resolution 2006-078.

Mr. Epolito asked if there were any questions from the Board. There being none, James Herbert moved for a roll call vote. Jay Shah seconded the motion

ROLL CALL VOTE:

Adopted:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, Robert Kleine, Richard Rassel, Charles Rothstein, Jay Shah, James Smiertka (acting on behalf of Robert W. Swanson, Acting Director, Department of Labor and Economic Growth, authorization attached)

NAYES: None.

21st CENTURY JOBS FUND PROGRAM

Resolution 2006-079 – Investment Strategy RFP (Fund Manager) Resolution

This item is further described in proposed Resolution 2006-079.

Cindy Douglas provided the Board with a brief overview of the Request for Proposal (RFP) process for a Fund Manager to develop a strategy and manage investments. She advised the Board that a press release would be made on April 20, 2006 to release the RFP for the Fund Manager. The proposals would be due on May 11, 2006. Review, scoring and face-to-face interviews will be held between May 12-22, 2006. Recommendations for Fund Manager will be made to the MSF Board at their May meeting.

Ms. Douglas deferred to Sante Perrelli as an opinion by the Attorney General's office has been requested regarding the permanency of this fund. Mr. Perrelli advised the Board that research is currently being conducted, and as yet, no opinion has been rendered. Jay Shah asked if the Attorney General's opinion request precludes the Board from going forward with approving the RFP form. Mr. Perrelli advised it did not

and that he would inform staff and the Board if an opinion is issued that would impact this process.

Brian Ellis asked how the Public Comment fit into the process. Ms. Douglas advised the Board that Public Comment is required when an investment program is created or significantly changed. When the investment strategy is prepared, then public comment will be sought.

Sante Perrelli advised that once the MSF Board approves the Fund Manager, and a contract is negotiated, the contract will go before the State Administrative Board.

Mr. Epolito asked if there were any further questions from the Board. There being none, James Smiertka motioned approval of proposed Resolution 2006-079. Brian Ellis seconded the motion. The motion carried.

Resolution 2006-080 – Commercialization Fund: Confidentiality of Financial or Proprietary Information

This item is further described in proposed Resolution 2006-080.

Jeff Mason provided the Board with a copy of the Confidentiality Log which will be used to determine confidentiality of proposals that have been received by the SEIC Board.

Charles Rothstein asked if an applicant had requested confidentiality, and it turned out that the company commits an illegal act, could confidentiality be withdrawn? Sante Perrelli responded that this would be a possibility but that matters like that should be reviewed on a case-by-case basis. Mr. Perrelli further explained that according to the MSF Act, Board action acknowledging applicant financial and proprietary information as confidential exempts the information from disclosure under Michigan's Freedom of Information Act.

James Herbert suggested that a separate confidentiality form be included for the applicant to complete. Jeff Mason explained that this had been a provision of the application. Applicant's request confidentiality in their application, and it is then up to the Board as to whether confidentiality should be granted.

Mr. Epolito asked if there were any further questions from the Board. There being none, James Smiertka motioned approval of proposed Resolution 2006-080. Robert Kleine seconded the motion. The motion carried.

STATUS REPORT ON FUNDING PROPOSALS

Jeff Mason provided the Board with an update on the funding proposals. Of the 505 submitted applications, 14 were from outside of Michigan. Applications received were broken down into the following categories:

- 38% - Life Sciences
- 14% - Advanced Automotive
- 10% - Alternative Energy
- 19% - Homeland Security

The total requests for funding came to \$1.1 billion.

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The total requests for funding came to \$1.1 billion.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – PLANNING:

Resolution 2006-081 – City of Escanaba – Delta County - \$19,000 – Escanaba DDA Market Study

This resolution is further described in proposed Resolution 2006-081.

Resolution 2006-082 – City of West Branch – Ogemaw County - \$14,500 – West Branch Community Market Study

This resolution is further described in proposed Resolution 2006-082.

Mr. Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned approval of proposed Resolutions 2006-081 and 2006-082. James Herbert seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – JOB CREATION

Resolution 2006-083 – Holland Charter Township – J.B. Labs - \$400,500

This project is further described in proposed Resolution 2006-083.

Resolution 2006-084 – Keweenaw County – Keweenaw Mountain Lodge - \$300,000

This project is further described in proposed Resolution 2006-084.

Resolution 2006-085 – City of Cassopolis – Schwintec Infrastructure Project - \$210,000

This project is further described in proposed Resolution 2006-085.

Mr. Epolito asked if there were any questions from the Board. There being none, Jay Shah motioned approval of Resolutions 2006-083, 2006-084, 2006-085. Richard Rassel seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – AREA BENEFIT

Resolution 2006-086 – Kalamazoo County – Neighborhood Enterprise Zone (NEZ) Project - \$350,000

This project is further described in proposed Resolution 2006-086.

Mr. Epolito asked if there were any questions from the Board. There being none, James Smiertka motioned approval of proposed Resolution 2006-086. James Herbert seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – AMENDMENTS

Resolution 2006-087 – City of Zeeland – Plascore, Inc. Infrastructure Project - \$90,776

This project is further described in proposed Resolution 2006-087.

Resolution 2006-088 – City of Greenville – United Solar Orvonics – Adjusted Work Activities

This project is further described in proposed Resolution 2006-088.

Mr. Epolito asked if there were any questions from the Board. Their being none, Richard Rassel motioned approval of Resolutions 2006-087 and 2006-088. Robert Kleine seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS AND AVAILABLE BALANCES

Doug Voshell provided the Board with updated information on the status and availability of CDBG balances.

The meeting adjourned at 4:04 p.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on Wednesday, May 24, 2006.

MEMBERS PRESENT:

Brian Ellis
James Herbert
George Jackson
Robert Kleine
Jeff Leithauser
Richard Rassel
Charles Rothstein
Jay Shah
Robert Swanson

MEMBERS ABSENT:

James Epolito
Linda Ewing

Since Mr. Epolito was unable to attend today's meeting, John Czarnecki requested a motion from the Board to elect James Herbert as temporary Chair. It was moved by Robert Swanson that James Herbert chair today's meeting. Richard Rassel seconded the motion. The motion carried.

CALL TO ORDER:

The meeting was called to order at 9:38 a.m.

James Herbert introduced Jeff Leithauser, newly appointed to the Board to replace Richard Wilcox. Mr. Leithauser thanked the Board for the introduction. He advised the Board that he is currently working as the Managing Director, Middle Market Banking, for Fifth Third Bank.

John Czarnecki advised the Board that a Revised Agenda had been prepared for today's meeting. He explained this was due to recusals and two projects that were unable to submit necessary information. Robert Swanson motioned that the Revised Agenda be approved by the Board. Jeff Leithauser seconded the motion. The motion carried.

ADOPTION OF MINUTES FROM April 19, 2006:

Richard Rassel moved that the April 19, 2006 minutes be approved. Robert Swanson seconded the motion. The motion carried.

PUBLIC COMMENT:

There was no public comment.

CONFIDENTIALITY REPORT:

Diane Cranmer reported that two companies had requested confidentiality. The staff's report was included in the meeting packet.

Mr. Ellis asked if Board members could review the applications and the confidentiality request. Mr. Czarnecki explained that Board members may review confidentiality requests at any time. He further explained that the Board is authorized to grant confidentiality requests pursuant to the MSF act.

Mr. Herbert asked if there were any further questions. There being none, it was moved by Robert Swanson that the confidentiality report be approved. Richard Rassel seconded the motion. The motion carried.

COMMUNICATIONS:

John Czarnecki updated the Board on the Special MSF Meeting scheduled for June 7, 2006. He explained that the interviews for the Investment Strategy Fund Manager had not yet been completed. The interviews are to be held on May 31, 2006. A recommendation for Fund Manager will be made at the June 7, 2006 meeting.

Mr. Herbert explained to the Board that five responses had been received. Three verbal presentations would be made to the subcommittee on May 31, 2006.

Sante Perrelli advised the Board that the subcommittee should consider interviewing all five applicants. By doing so, all applicants would have an opportunity to submit confidential information regarding their qualifications for the Fund Manager position. Referring to the Open Meetings Act, he advised that the subcommittee cannot eliminate applicants from consideration.

Robert Swanson suggested that this might set a precedent. While interviewing five applicants is doable, if there had been several more, it might be as feasible. Responding to Mr. Swanson's concerns, Mr. Perrelli indicated that he did not believe this approach would be precedent setting because the situation presented was unique. Mr. Perrelli further explained that the suggestion to interview all applicants was precipitated by concerns that, among other things, some of the applicants may have

submitted information that other applicants had not. By interviewing all applicants in this circumstance, each would have an opportunity to submit a full range of information including confidential information, for the Board's consideration.

Brian Ellis stated that the MEDC staff had assisted the subcommittee to assemble RFP responses so that the subcommittee members could review and score all applicants.

After additional discussion, Mr. Herbert asked Mr. Perrelli to discuss this matter with MEDC counsel and recommend a resolution by the end of today's meeting.

INDUSTRIAL DEVELOPMENT REVENUE BONDS INDUCEMENTS:

Resolution 2006-089 – Inter-Power Corporation/Kaja Enterprises, LLC – (Almont, Lapeer County and Fraser, Macomb County) - \$2,000,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-089.

Diane Cranmer advised the Board that Inter-Power Corporation is the manufacturing facility and Kaja Enterprises, LLC is the real estate holding company.

Mr. Gary Gariglio, President, provided the Board with background information.

Mr. Gariglio explained to the Board the project includes financing the acquisition of an existing approximately 54,593 square foot facility located at 3578 Van Dyke, Almont, Lapeer County, Michigan and an existing approximately 22,800 square foot manufacturing facility located at 34197 Doreka, Fraser, Macomb County, Michigan. The project also involves the rehabilitation of the facilities, site improvements and the acquisition and installation of machinery and equipment.

Mr. Herbert asked for confirmation for the 15 new employees. Mr. Gariglio confirmed the number and further explained that there might possibly be more. The employees would mostly be high-tech.

Mr. Herbert asked if the company was profitable. Mr. Gariglio responded yes, they have always experienced positive growth.

Mr. Herbert asked if there were any further questions from the Board. There being none, Jay Shah motioned approval of proposed Resolution 2006-089. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-090 – MANS/Moeller Manufacturing, Inc. – (Wixom, Oakland County; Plymouth Charter Township, Wayne County; Little Traverse Township, Emmet County) - \$12,000,000 to be issued in two or more series – New – Manufacturing

This project is further described in proposed Resolution 2006-090.

Mr. Joseph Baker, CFO, provided the Board with background information.

Mr. Baker explained to the Board that the project includes financing the acquisition and installation of machinery and equipment for use in the Company's existing facility located in the City of Wixom, Oakland County; the acquisition and installation of machinery and equipment for use in the company's existing facility located in Plymouth Charter Township, Wayne County; and the acquisition and installation of machinery and equipment for use in the company's existing facility located in Little Traverse Township, Emmet County.

Mr. Shah asked about the demand for supplying aircraft engines. Mr. Baker explained that their biggest customer was GE Aircraft, and had recently received smaller orders from Boeing.

Mr. Herbert asked if there were any further questions from the Board. There being none, Jay Shah motioned approval of proposed Resolution 2006-090. Robert Kleine seconded the motion. The motion carried.

Resolution 2006-091 – Skill-Craft Company – (Ira Township, St. Clair County) \$1,530,000 – New Manufacturing

This project is further described in proposed Resolution 2006-091.

Mr. James Thurman, President and Owner, provided background information to the Board on this project.

Mr. Thurman explained to the Board that the project includes financing the acquisition of land, the construction of a manufacturing facility and the acquisition and installation of machinery and equipment to be located in Ira Township, St. Clair County, Michigan.

Mr. Swanson asked what the status of their current facility was. Mr. Thurman explained that it was owned by the company, was up for sale, and they thought they have a possible buyer.

Mr. Herbert asked if there were any further questions from the Board. There being none, Robert Kleine motioned approval of proposed Resolution 2006-091. Brian Ellis seconded the motion. The motion carried.

[Jeff Leithauser and Richard Rassel recused.]

INDUSTRIAL DEVELOPMENT REVENUE BOND – OTHER:

Resolution 2006-092 – Altarum Institute – Supplemental Indenture

This project is further described in proposed Resolution 2006-092.

Mr. Herbert asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-092. Robert Kleine seconded the motion. The motion carried.

Resolution 2006-093 – Grand River Infrastructure Project – (Independence Charter Township, Oakland County) - \$6,135,000 – Refunding – Manufacturing

This project is further described in proposed Resolution 2006-093.

Mr. Herbert asked if there were any questions from the Board. There being none, Robert Swanson motioned for a roll call vote. George Jackson seconded the motion.

ROLL CALL VOTE:

Adopted:

AYES: Brian Ellis, James Herbert, George Jackson, Robert Kleine,
Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

[Jeff Leithauser returns to the meeting]

Resolution 2006-094 – Apex Spring & Stamping Corporation/WLN LLC – (Charter Township of Tallmadge, Ottawa County) - \$2,500,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-094.

Mr. Herbert asked if there were any questions from the Board. There being none, Robert Kleine motioned for a roll call vote. Robert Swanson seconded the motion.

ROLL CALL VOTE:

Adopted:

AYES: Brian Ellis, James Herbert, George Jackson, Robert Kleine,
Jeff Leithauser, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

Resolution 2006-095 – Clark Retirement Community – (Grand Rapids, Kent County and Kentwood, Kent County) - \$12,500,000 – Refunding – Non-Profit 501(c)(3)

This project is further described in proposed Resolution 2006-095.

Mr. Herbert asked if there were any questions from the Board. There being none, Robert Swanson motioned for a roll call vote. Robert Kleine seconded the motion.

ROLL CALL VOTE:

Adopted:

AYES: Brian Ellis, James Herbert, George Jackson, Robert Kleine,
Jeff Leithauser, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

Resolution 2006-096 – Erwin Quarder, Inc. – (Charter Township of Cascade, Kent County) - \$3,330,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-096.

ROLL CALL VOTE:

Adopted:

AYES: Brian Ellis, James Herbert, George Jackson, Robert Kleine,
Jeff Leithauser, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

[Richard Rassel returns to the meeting.]

Resolution 2006-097 – Alliance Interiors – (Charter Township of Delta, Eaton County) - \$2,550,000 – New Manufacturing

This project is further described in proposed Resolution 2006-097.

Mr. Herbert asked if there were any questions from the Board. There being none Robert Kleine motioned for a roll call vote. Robert Swanson seconded the motion.

ROLL CALL VOTE:

Adopted:

AYES: Brian Ellis, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

RENAISSANCE ZONES:

Resolution 2006-098 – CNC Precision Machining, Inc. – Add five years to existing Recovery Zone

This project is further described in proposed Resolution 2006-098.

Mr. Herbert asked if there were any questions from the Board. There being none Jay Shah motioned approval of proposed Resolution 2006-098. Robert Swanson seconded the motion. The motion carried.

Resolution 2006-099 – LS Mold, Inc. – Combine with Great Lakes Tool & Die Collaborative

This project is further described in proposed Resolution 2006-099.

Mr. Herbert asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-099. Richard Rassel seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT:

Resolution 2006-100 – City of Grand Haven – Grand Haven Main Street Market Study - \$30,000

This project is further described in proposed resolution 2006-100.

John Czarnecki stated that no local match was required because Grand Haven is part of the State's Main Street program.

Mr. Herbert asked if there were any questions from the Board. There being none, Robert Kleine motioned approval of proposed Resolution 2006-100. Jay Shah seconded the motion. The motion carried.

MSF FUND MANAGER INTERVIEWS

After Richard Rassel returned to the meeting, he indicated that during his absence he received additional information regarding the recommendation to interview all MSF Fund Manager applicants. It was agreed that the subcommittee would interview all five applicants, and, give recommendations to the entire Board regarding all applicants at the June 7, 2006 Special MSF Board meeting.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS:

Doug Voshell provided the Board with updated information on the status and availability of CDBG balance.

Mr. Herbert asked if there need be any further discussion on any items pertinent to the Board. Mr. Rothstein stated that all five applicants would be invited to make oral presentations. Jay Shah motioned the meeting be adjourned. Richard Rassel seconded the motion. The motion carried.

The meeting adjourned at 10:55 a.m.

ADOPTED MINUTES

A special meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on Wednesday, June 7, 2006.

MEMBERS PRESENT:

Brian Ellis
James Epolito
George Jackson
Jeff Leithauser
Richard Rassel
Charles Rothstein
Jay Shah
Scott Schrager (acting for and on behalf of Robert Kleine, State Treasurer, authorization attached)
Robert Swanson

MEMBERS ABSENT:

Linda Ewing
James Herbert

CALL TO ORDER:

The meeting was called to order at 1:32 p.m.

PUBLIC COMMENT:

There was no public comment.

21st Century Jobs Fund Program:

Resolution 2006-101 – Selection of Fund Manager

This action can be further described in proposed Resolution 2006-101.

Cindy Douglas provided the Board with an overview of the RFP process.

Ms. Douglas explained to the Board that Brian Ellis, James Herbert, and Charles Rothstein comprised a joint evaluation subcommittee that read, evaluated, scored, and conducted face-to-face interviews.

Five proposals were received from:

1. Azimuth Capital Management (Bloomfield Hills, Michigan)
2. Cimarron Development Capital (Oklahoma City, Oklahoma)
3. Credit Suisse (New York, New York)
4. Fort Washington Capital Partners (Cincinnati, Ohio)
5. Peppertree Partners (Pepper Pike, Ohio)

The companies were judged on four criteria:

- RFP Review
- Managerial skills
- Financial capabilities
- Economic Impact

The joint evaluation subcommittee is recommending Credit Suisse.

Charles Rothstein explained to the Board that the committee spent six hours interviewing the five applicants. Each company provided them with a flip chart presentation which lasted approximately 45 minutes. An additional 15 minutes was allotted for the committee to ask questions.

Robert Swanson asked how close was the competition.

Charles Rothstein responded that Credit Suisse had many more definable attributes and appeared much more qualified. Michigan Department of Treasury is a current client. Credit Suisse has more available global resources and can bring money in from other funds.

He further explained that the Azimuth Capital Management Group from Michigan did well, but has no track record. The group was composed of five men that came together so that they could submit an application.

Jay Shah asked if the 1% fee is standard. Charles Rothstein responded yes.

Jay Shah asked if this was non-negotiable. Charles Rothstein responded that everything is negotiable and the fine line is the result of getting jobs into Michigan.

Jay Shah asked if there was a second place company in case the negotiations with Credit Suisse did not work.

Cindy Douglas explained that the Jobs for Michigan Investment Fund Manager RFP Review show a significant difference between assets as well as other criteria by which the subcommittee scored the applicants.

Charles Rothstein assured the Board that it was his opinion that we should move forward with Credit Suisse. Brian Ellis interjected that we can discuss any problems if or when they happen.

Richard Rassel asked if it would be beneficial to have a second choice in the wings during the negotiation with Credit Suisse. Brian Ellis did not believe this was necessary.

Being no further discussion, Brian Ellis moved approval of proposed Resolution 2006-101. George Jackson seconded the motion. The motion carried [Mr. Rothstein abstaining].

Brian Ellis forewarned the Board that the sense of urgency to move forward with the Investment Fund Manager might be inappropriate. He advised that various firms and companies have different methodologies and it would behoove the Board to be careful and go at the firms' pace.

James Epolito requested Cindy Douglas provide the Board with a brief outline of the current timeline for the Fund Manager.

Cindy Douglas advised the Board that the negotiations will begin June 8, 2006 with Credit Suisse. The fund manager contract will be presented to the Board at the June 28, 2006 Board meeting. The contract will then have to be approved by the Finance and Claims Committee and State Administrative Board. She is hoping to negotiate with both of these entities to hold their meetings on the same day. At the July 26, 2006 MSF Board meeting draft investment strategy will be reviewed. Appropriate notices of intent to establish an investment program will be made as well as scheduling a public hearing. At the August 23, 2006 MSF Board meeting the Board will be voting to approve the investment strategy. On August 24, 2006 the fund manager will initiate the RFP process.

Brian Ellis commended the MEDC staff for their support in this endeavor.

Robert Swanson commended the subcommittee for their commitment to this undertaking.

Resolution 2006-102 – Appointment of Committee to Evaluate Life Science Pipeline Proposals

This action is further described in proposed Resolution 2006-102.

Jeff Mason provided the Board with a brief background regarding this action.

At the February 22, 2006 MSF Board meeting, the Board authorized the RFP for the Life Sciences Pipeline proposals. Four proposals have been received. A committee to evaluate these proposals needs to be established. The individuals recommended are:

Jim Baker – Michigan Technological University
Mary Campbell – EDF Venture Capital
Jim Croce – President & CEO of Next Energy
Jeff Leithauser – Fifth Third Bank
Vince Nystrom – MEDC – Technology Development

This committee will bring their recommendation to the June 28, 2006 Board meeting.

Jay Shah asked if it will be a similar process as the selection of the Investment Fund Manager. Mr. Mason stated it will be very similar.

Jay Shah asked if all four proposals would have face-to-face interviews. Mr. Mason responded yes.

Mr. Epolito asked if there were any further questions from the Board. There being none, Jay Shah motioned approval of proposed Resolution 2006-102. Richard Rassel seconded the motion. The motion carried.

Mr. Epolito asked if there need be any further discussion on any items pertinent to the Board. There being none, George Jackson motioned the meeting be adjourned. Robert Swanson seconded the motion. The meeting adjourned at 2:00 p.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on Wednesday, July 26, 2006

MEMBERS PRESENT:

James Epolito
Linda Ewing
James Herbert
George Jackson
Robert Kleine
Jeff Leithauser (via phone)
Richard Rassel
Charles Rothstein
Jay Shah
Robert Swanson

MEMBERS ABSENT:

Brian Ellis

CALL TO ORDER:

The meeting was called to order at 9:34 a.m.

John Czarnecki advised the Board that the Agenda had been revised. Caratron Industries, Inc. is being presented to the Board for an Industrial Development Revenue Bond Inducement and the project amount for Pioneer Steel Corporation/SBS Holdings [Industrial Development Revenue Bond Issuing] was reduced to \$3,060,000 from \$3,400,000.

A motion was made by Robert Swanson to accept the revised agenda. Robert Kleine seconded the motion. The motion carried.

ADOPTION OF MINUTES FROM JUNE 28, 2006 AND JULY 13, 2006

Robert Swanson moved that the June 28, 2006 and July 13, 2006 minutes be approved. Jay Shah seconded the motion. The motion carried.

Richard Rassel commented that he would like the July 13, 2006 minutes to reflect that he and George Jackson attempted to call in starting at 9:30 a.m., but both were unable to connect until 10:00 a.m. Mr. Epolito understood the problem was at MEDC and thanked both for their persistence.

PUBLIC COMMENT:

There was no public comment.

COMMUNICATION:

John Czarnecki advised the Board that a letter had been received from Richard Rassel requesting recusal from the Pioneer Steel Corporation/SBS Holdings Issuing Resolution that is on the agenda..

INFORMATION:

Capital Access Program Update

Steve Haakenson provided the Board with an update on the Capital Access program. A summary of activity was included in the Board packet listing the number of participating banks, number of loans made, amount of loans funded, and the amount of MSF matching premium.

Industrial Development Revenue Bond Update

Diane Cranmer provided the Board with an update on the Industrial Development Revenue Bond program. She advised the Board of President Bush signing into law the Tax Increase and Reconciliation Act of 2005. A provision of this Act is the increase of the limit on capital expenditures from \$10 million to \$20 million with respect to industrial development revenue bonds issued after December 31, 2006. For small issue industrial development bonds issued after December 31, 2006, the six year capital expenditure window (three years forward and three years backward) has been increased to \$20 million from the current \$10 million

Ms. Cranmer further explained that the end result for qualified manufacturers seeking to expand in Michigan is that an increased number of qualified manufacturers in Michigan will now have access to lower interest costs which will enhance the viability of their project. Certain companies will also now be able to utilize the program for larger projects or a second project within three years after first issuance because of the increase in the limitation on capital expenditures.

Tim Konieczny, Assistant Attorney General, also discussed how the new Act will help businesses with on-site customer tooling in regards to capital expenditures.

INDUSTRIAL DEVELOPMENT REVENUE BOND INDUCEMENT

Resolution 2006-120 – Caratron Industries, Inc. – (Fraser, Macomb County) - \$4,500,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-120.

Mr. Rob Puckett, CEO, Caratron Industries, Inc. thanked the Board for allowing this project to be added on the agenda with such late notice. He provided the Board with background information on his company.

Caratron Industries, Inc. is a Michigan corporation incorporated in 1983. In 2000, Caratron was purchased by BMT NV, a Belgium limited liability company and remains a wholly owned division of BMT NV. Caratron is a manufacturer of gears and gearbox assemblies, primarily for the aerospace industry. Caratron is located in Fraser, Michigan and employs approximately 79 employees.

The project includes financing the acquisition of land, an existing approximately 56,638 square foot facility and the acquisition and installation of machinery and equipment.

Mr. Puckett advised the Board that they also have a facility in Zanesville, Ohio. However, they are hoping to keep the company at their present location in Fraser.

Robert Kleine asked what factors would cause the company to move. Mr. Puckett replied that once the bond is induced, the company would commit to stay in Michigan.

Robert Swanson asked if the facility in Fraser was newer than the one in Zanesville. Mr. Puckett answered that the Fraser facility was built in 2004.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-103. Robert Kleine seconded the motion. The motion carried.

[Linda Ewing arrived at the meeting.]

INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUING

[Richard Rassel is recused for the Pioneer Steel Corporation/SBS Holdings project.]

[George Jackson arrives at the meeting.]

Resolution 2006-121 – Pioneer Steel Corporation/SBS Holdings – (Byron Township, Kent County) - \$3,060 – New Manufacturing

This project is further described in proposed resolution 2006-107.

Mr. Epolito asked if there were any questions from the Board. There being none, Robert Kleine motioned for a roll call vote. Jay Shah seconded the motion. The motion carried.

ROLL CALL:

AYES: James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

[Richard Rassel returns to the meeting.]

Resolution 2006-122 – John A. Van Den Bosch Co./509 E. Washington Avenue LLC – (Zeeland, Ottawa County) - \$2,000,000 – New – Manufacturing

This project is further described in proposed resolution 2006-122.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for a roll call vote. Richard Rassel seconded the motion. The motion carried.

ROLL CALL:

AYES: James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

TOOL & DIE RECOVERY ZONE

Resolution 2006-123 – Combine Lansing Tool & Engineering with United Tooling Coalition

This project is further described in proposed Resolution 2006-123.

John Czarnecki explained that Lansing Tool & Engineering had to apply for a separate Recovery Zone designation during round 1 due to the requirement that a coalition had to apply for the same number of years for a Recovery Zone designation. The City of Lansing would only provide a resolution authorizing tax abatements for 10 years for Lansing Tool & Engineering. The other companies in the collaborative were able to obtain resolutions for 15 years from their local units of government.

Due to legislation changes last year that allow tool and die companies that are members of the same collaborative, who have different exemption periods, to be combined into one zone, the United Tooling Coalition requests that the MSF combine the two zones into one zone. Combining these two zones will reduce the number of designated Tool & Die Recovery Zones to 17 zones. The MSF Board is allowed to designate 25 zones. The Board will be able to designate an additional eight zones this year.

James Epolito asked if there were any questions from the Board. There being none, Richard Rassel moved for approval of proposed Resolution 2006-123. Robert Swanson seconded the motion. The motion carried.

MSF DESIGNATED RENAISSANCE ZONE

Resolution 2006-124 – Greenville Industrial Park, City of Greenville, Montcalm County

George Bosanic, City Manager, City of Greenville, provided the Board with background information on this project.

Mr. Bosanic advised the Board that the creation of this zone is intended to promote development and revitalization of existing industrial facilities and provide an opportunity to attract new companies. He advised that they expect to create over 3,000 jobs. Mr. Bosanic referenced this renaissance zone to be a "hybrid" renaissance zone. He has received many inquiries on this industrial site.

In connection with obtaining RRZ status for that certain designated portion if it's Industrial Park, the City of Greenville has agreed to:

- Continue to operate the Industrial Park primarily for industrial business operations or a use as approved by the MSF.
- Maintain the Industrial Park in good condition.
- Comply with all federal, state, and local laws, including, but not limited to, all applicable environmental, zoning and use laws.
- Focus its attraction efforts on new industries or existing industries that will not be transferring or relocating jobs into the RRZ from existing locations within the State of Michigan, provided, however, that this shall not apply with respect to the transfer or relocation of employees that might otherwise lose their jobs due to decreased economic activity outside the RRZ.

21st CENTURY JOBS FUND PROGRAM

Limited Partnership Agreement

Resolution 2006-125 – Resolution Approving Limited Partnership Agreement

This action can be further described in proposed Resolution 2006-125.

Cindy Douglas advised the Board that the Fund Manager Agreement discussed at the July 13, 2006 meeting was approved by the State Administrative Board on July 18, 2006.

The Limited Partnership Agreement presented to the Board today is an appendix to the Fund Manager Agreement and details the relationship between the MSF Board, its staff and Credit Suisse and its affiliate organizations. There are no substantial changes to the agreement. Ms. Douglas advised the Board that under the terms of the Limited partnership Agreement, Credit Suisse will establish, staff and bear the costs for an office in Michigan.

Ms. Douglas also explained the different named affiliates under Credit Suisse, i.e. DLJ MB Advisors, Inc., DLJ Fund Partners II, LP, and Customized Fund Investment Group (CFIG).

Richard Rassel asked if there was a document that would help the Board better understand the structure of Credit Suisse. Ms. Douglas provided the Board with an organization chart.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-125. Jay Shah seconded the motion. The motion carried.

Investment Strategy

Resolution 2006-126 – Proposed Resolution Approving the Investment Strategy

This action is further described in proposed Resolution 2006-126.

Cindy Douglas advised the Board that some minor changes had been made to the investment strategy document to make it consistent with the law. An updated version was circulated.

Ms. Douglas advised the Board that Kelly Williams and her team from Credit Suisse were in attendance to discuss the strategy in detail with the Board.

James Epolito introduced the Credit Suisse team:

- Kelly Williams
- Vikram Bhaskar
- Dave Almodovar
- Bob Payne

Kelly Williams introduced Bob Payne as Credit Suisse's representative who will be located in Michigan.

Ms. Williams turned the discussion over to Vikram Bhaskar. Mr. Vikram gave the Board an overview of the proposed Strategic Plan and Timeline.

He outlined to the Board the key objectives of the Strategic Plan and Timeline which include:

- Outline the program's investment objectives
- Define the key roles and responsibilities
- Establish the guidelines for asset allocation and portfolio construction
- Establish the guidelines for fund investment selection criteria and processes
- Outline the expected time frame for various program-related activities

He further explained that the proposed portfolio construction and asset allocation of investments in funds and co-investments would include approximately 80% in venture capital, mezzanine and private equity funds and up to 20% in co-investments.

He explained that Credit Suisse would make fund and co-investments over a period of three years. Co-investments would be made on an opportunistic basis. Investments in funds would be diversified with the following targets: 40-60% venture capital, 20-40% private equity, and 10-20% mezzanine funds.

The general fund geography targets would be 40-60% Michigan based funds, 20-30% regional funds, 10-20% national funds. Investments would be made consistent with the 21st Century Jobs Fund legislation, including the requirement to open and staff a business development office in Michigan.

George Jackson stated that job creation in urban areas is critical. He inquired how urban revitalization fits into the strategy and emphasized the need for this program to have a positive impact on Michigan's urban areas.

Kelly Williams stated that each fund would be assessed by the type of industries being served and how that opportunity would affect the state. Credit Suisse will seek to diversify investments across various sectors including urban revitalization. Those opportunities for investment would be brought to the Board for approval. Any refinements to the strategy would also be channeled through the Board for discussion and approval.

Dave Almodovar continued the discussion with the proposed timeline. He advised the Board that the anticipated launch of the program is September with a first commitment of funds expected by the end of the year.

Charles Rothstein asked if the Board would be receiving progress reports on investments.

Kelly Williams responded that Credit Suisse will provide monthly reports and will attend Board meetings on a quarterly basis to provide updates.

James Epolito asked if there were any further questions from the Board. There being none, James Herbert motioned approval of proposed Resolution 2006-126. Charles Rothstein seconded the motion. The motion carried.

Resolution Approving Notice and Public Notice and Public Hearing Investment

Resolution 2006-127 – Resolution Approving Notice and Public Hearing for Investment Strategy

This action is further described in proposed Resolution 2006-127.

Cindy Douglas advised the Board that Public Comment was scheduled for August 9, 2006.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned approval of proposed Resolution 2006-127. Charles Rothstein seconded the motion. The motion carried.

Resolution 2006-128 – MSF Allocation Resolution 21st Century Investments

This action is further described in proposed Resolution 2006-128.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-128. Linda Ewing seconded the motion. The motion carried.

Resolution 2006-129 – MSF Allocation Resolution for Michigan Promotion Program (Tourism) and Business Development/Business Marketing Costs

This action is further described in proposed Resolution 2006-129.

James Epolito asked if there were any questions from the Board. There being none, Bob Swanson motioned approval of proposed Resolution 2006-129. James Herbert seconded the motion. The motion carried.

Resolution 2007-130 – MSF Allocation Resolution for the Capital Access Program

This action is further described in proposed Resolution 2006-130.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-130. George Jackson seconded the motion. The motion carried.

Resolution 2006-131 – MSF Allocation Resolution Agricultural Development Fund

This action is further described in proposed Resolution 2006-131.

James Epolito asked if there were any questions from the Board. There being none, Jay Shah motioned approval of proposed Resolution 2006-131. James Herbert seconded the motion. The motion carried.

Resolution 2006-132 – MSF Allocation Resolution Michigan Film Office

This action is further described in proposed Resolution 2006-132.

James Epolito asked if there were any questions from the Board. There being none, Charles Rothstein motioned approval of proposed Resolution 2006-132. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-133 – Michigan Forest Finance Authority Resolution

This action is further described in proposed Resolution 2006-133.

James Herbert asked what the money would be used for. Robert Kleine replied that it promotes the forest products industry.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-133. Jay Shah seconded the motion. The motion carried.

John Czarnecki explained the difference between the designated Renaissance Zone and the hybrid Renaissance Zone. He further explained that this was specific to the City of Greenville.

Linda Ewing asked for an example of what types of companies have been inquiring about this zone. Mr. Bosanic replied that he had spoken with a technology company from Ohio, and other inquiries had been from ethanol plants as well as alternative energy.

James Epolito asked if there were any further questions from the Board. There being none, Jay Shah motioned approval of proposed Resolution 2006-124. James Herbert seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS AND AVAILABLE BALANCES

John Czarnecki provided the Board with an update on the status of funds and available balances. Mr. Czarnecki further stated that a mailing for Infrastructure Capacity Enhancement projects had recently gone out to eligible Michigan communities. It is expected that there will be many projects presented to the Board in September.

James Epolito asked if there was any further business the Board needed to discuss. There being none, James Herbert motioned for the meeting to be adjourned. Robert Kleine seconded the motion. The motion carried.

The meeting adjourned at 11:10 a.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on August 23, 2006.

MEMBERS PRESENT:

Brian Ellis
James Epolito
Linda Ewing
James Herbert
George Jackson
Robert Kleine
Jeff Leithauser
Richard Rassel
Charles Rothstein
Robert Swanson

MEMBERS ABSENT:

Jay Shah

CALL TO ORDER:

The meeting was called to order at 9:35 a.m.

ADOPTION OF MINUTES FROM JULY 26, 2006:

Robert Swanson moved that the July 26, 2006 minutes be approved. James Herbert seconded the motion. The motion carried.

PUBLIC COMMENT:

Mary Fayerweather, Secretary, Detroit Micro-enterprise Fund, asked to speak during Item 6 in regard to the recently held public hearings.

COMMUNICATION:

John Czarnecki advised the Board that letters had been received from Richard Rassel requesting recusal from Custom Profile, Inc., Millennium Industries Corporation, Hausbeck Pickle Company, Inc., and Packaging Specialties, Inc. that are on the agenda.

He also explained the handouts that had been placed before each Board member prior to the start of the meeting.

John Czarnecki reminded the Board that the September through December Board meetings would be scheduled at 1:30. A schedule of the remaining 2006 MSF Board meetings was included in the packet.

INDUSTRIAL DEVELOPMENT REVENUE BOND INDUCEMENTS:

Resolution 2006-134 – Pioneer Laboratories, Inc./dba Pioneer Surgical Technology – (Marquette, Marquette County) - \$4,500,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-134.

Diane Cranmer provided the Board with background information on the company. Ms. Cranmer explained to the Board that due to the distance the company representative would have to travel, they were not required to attend today's meeting.

Pioneer Laboratories, Inc./dba Pioneer Surgical Technology is a Michigan corporation. The company is in the business of developing and manufacturing surgical instrumentation and implants indicated for orthopedic trauma applications. The company currently employs approximately 185 people.

The project includes financing equipment and the building of an addition, approximately 30,000 square foot, to the company's existing 70,000 square foot facility, the rehabilitation and renovation of the existing facility, and the acquisition and installation of machinery and equipment. The public purpose includes the creation of 30 new jobs within three years.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-134. George Jackson seconded the motion. The motion carried.

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Robert Swanson

NAYES: None.

Resolution 2006-135 – Metal Flow Corporation and M.S.C.M., Inc. – (Holland Charter Township, Ottawa County) - \$5,500,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-135.

Mr. L. Kent Jagnow, Executive Vice President of Finance, provided the Board with background information.

Both Metal Flow Corporation and M.S.C.M. are family owned companies. Metal Flow customers are primarily auto related. The company manufactures a variety of different parts and assemblies from customer specification. The project includes financing an addition, approximately 46,00 square foot, to Metal Flow's existing approximately 102,000 square foot manufacturing facility and the acquisition and installation of machinery and equipment. The public purpose includes the creation of approximately 25 to 32 new jobs over the next two years.

Robert Swanson asked if the company had experienced any difficulty in hiring staff for their company. Mr. Jagnow explained for their highly technical positions it was a problem and they have to go east to hire individuals.

James Herbert inquired as to who was their primary customer. Mr. Jagnow responded the automotive industry.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-135. Brian Ellis seconded the motion. The motion carried.

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Robert Swanson

NAYES: None.

[Richard Rassel is recused].]

Resolution 2006-136 – Custom Profile, Inc. – (Walker, Kent County) - \$6,500,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-136.

Mr. Joe Zbikowski, Director of Finance, provided the Board with background information.

Custom Profile, Inc. is a plastics manufacturing company using the extrusion process that services the appliance, office furniture and marine industries. Types of products manufactured include: tubing and trim moldings for the appliance industry, t-moldings, base moldings, and wire managers for the office furniture industry, and canoe and paddle boat bumpers for the marine industry. The project includes financing the acquisition of land, an existing approximately 124,700 square foot manufacturing facility, the rehabilitation and renovation of the facility and the acquisition and installation of machinery and equipment. The public purpose includes the creation of approximately nine jobs initially with the creation of approximately 35 new jobs at full operation.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-136. Robert Kleine seconded the motion. The motion carried.

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Charles Rothstein, Robert Swanson

NAYES: None.

RECUSED: Richard Rassel

Resolution 2006-137 – Millennium Industries Corporation – (Cass City, Tuscola County) - \$8,250,000 – New – Manufacturing.

This project is further described in proposed Resolution 2006-137.

Mr. Gary Vollmar, President, provided background information for the Board.

Millennium is a Tier 1/Tier 2 manufacturer of best-in-class fuel systems, fuel system components, and engine components primarily for use by the automotive industry. Millennium designs, develops and manufactures products for use in the engine compartment of passenger automobile and light trucks. These products include stamped fuel rails, tubular fuel rails, fuel pump flanges, power steering reservoirs, power steering lines, steering rack and pinion tubes. Millennium's manufacturing process includes such capabilities as tube manipulation, metal stamping, screw machining, component assembly, and brazing. The project includes financing the renovation of Millennium's existing approximately 110,000 square foot manufacturing facility, the acquisition and installation of machinery and equipment, furniture and fixtures. The public purpose includes the creation of approximately 120 new jobs over the next two years.

Robert Kleine asked who the company's biggest company was. Mr. Vollmar responded the Big 3 make up 80% of their business. The other 20% is European.

Linda Ewing asked if the 120 new jobs that would be located in Michigan are new jobs. Mr. Vollmar answered yes.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-137. Jeff Leithauser seconded the motion. The motion carried.

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Charles Rothstein, Robert Swanson

NAYES: None.

RECUSED: Richard Rassel

INDUSTRIAL DEVELOPMENT REVENUE BOND – OTHER:

Resolution 2006-138 – Hausbeck Pickle Company, Inc. – (Saginaw, Saginaw County) – Amend Inducement Resolution

This project is further described in proposed Resolution 2006-138.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-138. James Herbert seconded the motion. The motion carried.

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Charles Rothstein, Robert Swanson

NAYES: None.

RECUSED: Richard Rassel

INDUSTRIAL DEVELOPMENT REVENUE BOND – ISSUING:

Resolution 2006-139 – Packaging Specialties, Inc. – (Ecorse, Wayne County) – NTE - \$1,483,000 – New – Manufacturing

This project is further described in proposed resolution 2006-139.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-139. Linda Ewing seconded the motion. The motion carried.

ROLL CALL VOTE:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Charles Rothstein, Robert Swanson

NAYES: None.

RECUSED: Richard Rassel

[Richard Rassel returns to meeting.]

Resolution 2006-140 – Metaltec Steel Abrasive Company/RSW Properties, L.L.C. – (Canton Charter Township, Wayne County) – NTE - \$2,735,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-140. James Epolito asked if there were any questions from the Board. Their being none, Robert Swanson motion for approval of proposed Resolution 2006-140. Linda Ewing seconded the motion. The motion carried.

ROLL CALL VOTE:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Robert Swanson

NAYES: None.

Resolution 2006-141 – Great Lakes Recovery Center, Inc. – (Sault Ste. Marie, Chippewa County) – NTE - \$320,000 – Refunding – Non-Profit

This project is further described in proposed Resolution 2006-141.

ROLL CALL VOTE:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Robert Swanson

NAYES: None.

21ST CENTURY JOBS FUND PROGRAM:

Public Comment:

Mary Fayerweather, Secretary, Detroit Micro-enterprise Fund, spoke to the Board on the importance of micro-enterprise loan programs. She requested that the Investment Strategy take into consideration the significant impact that micro-enterprise development has on job creation, economic viability, and financial stability. Ms. Fayerweather stressed the impact that small business has on employment growth. She advised the Board that the most basic stimulus to the economy rests in the hands of enterprising individuals who seek to create employment for themselves by providing needed goods and services to their community.

Ms. Fayerweather further advised the Board that if they are interested in job creation, they should give consideration to investing at least 10% of the \$114 million in micro-

enterprise development. She further explained that Micro-enterprise Funds expect to create one job for an investment of \$5,000 or less.

James Herbert asked how long the Detroit Micro-enterprise Fund Corporation had been in existence. Ms. Fayerweather responded for 18 months.

Mr. Herbert also asked how much money they currently had. Ms. Fayerweather explained that have \$65,000 in operational monies, and \$100,000 in loan funds.

James Epolito thanked Ms. Fayerweather for speaking to the Board regarding the Detroit Micro-enterprise Fund.

1. *Investment Strategy*

Resolution 2006-142 – Investment Strategy

This action is further described in proposed Resolution 2006-144

Cindy Douglas, Bob Payne, and Dave Almodovar provided the Board with background information on the Public Hearings that had been held on August 9, 2006. Ms. Douglas explained that there were 11 people giving testimony with most of the testimony focusing on the need to assist the state's urban areas.

The individuals spoke on the need to give special consideration to urban areas.

Ms. Douglas further explained that after the public hearing they discussed the comments of the various groups with Kelly Williams of Credit Suisse. Based on these comments, additional language was added on page 3 under Industry/Sector, paragraph two. It now reads "While conforming to the requirements of the Act, CFGI intends for the Qualified Funds to reflect a balanced exposure to a variety of industries and sectors that have strong growth potential and are expected to help enhance Michigan's long-term economic viability through diversification of its economic base *or have the potential for revitalization of underserved communities.*" *[Emphasis added.]*

George Jackson asked for further clarification of that wording. Dave Almodovar replied that this would be one of the criteria to be used as they evaluate funding requests.

Mr. Almodovar went on to explain the investments in the state of Oregon. One of the criteria they have for the state of Oregon is that projects throughout the state be given consideration for funding. In Michigan consideration will be given to projects in urban areas.

Linda Ewing asked about the strategy for targeting companies. Mr. Almodovar advised that they will be looking at the track record of firms submitting proposals to insure firms have undertaken projects throughout the state. Monthly reports will be given to the Board and quarterly Credit Suisse will attend the MSF Board meeting to provide a

status report on their activities. Cindy Douglas informed the Board that they will have to approve every investment recommended by Credit Suisse.

Mr. Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed resolution 2006-142. Charles Rothstein seconded the motion. The motion carried.

Resolution 2006-143 – Select subcommittee to work with Credit Suisse team

This action is further described in proposed Resolution 2006-143.

Cindy Douglas continued discussion with the Board regarding Appendix A – Credit Suisse Preliminary Information Request, included in today's handouts. She advised that a subcommittee would be formed with Charles Rothstein, Brian Ellis, and James Herbert to assist in reviewing incoming proposals from the RFP. She invited any other Board members to let her know if they would like to sit on the committee.

George Jackson volunteered to assist the sub-committee with review of proposals. His name was added to the resolution.

Mr. Epolito asked if there were any further questions from the Board. There being none, Richard Rassel motioned for approval of proposed Resolutions 2006-143. Robert Swanson seconded the motion. The motion carried.

Resolution 2006-144 – Approval of Investment Strategy RFP

This action is further described in proposed Resolution 2006 144.

Ms. Douglas explained that the RFP would be a one page document. The committee would review information received, and request additional information from companies they felt would qualify.

Charles Rothstein asked if the decisions would be made quarterly. Mr. Almodovar replied that it could be quarterly, but it could also be at any other given meeting.

James Epolito asked if there was a timeline in place. Ms. Douglas explained that the RFP and press release would be ready within the next two weeks. She further advised that they were in the process of finalizing the website and also planning an event with the investment communities on September 21, 2006.

Charles Rothstein asked when Credit Suisse would be coming to the Board with recommendations. Mr. Almodovar responded within the next six weeks.

Robert Kleine asked when the first investment could be expected. Mr. Almodovar replied by the end of the calendar year.

James Epolito asked if there were any further questions from the Board. There being none, Jeff Leithauser motioned approval of proposed Resolution 2006-144. Robert Kleine seconded the motion. The motion carried.

2. Resolution MLSCT/TTC Portfolio

Jeff Mason provided the Board with background regarding the MEDC Life Sciences Corridor/Technology Tri-Corridor Loan Portfolio. Forty-four investments had been made under these programs.

With the passage of the 21st Century Jobs Fund legislative package, PA 225 of 2005, as amended, created a permanent investment fund within the Michigan Strategic Fund. The legislation required that the investment fund include money owed, received by, or payable to the Michigan Economic Development Corporation under agreements related to grants, loans, investments or other payments funded by the state general fund, or tobacco settlement revenue. Payments received under the Michigan Life Sciences Corridor and the Technology Tri-Corridor Initiatives would fall into this category and are now subject to the oversight of the MSF Board.

James Herbert asked what types of reports would be made and asked for an explanation of the Board's responsibility.

Jeff Mason responded that a report would be provided to the Board on a quarterly basis.

James Epolito mentioned to the Board that the MEDC has an in-house portfolio manager.

The Board expressed concern that there was only one portfolio manager for the forty-four awards. Mr. Mason explained that consideration was being given to hire additional staff or outsource.

Charles Rothstein commented that it may be appropriate than an outside expert be retained to review the portfolio and provide their expertise on what projects may become very successful and we should be follow those closely.

3. Sonetics Loan Conversion

Resolution 2006-145 – Sonetics Loan Conversion

This action is further described in proposed Resolution 2006-145.

Jeff Mason advised the Board that Sonetics Ultrasound, Inc. was formed to develop and commercialize real-time, high resolution 3-D ultrasound technology. In 2005 Sonetics received a \$488,109 Small Business Innovation and Research (SBIR) Phase II grant, from the National Science Foundation (NSF) to further development of their technology.

The NSF is now considering a Phase IIB SBIR grant, in the amount of \$500,000, for Sonetics to continue its work. The match requirement for the Phase IIB award specifies that an outside investor has or will by the end of the award make an investment in the company and it must be in the form of equity. The MEDC is recommending converting our note to equity to leverage the SBIR Phase IIB investment of \$500,000.

Charles Rothstein raised some concerns regarding taking action without having additional information on the company. Other Board members expressed some concern that taking an equity position would reduce the MSF's financial position.

Robert Kleine asked when the deadline for this decision had to be made. James Herbert also asked if they could try to get an extension. Julie Karkosak said that the National Science Foundation had already delayed taking action and they needed to have an answer from the Board today.

James Epolito explained that the Board's inaction could result in the failure for this company.

Robert Kleine felt this might be a situation where it is worth taking the risk.

James Epolito asked if there were any further questions from the Board. Their being none, Robert Swanson motioned for approval of proposed Resolution 2006-145. Robert Kleine seconded the motion. The motion carried.

4. RFP – Automotive Technology Business Accelerator

Resolution 2006-146 – Initiation of Selection of Automotive Technology Business Accelerator Process

This action is further described in proposed Resolution 2006-146.

Jeff Mason explained to the Board that in accordance with MCL 125.2088j(3)(d), the MSF shall make a \$6,000,000 commitment for an automotive technology business accelerator to provide for the research, development, and commercialization of innovative technologies and products.

A subcommittee consisting of Linda Ewing, George Jackson, and Jeff Leithauser would be formed. The committee will review proposals received in response to the automotive technology business accelerator RFP and make recommendations to the MSF Board at the September meeting.

James Epolito asked if there were any questions from the Board. Their being none, George Jackson motioned approval of proposed Resolution 2006-146. Linda Ewing seconded the motion. The motion carried.

[Brian Ellis leaves.]

[Robert Swanson is recused.]

PUBIC ACT 276 OF 2006:

Resolution 2006-147 – Memorandum of Understanding between the Department of Labor and Economic Development and the Michigan Economic Development Corporation

This action is further described in proposed Resolution 2006-147.

John Czarnecki explained to the Board that the Governor had signed House Bill 5754, which became Public Act 274, amending the Michigan Strategic Fund (MSF) Act to require the Fund to create and administer separate matching grant programs to provide incentives to service station and bulk plant owners and operators. The incentives would pay a portion of the cost to convert existing fuel delivery systems and to create new fuel delivery systems that are designed to provide E-85 fuel and biodiesel blends.

Tom Martin of the Department of Labor and Economic Growth advised the Board that they were prepared to administer this program and had a federal grant of \$200,000 that could be used.

James Herbert asked if there could really be any impact with the \$5,000 grant. Mr. Martinson explained that there were other incentives in addition to the grant provided by the Energy Policy Act of 2005.

Jan Patrick, of DLEG's Energy Office, advised the Board that there were tax credits which would cover approximately 50% of the costs.

Robert Kleine asked if there were any administrative costs. John Czarnecki replied that there would basically be none because the Department of Labor and Economic Growth would be the primary administrator of this program.

Sante Perrelli advised the Board that the nonprofit would not have to have 501(c)(3) status.

James Epolito asked if there were any further questions from the Board. There being none, James Herbert motioned for approval of proposed Resolution 2006-147. Jeff Leithauser seconded the motion. The motion carried.

AYES: James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein

NAYES: None.

RECUSED: Robert Swanson

[Robert Swanson returns to meeting.]

COMMUNITY DEVELOPMENT BLOCK GRANT – AREA-WIDE BENEFIT:

Resolution 2006-148 – City of Frankenmuth – Frankenmuth Mutual Insurance - \$330,784

This project is further described in proposed Resolution 2006-148.

James Epolito asked if there were any questions from the Board. There being none, Robert Kleine motioned approval of proposed Resolution 2006-148. Richard Rassel seconded the motion. The motion carried.

AYES: James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Robert Swanson

NAYES: None.

COMMUNITY DEVELOPMENT BLOCK GRANT – PLANNING:

Resolution 2006-149 – Lake County – Planning Study - \$16,000

This project is further described in proposed Resolution 2006-149.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-149. Richard Rassel seconded the motion. The motion carried.

AYES: James Epolito, Linda Ewing, James Herbert, Robert Kleine, George Jackson, Jeff Leithauser, Richard Rassel, Charles Rothstein, Robert Swanson

NAYES: None.

COMMUNITY DEVELOPMENT BLOCK GRANT – AMENDMENT:

Resolution 2006-1450 – River Dredging Spoils Property Acquisition Project Administration Increase - \$7,500

This project is further described in proposed Resolution 2006-150.

James Epolito asked if there were any questions from the Board. There being none, Richard Rassel moved for approval of proposed Resolution 2006-150. Robert Kleine seconded the motion. The motion carried.

AYES: James Epolito, Linda Ewing, James Herbert, George Jackson,
Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein,
Robert Swanson

NAYES: None.

**COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS AND
AVAILABLE BALANCES:**

Doug Voshell provided the Board with an update on the Community Development Block Grant status of funds and available balances.

The meeting adjourned at 11:30.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan on September 27, 2006.

MEMBERS PRESENT:

Brian Ellis
James Epolito
Linda Ewing
James Herbert
George Jackson
Robert Kleine
Jeff Leithauser
Richard Rassel
Charles Rothstein
Jay Shah
Robert Swanson

MEMBERS ABSENT:

None

CALL TO ORDER:

The meeting was called to order at 1:35 p.m.

ADOPTION OF REVISED AGENDA:

John Czarnecki explained to the Board that the agenda had been changed due to one of the Tool & Die companies providing an incorrect parcel map. Also, an Industrial Development Revenue Bond Inducement was added to the agenda.

Jeff Leithauser moved that the revised agenda be approved by the Board. Jay Shah seconded the motion. The motion carried.

ELECTION OF TEMPORARY CHAIR:

John Czarnecki advised the Board that a temporary chair would need to be elected when the Defense Contract Coordination Center Start-Up Plan was presented to the Board as James Epolito had submitted a letter to the Board to be recused.

Robert Swanson motioned that James Herbert be elected as Temporary Chair during the Defense Contract presentation. Jeff Leithauser seconded the motion. The motion carried.

ADOPTION OF MINUTES FROM AUGUST 23, 2006:

James Herbert moved the August 23, 2006 minutes be approved. Richard Rassel seconded the motion. The motion carried.

PUBLIC COMMENT:

Representative Bill Huizenga, District 90, was present and requested time to speak during the discussion regarding the SEIC Board request for allocation of additional funds.

COMMUNICATION:

John Czarnecki advised the Board that recusal letters had been received from Jeff Leithauser and Richard Rassel for Industrial Development Revenue Bond projects and James Epolito for action taken on the Defense Contract Coordination Center resolutions.

A letter had also been received from Representative Tom Casperson, District 108, in support of the SEIC Board request for allocation of additional funds.

TOOL & DIE RECOVERY ZONES:

John Czarnecki explained that we had to withdraw from the agenda one Tool & Die Company, Michigan Mold, Inc., Coloma, Berrien County, request for Tool & Die designation because they did not send the correct description of the property. They will most likely be on next month's agenda.

Resolution 2006-151 – Enterprise Tool & Die – Grandville, Kent County – joining existing United Tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-151.

[Richard Rassel recused]

Resolution 2006-152 – Richard Tool & Die – New Hudson, Oakland County – joining existing United Tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-152.

[Richard Rassel returns to meeting]

Resolution 2006-153 – Standard Tool & Die, Inc. – Stevensville, Berrien County – joining existing Berrien Tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-153.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolutions 2006-151, 2006-152, 2006-153. Linda Ewing seconded the motion. The motion carried.

Resolution 2006-154 – Biofuel Industries Group, LLC – City of Adrian, Lenawee County

This project is further described in proposed Resolution 2006-154.

Michael Horowitz, Biofuel Industries Group, LLC, provided the Board with background information on this project.

Biofuel Industries Group (BIG) intends to construct and operate a biodiesel production facility to produce biodiesel and the byproduct glycerin. BIG will produce a fuel from soybeans or other competitively priced oils, known as "biodiesel." The biodiesel will then be sold to petroleum distributors who will mix it at different ratios with diesel fuel. The diesel fuel provides a safe, environmentally friendly and economical fuel.

The total number of acres involved in the zone application is 25 acres. BIG is in the process of purchasing all of the property which comprises the zone from the greater Adrian Industrial Development Corporation. All acres are located inside the city limits of Adrian which is in Lenawee County.

At full operation, BIG will create 20 full-time jobs.

John Czarnecki said BIG has not finalized its financing arrangements. BIG has provided information to staff indicating they can undertake this project with internal funds if necessary. Staff, therefore, feels comfortable with recommending board action at this time with language in the Resolution stating that this will not be taken to the State Administrative Board until the financing structure is in place.

Brian Ellis asked if soybeans would be the primary input. Mr. Horowitz responded they would be using the soybean oil.

Mr. Ellis also asked if the source for the soybeans would be in Michigan. Mr. Horowitz explained that Michigan soybeans are usually shipped to different states. However, BIG had located a possible source in Zeeland. They are currently researching what states are getting soybeans from Michigan farmers.

James Herbert asked if the soybean oil would be moved by rail. Mr. Horowitz explained that there is excellent rail access – a 1,000 mile potential.

James Herbert inquired about the background of the staff for the company. Mr. Horowitz replied that the individuals involved have real estate and automotive backgrounds. The individual that will manage the operation has worked for Cargill. They are very confident in moving this project forward.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned for the approval of Resolution 2006-154. Jeff Leithauser seconded the motion. The motion carried.

[George Jackson arrives at meeting.]

INDUSTRIAL DEVELOPMENT REVENUE BOND INDUCEMENTS:

[Jeff Leithauser recused.]

Resolution 2006-155 – Russell Investment Company, L.L.C./Russells Equipment, LLC – (Ira Township, St. Clair County) - \$6,000,000 – New & Refunding – Manufacturing

This project is further described in proposed Resolution 2006-155.

Donna Russell-Kuhr provided the Board with background information on the project.

Russell Investment, L.L.C. and Russells Equipment L.L.C. are limited liability companies formed in Michigan in 1999. Russell Investment is a holding company for the physical properties of PTM Corporation, Modified Technologies, Inc. and HTC Sales Corporation. The investment company will own the new building for HTC Sales Corporation. Russells Equipment L.L.C. is the holding company for the equipment of PTM Corporation, Modified Technologies, Inc. and HTC Sales Corporation. PTM Corporation is in the business of metal stamping, primarily serving the auto industry.

PTM will be constructing an approximately 29,600 square foot addition to its existing manufacturing facility. HTC Sales Corporation will be constructing an approximately 55,620 square foot manufacturing facility and acquiring and installing machinery and equipment to be located next to the PTM facility in Ira Township, St. Clair County, Michigan. The project also includes refunding the outstanding principal amount of \$2,890,000 of the 2002 Michigan Strategic Fund Bond.

The public purpose includes the creation of approximately 21 jobs at full operation.

Linda Ewing inquired as to what would happen to the current facility. Ms. Russell-Kuhr replied that the owner was selling the property and it would be developed into condominiums.

Linda Ewing asked if the employees would be relocating. Ms. Russell-Kuhr answered yes.

James Epolito asked if there were any further questions. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-155. Jay Shah seconded the motion. The motion carried.

Resolution 2006-156 – The Envelope Printery, Inc. – (Taylor, Wayne County) - \$3,500,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-156.

Mr. Kirk Clemence, C.O.O., provided the Board with background information on this project.

The company is a manufacturer and printer of a variety of envelopes for mail houses, brokers, printers and end users. The project includes the acquisition of land, the acquisition and renovation of an existing manufacturing facility and the acquisition and installation of machinery and equipment. The public purpose includes the preservation of approximately 90 jobs.

James Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned for approval of proposed Resolution 2006-156. Linda Ewing seconded the motion. The motion carried.

[Jeff Leithauser returns to meeting.]

[Richard Rassel recused.]

Resolution 2006-157 – Sikh Foundation, Inc. – (Plymouth Charter Township, Wayne County) - \$2,000,000 – New – Non-Profit

This project is further described in proposed Resolution 2006-157.

Chain Sandhu, Board Member, provided the Board with background information on this project.

The Sikh Foundation strives to promote the heritage and future of Sikhism by providing community based cultural and social activities, counseling and human services tailored to its unique population as well as visitors. The entire project includes acquiring and renovating an existing approximately 28,000 square foot facility. The building will be used for the furtherance of the Sikh Foundation's furtherance of its charitable mission of promoting the heritage and future of Sikhism. The public purpose is the non-profit status of the applicant.

Tim Konieczny, Assistant Attorney General, further explained to the Board that the eligibility of this project will be based on the mission of the Foundation and its nonprofit status. The Attorney General's office, together with Bond Counsel, will confirm the Foundation's 501(c)(3) status.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-157. Jay Shah seconded the motion. The motion carried.

[Richard Rassel returns to meeting.]

**Resolution 2006-158 – Rondar Investments, LLC/Riverfront Plastic Products, Inc.
– (Brownstown Township, Wayne County) - \$4,400,000 – New – Manufacturing**

This project is further described in proposed Resolution 2006-158.

Ronald Adams, Rondar Investments, LLC/Riverfront Plastic Products, Inc., provided the Board with background information on this project.

The company manufactures plastic parts principally for the automotive industry using injection molding and thermoforming. The project includes the acquisition of land, the construction of an approximately 58,228 square foot manufacturing facility, and the acquisition and installation of machinery and equipment, furniture and fixtures. The public purpose is the creation of approximately 60 new jobs upon project completion.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-158. Richard Rassel seconded the motion. The motion carried.

**Resolution 2006-159 – Karona, Inc. – (Gaines Charter Township, Kent County) -
\$4,000,000 – New – Manufacturing**

This project is further described in proposed Resolution 2006-159.

Don Wassink, President, provided the Board with background information on this project.

The company is a family owned business which manufactures commercial, residential, fire and custom doors. The project includes the acquisition and installation of machinery and equipment. The public purpose includes the preservation of approximately 156 jobs.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-159. Richard Rassel seconded the motion. The motion carried.

**Resolution 2006-160 – Geskus Photography, Inc. – (Grand Rapids, Kent County) -
\$2,500,000 – New – Manufacturing**

This project is further described in proposed Resolution 2006-160.

Ed Geskus, President, provided the Board with background information on this project.

The company processes and finishes photographs for schools and recreational sports. The project includes the acquisition of land, the construction of approximately 9,500 square foot manufacturing facility and the acquisition and installation of machinery and equipment. The public purpose includes the creation/retention of approximately 12-15 full time jobs and 40 part time jobs.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-160. Jay Shah seconded the motion. The motion carried.

Resolution 2006-161 – GMA Cover Corporation – (Port Huron, St. Clair County) - \$9,700,000 – New & Refunding – Manufacturing

This project is further described in proposed Resolution 2006-161.

Robert Murison, CFO, provided the Board with background information on this project.

GMA designs and manufactures camouflage soft tops for military vehicles and screen systems for static military field positions. The project includes financing either (1) the acquisition of land and an approximately 115,000 square foot existing manufacturing facility, the renovation of the facility and the acquisition and installation of machinery and equipment; or (2) the renovation of the company's existing manufacturing facility which would include an approximately 55,000 square foot addition and the acquisition and installation of machinery and equipment. The project also includes \$1,700,000 to refund the outstanding balance of the MSF 1994 Bond issued to Waltec American Forgings, Inc. The public purpose includes the creation of approximately 75 new jobs.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-161. Brian Ellis seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUING:

[Richard Rassel recused.]

Resolution 2006-162 – Kreher Wire Processing, Inc. – (Romular, Wayne County) - \$2,695,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-162.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned for the approval of proposed Resolution 2006-162. Jeff Leithauser seconded the motion. The motion carried.

ROLL CALL:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None.

RECUSED: Richard Rassel

[Richard Rassel returns to meeting.]

INDUSTRIAL DEVELOPMENT REVENUE BONDS – OTHER:

Resolution-2006-163 – General Motors Corporation – Amend Expiration Date of Inducement Resolutions

This action is further described in proposed Resolution 2006-163.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-163. Jeff Leithauser seconded the motion. The motion carried.

BIOFUELS INFRASTRUCTURE GRANTS PROGRAM:

Resolution 2006-164 – Biofuels Infrastructure Grants Program

This action is further described in proposed Resolution 2006-164.

Jan Patrick, Department of Labor and Economic Growth – Energy Office, provided the Board with background information. By partnering with NextEnergy, the following criteria were used in the final recommendations for the six grants:

- Complete application
- Public accessibility
- Fleet usage at site
- Promotional commitment to biofuel
- Stations receiving awards could not be located within five miles of one another

A total of ten applications were received. The gas stations should be in operation by December 31, 2006.

Assistant Attorney General, Sante Perrelli, advised the Board that he has not seen nor reviewed a copy of the grant award template planned for use in this program. He also indicated that he did not receive a copy of the proposed MSF board resolution 2006-164 prior to the meeting. Mr. Herbert indicated his belief that DLEG is fully aware of the requirements needed to implement this program.

James Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned for the approval of proposed Resolution 2006-164. Robert Kleine seconded the motion. The motion carried.

21ST CENTURY JOBS FUND PROGRAM:

Resolution 2006-165 – Investment Fund Strategy Decision Document and Resolution

This action is further described in proposed Resolution 2006-165.

Cindy Douglas provided the Board with background information. The MSF Board is required to publish a Decision Document describing the basis for its decision in approving the Investment Strategy.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned for approval of proposed Resolution 2006-165. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-166 – Automotive Technology Business Accelerator Recommendation, Grant Agreement and Resolution

This action is further described in proposed Resolution 2006-166.

Cindy Douglas provided the Board with background information.

Three proposals were received in response to the Request for Proposals issued by the Michigan Strategic Fund:

- Automation Alley
- Kenmar Corporation
- Radar Safety Technologies

A Joint Evaluation Committee (JEC), consisting of Brian Ellis, Linda Ewing, and George Jackson evaluated these applications based on the following criteria:

- Proposal content
- Capability and qualifications
- Qualified personal
- Other factors

The JEC recommendation is Automation Alley.

After thorough discussion by the Board, Jay Shah motioned for approval of proposed Resolution 2006-166. Jeff Leithauser seconded the motion. The motion carried.

Resolution 2006-167 – SEIC Board Convertible Loan Template and Resolution

This action is further described in proposed Resolution 2006-167.

Jeff Mason provided the Board with background information.

Mr. Mason explained to the Board that 61 grants/loan, were awarded by the SEIC Board in the first round of competition with the \$100 million initially allocated by the MSF Board. For-profit organizations were not eligible for grants, but only debt or equity investments. He further explained that the SEIC Board can approve any loan, however, the decision to convert from a loan into an equity position is at the sole discretion of MSF.

There was discussion by the Board regarding the language and format of the convertible loan document.

James Epolito asked if there were any further questions from the Board. Their being none, Robert Swanson motioned for the approval of proposed Resolution 2006-167. James Herbert seconded the motion. The motion carried.

[James Epolito recused.]

Resolution 2006-168 – Defense Contract Coordination Center Fiscal Year 2006

This action is further described in proposed Resolution 2006-168.

Penny Stump provided the Board with background information.

Public Act 225 of 2005 earmarked a \$10 million one-time allocation to create the Defense Contract Coordination Center (the "DC3") for the purpose of assisting Michigan companies in securing federal defense and home security procurement contracts. In addition, Public Act 317 of 2006 requires the DC3 to focus on job creation and job retention from business opportunities associated with homeland security and defense, and to coordinate with the Procurement Technical Assistance Center ("PTAC") network to maximize business opportunities for Michigan companies. Throughout the legislative process involving the initial earmark for the DC3 and the Act, there was agreement that MEDC would create and administer the DC3. Subsequently, the legislature enacted the Act, establishing that the DC3 is created within the Michigan Strategic Fund and declaring that the MEDC will exercise the powers, privileges and authorities of the DC3.

An extensive search for a DC3 director has been ongoing throughout the year. The position was posted with every military and industry group and an impressive number of highly qualified individuals with military and procurement career experience applied. A number of highly qualified candidates were pursued, but chose to accept lucrative private sector counter offers.

Ms. Stump further advised the Board with an outline of the FY 2005-2006 and FY 2006-2007 funding. Once the DC3 Director is selected, he/she will prepare a detailed business plan and strategic plan, and will submit both documents to the MSF board for its approval. The business plan will include the percentage of funds expected to be used for operating expenses, grants and loans.

Robert Kleine inquired about how long the funding was expected to last. Ms. Stump replied that it is expected to receive \$10,000,000 over a five year period.

James Herbert asked if the DC3 Director would be a MEDC employee. Ms. Stump advised that he/she would be.

James Herbert asked if there were any further questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-168. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-169 – Defense Contract Coordination Center – Fiscal Year 2007

This action is further described in proposed Resolution 2006-169.

James Herbert asked if there were any further questions from the Board. There being none, Robert Kleine motioned for approval of proposed Resolution 2006-169. Jay Shah seconded the motion. The motion carried.

[James Epolito returns to meeting.]

Resolution 2006-170 – Allocation of Funds

This action is further described in proposed Resolution 2006-170.

Jeff Mason presented background information to the Board on the current state of allocated funds to the various components under the 21st Century Jobs Fund legislation.

Mr. Mason advised the Board that a total of 178 projects were interviewed by AAAS. Eighty-five projects were recommended for funding. The projects were divided into categories of:

- Highly recommended
- Recommended
- Not recommended

The total amount requested for fund all highly recommended projects was \$137,000,000. Since the SEIC Board only had an allocation of \$100 million to fund projects from the 1st round of the competition the Board approved 61 projects and voted to request an additional \$37 million from the MSF Board to fund the remaining highly recommended projects. Subsequent to the SEIC Board meeting one of the original 61 projects declined the award due to an inability to obtain the intellectual property. Therefore, the SEIC Board is requesting an additional \$35,000,000 to fund all the remaining highly recommended projects.

Representative Bill Huizinga presented to the Board his view of the request from the SEIC Board for the allocation of additional funds. He asked the Board to seriously consider this request. As part of the committee that originally authored this legislation, he suggested it might be beneficial that the Board consider waiting to allocate further funding. His concern is that these awards should possibly be spread out over a longer period of time.

There was discussion amongst the Board members whether additional funds should be allocated to fund the remaining highly recommended projects from the 1st round of competition or hold them for the 2nd round or future rounds in 2007.

James Epolito asked if there were any further questions and/or comments from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-170. James Herbert seconded the motion. The motion carried 9-2.

Allocation Resolutions for remaining 21st Century Earmarks

Resolution 2006-171 – University Technology Transfer

This action is further described in proposed Resolution 2006-171.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolutions 2006-171. Jay Shah seconded the motion. The motion carried.

Resolution 2006-172 – Automotive Technology Business Accelerator

This action is further described in proposed Resolution 2006-172.

James Epolito asked if there were any questions from the Board. There being none, Robert Kleine motioned for approval of proposed Resolution 2006-172. Jeff Leithauser seconded the motion. The motion carried.

Resolution 2006-173 – Defense Contract Coordination Center

This action is further described in proposed Resolution 2006-173.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned for approval of proposed Resolution 2006-173. Robert Kleine seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – JOB CREATION:

Resolution 2006-174 – Village of Middleville – Bradford White Infrastructure Project - \$250,000 – Middleville, Barry County

This project is further discussed in proposed Resolution 2006-174.

Resolution 2006-175 – Village of Blissfield – Uckele Health and Nutrition - \$85,040 – Blissfield, Lenawee County

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolutions 2006-174 and 2006-175. Jeff Leithauser seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – INFRASTRUCTURE CAPACITY ENHANCEMENT:

Resolution 2006-176 – Au Gres City – Storm Sewer Improvement Project - \$190,000

This project is further described in proposed Resolution 2006-176.

Resolution 2006-177 – Beaverton City – Water System Improvement Project - \$750,000

This project is further described in proposed Resolution 2006-177.

Resolution 2006-178 – City of Belding – Sewer System Improvement Project - \$475,475

This project is further described in proposed Resolution 2006-178.

Resolution 2006-179 – City of Belding – Sewer System Improvement Project - \$500,110

This project is further described in proposed Resolution 2006-179.

Resolution 2006-180 – Village of Benzonia – Water System Improvement Project - \$533,170

This project is further described in proposed Resolution 2006-180.

Resolution 2006-181 – City of Boyne City – Sewer System Improvement Project - \$630,867

This project is further described in proposed Resolution 2006-181.

Resolution 2006-182 – Charter Township of Buena Vista – Water Improvement Project - \$140,000

This project is further described in proposed Resolution 2006-182.

Resolution 2006-183 – Calumet Charter Township – Storm Sewer Replacement - \$336,000

This project is further described in proposed Resolution 2006-183.

Resolution 2006-184 – City of Caspian – Sanitary Sewer Improvement II Project - \$182,000

This project is further described in proposed Resolution 2006-184.

Resolution 2006-185 – Cheboygan City – Water System Improvement Project - \$750,000

This project is further described in proposed Resolution 2006-185.

Resolution 2006-186 – City of Crystal Falls – Water System Improvement and Consolidation Project - \$510,000

This project is further described in proposed Resolution 2006-186.

Resolution 2006-187 – City of Gaastra – Sanitary Sewer Improvements - \$236,503

This project is further described in proposed Resolution 2006-187.

Resolution 2006-188 – Gaylord City – North Ohio Street Infrastructure Project - \$750,000

This project is further described in proposed Resolution 2006-188.

Resolution 2006-189 – Gaylord City – East-West Water Loop Project - \$250,000

This project is further described in proposed Resolution 2006-189.

Resolution 2006-190 – City of Grayling – Water and Sewer Improvements Project - \$519,767

This project is further described in proposed Resolution 2006-190.

Resolution 2006-191 – City of Harrison – Sewer System Improvement Project - \$411,500

This project is further described in proposed Resolution 2006-191.

Resolution 2006-192 – City of Hart – Water System Improvement Project - \$180,000

This project is further described in proposed Resolution 2006-192.

Resolution 2006-193 – City of Hartford – Water System Improvement Project - \$520,000

This project is further described in proposed Resolution 2006-193.

Resolution 2006-194 – City of Hudson – Sewer System Improvement Project - \$598,865

This project is further described in proposed Resolution 2006-194.

Resolution 2006-195 – City of Iron River – Sanitary Sewer Improvements - \$532,600

This project is further described in proposed Resolution 2006-195.

Resolution 2006 196 – Village of Kingsley – Water System Improvement Project - \$598,865

This project is further described in proposed Resolution 2006-196.

Resolution 2006-197 – City of Manistique – Water and Sewer Rehabilitation Project - \$505,000

This project is further described in proposed Resolution 2006-197.

Resolution 2006-198 – City of Manton – Water System Improvement Project - \$510,910

This project is further described in proposed Resolution 2006-198.

Resolution 2006-199 – Village of Mattawan – Arsenic Removal Treatment Plant Project - \$500,000

This project is further described in proposed Resolution 2006-199.

Resolution 2006-200 – Mayville Village – Arsenic Treatment Plant Project - \$150,000

This project is further described in proposed Resolution 2006-200.

Resolution 2006-201 – Village of Millington – Water Treatment Facility Upgrade Project - \$440,000

This project is further described in proposed Resolution 2006-201.

Resolution 2006-202 – Village of Newberry – Water Distribution Improvements - \$700,000

This project is further described in proposed Resolution 2006-202.

Resolution 2006-203 – City of Norway – Water and Sewer Rehabilitation Project - \$359,921

This project is further described in proposed Resolution 2006-203.

Resolution 2006-204 – City of Olivet – Water Well and Sewage Lift Station Improvements Project - \$199,800

This project is further described in proposed Resolution 2006-204.

Resolution 2006-205 – Owosso City – Water Improvement Project - \$210,000

This project is further described in proposed Resolution 2006-205.

Resolution 2006-206 – Village of Powers – Lift Station Generators - \$111,746

This project is further described in proposed Resolution 2006-206.

Resolution 2006-207 – City of Reading – Water Treatment Facility Project - \$500,000

This project is further described in proposed Resolution 2006-207.

Resolution 2006-208 – Republic Township – Storm Sewer Improvement Project - \$239,200

This project is further described in proposed Resolution 2006-108.

Resolution 2006-209 – City of Rose city – Water System Improvement Project - \$215,585

This project is further described in proposed Resolution 2006-209.

Resolution 2006-210 – City of Stephenson – Well and Pump House Project - \$639,000

This project is further described in proposed Resolution 2006-210.

Resolution 2006-211 – City of Tawas City – Water main Replacement Project - \$336,000

This project is further described in proposed Resolution 2006-211.

Resolution 2006-212 – Village of Thompsonville – Water System Improvement Project - \$224,753

This project is further described in proposed Resolution 2006-212.

Resolution 2006-213 – Village of Vermontville – Water Main Replacement Project - \$289,000

This project is further described in proposed Resolution 2006-213.

Resolution 2006-214 – Water Tank Improvement Project - \$144,000

This project is further described in proposed Resolution 2006-214.

Resolution 2006-215 – City of Wakefield – Sewer System Improvement Project - \$198,000

This project is further described in proposed Resolution 2006-215.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned for approval of Resolutions 2006-176 through 2006-215. Robert Kleine seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS AND AVAILABLE BALANCES:

Doug Voshell provided the Board with an update on the Community Development Block Grant status of funds and available balances.

The meeting adjourned at 3:45 p.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan, on October 25, 2006.

MEMBERS PRESENT:

Brian Ellis
James Epolito
Linda Ewing
James Herbert
George Jackson (via telephone)
Robert Kleine
Jeff Leithauser
Richard Rassel
Charles Rothstein
Jay Shah
Robert Swanson

MEMBERS ABSENT:

None

CALL TO ORDER:

The meeting was called to order at 1:33 p.m.

ADOPTION OF SEPTEMBER 27, 2006 MINUTES:

James Herbert moved the September 27, 2006, minutes be approved. Jeff Leithauser seconded the motion. The motion carried.

PUBLIC COMMENT:

There was no public comment.

COMMUNICATION:

Diane Cranmer advised the Board that recusal letters had been received from George Jackson, Jeff Leithauser, and Richard Rassel for Industrial Development Revenue Bond projects.

ADOPTION OF MEETING DATES AND TIMES:

Robert Swanson moved the 2006-2007 Michigan Strategic Fund meeting dates be approved. James Herbert seconded the motion. The motion carried.

TOOL & DIE RECOVERY ZONES:

Resolution 2006-216 Michigan Mold, Inc. – Coloma, Berrien County – joining existing Berrien Tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-216.

James Epolito asked if there were any questions from the Board. There being none, Robert Klein motioned approval of proposed Resolution 2006-216. Robert Swanson seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND INDUCEMENTS:

[Jeff Leithauser and Richard Rassel recused]

Resolution 2006-217 – GreenPath, Inc. – (Farmington Hills, Oakland County) – \$4,000,000 – Refinancing and New – Non-Profit

This project is further described in proposed Resolution 2006-217.

Thomas J. Butler, Jr., Financial Director of Greenpath, Inc., provided the Board with background information on this project.

Greenpath, Inc., is a non-profit organization incorporated in Michigan in 1967 and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The company provides professional counseling and education to families and individuals in the management of their personal finances and budgeting, arranges for programs of orderly debt repayment in appropriate cases, provides the counseling and education required under the Bankruptcy Abuse Prevention and Consumer Protection Act, and educates the general public in the areas of personal finance, budgeting, and wise use of credit. GreenPath, Inc., is located at 38505 Country Club Drive, Farmington Hills, Michigan, and employs approximately 400 people.

The project includes financing the leasing of approximately 32,995 square foot rentable newly renovated office space at 27555 Farmington Road, Farmington Hills, Oakland County, Michigan, and the purchase of required office furniture, equipment, and infrastructure to support a staff of 260 newly hired employees to be housed at the location to provide educational services to service the bankruptcy counseling and educational needs of clients nationally. In addition to this expansion, the existing facility at GreenPath's corporate headquarters at 38505 Country Club Drive, Farmington Hills, Oakland County, Michigan, will need to be reconfigured with furniture, fixtures, and IT related equipment to relocate existing and newly hired employees for certain of its existing counseling and educational service offerings. The project also involves refinancing 75% of its existing conventional mortgage related to the portion of the building which it occupies with tax-exempt financing.

The public purpose is the non-profit status of the applicant.

Robert Swanson asked what portion of the project is refinancing and what is new. Mr. Butler replied that \$1,500,000 is refinancing; the remainder of the \$4,000,000 is new. Charles Rothstein asked about major funders. Mr. Butler replied that the funding is from several principal funders, including debt management programs, contributions from creditors, and the U.S. Department of Housing and Urban Development.

James Herbert asked who the largest grantor is. Mr. Butler replied Citibank.

Jeff Leithauser asked about the company's annual operating budget. Mr. Butler replied \$20,000,000, increasing to \$30,000,000 this year.

Mr. Rothstein asked how many offices the company has. Mr. Butler replied 36 across the United States.

James Epolito asked if there were any further questions from the Board. There being none, Robert Kleine motioned for approval of proposed Resolution 2006-217. Charles Rothstein seconded the motion. The motion carried.

[Jeff Leithauser and Richard Rassel return to meeting.]

Resolution 2006-218 – Premiere Packaging, Inc./Premiere Property Holdings, LLC – (Mundy Charter Township, Genesee County) – \$1,150,000 – New –Manufacturing and \$1,350,000 – Refunding

This project is further described in proposed Resolution 2006-218.

Kathy Elsworth, Controller of Premiere Packaging, Inc., provided the Board with background information on this project.

Premiere Property Holdings, LLC, was formed in March 1988 for the sole purpose of acquiring the land and the building which houses Premiere Packaging, Inc., a Michigan corporation. The company is owned by the current management of the company. Premiere Packaging, Inc., manufactures and packages specialty household and automotive chemicals. It is located at 6220 Lehman Drive, Flint, Michigan, and employs approximately 85 people.

The project includes financing an approximately 15,065 square foot addition to an existing manufacturing facility, site improvements, and the acquisition and installation of machinery and equipment to be located at 6220 Lehman Drive, Mundy Charter Township, Genesee County, Michigan. The project also includes refunding bonds issued by the Michigan Strategic Fund to the company in 1992.

The public purpose includes the creation of approximately 40-50 new jobs.

James Herbert asked about the annual revenue of the company. Ms. Elsworth replied the company's annual sales are \$30 million, and they have added a second shift.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-218. Robert Kleine seconded the motion. The motion carried.

Resolution 2006-219 – Vico Products Co. – (Charter Township of Plymouth, Wayne County) – \$2,000,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-219.

Stacy Bowen, Controller of Vico Products Co., provided the Board with background information on this project.

Vico Products Co. is a manufacturer of cold head products, including specialized steel fasteners for anchor pins, staked studs, caliper pins, wheel bolts, etc. The company was started in 1943 by Leo H. Schultz in Plymouth, Michigan, and incorporated as a Michigan corporation in 1961. The company is family owned. The company is located at 41555 Ann Arbor Road, Plymouth, Michigan, and employs approximately 68 people.

The project includes financing the acquisition and installation of machinery and equipment to be located at 41555 Ann Arbor Road, Charter Township of Plymouth, Wayne County, Michigan.

The public purpose includes the creation of approximately 6 new jobs.

James Epolito asked if there were any questions from the Board. There being none, Robert Kleine motioned for approval of proposed Resolution 2006-219. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-220 – NextGen Energy LLC – (Watervliet Township, Berrien County and McBain, Missaukee County) – \$100,000,000 – New – Solid Waste

This project is further described in proposed Resolution 2006-220.

Rick Johnson of Fraser Consulting, LLC, and Craig Hammond of Dickson Wright, PLLC, provided the Board with background information on this project.

NextGen Energy, LLC, is a Michigan limited liability company incorporated in Michigan in March 2006. The ownership composition is 50% LLC to be determined by the majority equity investor, 25% Common Cents, LLC, and 25% ROK Fuel Alternatives, LLC. The two manufacturing facilities will produce ethanol and ethanol by-products such as Distillers Dry Grain and CO₂. Each plant will produce 55 million gallons of ethanol, 160,000 tons of Distillers Dry Grain, and 120,000 tons of CO₂ annually. The corporate headquarters of NextGen Energy, LLC, is located at 25900 West Eleven Mile Road, Suite 250, Southfield, Michigan.

The project includes financing certain solid waste disposal facilities to be located within two new Ethanol manufacturing plants: one approximately 35 acre site parcel in Watervliet Township, Berrien County, and one approximately 80 acre site parcel in McBain, Missaukee County, Michigan. Each development will consist of 12 buildings with a total manufacturing square footage of approximately 75,000 at each site. The anticipated investment is \$240 million, with the cost of land for both facilities at approximately \$750,000 and the machinery and equipment costs of \$198 million for both facilities.

The public purpose includes creation of approximately 5 new jobs at each location with the expectation at full production of the creation of 55 jobs at each location.

Mr. Hammond said this process transforms a wet distiller grain into a dry grain product used as livestock feed that can be shipped and stored. It qualifies as a tax-exempt activity and they have received a tax-exempt letter from the Internal Revenue Service (IRS).

James Herbert said the project does not appear to be tax-exempt on the surface and asked for clarification. Tim Konieczny, Assistant Attorney General, replied that the process takes a byproduct with no market value to a product that has value and the IRS has determined this to qualify as a tax-exempt project. He indicated his office has a copy of the IRS letter ruling and they will be reviewing this issue further.

Charles Rothstein asked who owns NextGen Energy, LLC. Mr. Johnson replied himself, another farmer, and an industrial developer.

Mr. Herbert asked who is involved with the project with experience and knowledge in this area. Mr. Johnson replied one of the owners has worked on several other plants.

Robert Kleine and Robert Swanson expressed concern about whether this large project would affect the availability of bond financing for other projects. Diane Cranmer replied this issue will be discussed at the November Board meeting. Staff has been giving consideration to issuing larger projects at end of the year.

Mr. Herbert asked if the Board approves the inducement of this project at \$100,000,000, whether this obligates them to issue the bond. Mr. Konieczny replied that first the Attorney General and bond counsel would have to be satisfied that all federal tax law, state law, and MSF policy requirements were met.

Brian Ellis expressed his wholehearted support for the project.

Mr. Herbert asked if the company had selected the contractors. Mr. Johnson replied that Wilcox Associates in Cadillac and Devere Construction Company in Alpena has been selected.

Mr. Kleine asked when the project would be completed and open for business. Mr. Johnson replied June 2008.

Jay Shah asked if the price of oil dropped below \$50 a barrel whether the project would move forward. Mr. Johnson replied yes.

Mr. Rothstein asked when bond financing would be completed. Mr. Hammond replied in four to six months.

James Epolito asked if there were any further questions from the Board. There being none, Jay Shah motioned for approval of proposed Resolution 2006-220. Charles Rothstein seconded the motion. The motion carried. James Herbert abstained from voting.

INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUING:

[Richard Rassel recused]

Resolution 2006-221 – Sikh Foundation – (Charter Township of Plymouth, Wayne County) – \$1,500,000 – New – Non-Profit

This project is further described in proposed Resolution 2006-221.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-221. Jay Shah seconded the motion. The motion carried.

ROLL CALL:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None

RECUSED: Richard Rassel

[George Jackson Recused]

Resolution 2006-222 – The Detroit Edison Company – (Monroe, Monroe County) – \$100,000,000 – New – Solid Waste

This project is further described in proposed Resolution 2006-222.

James Epolito noted that the telephone conferencing system was being muted during the discussion about the Detroit Edison Company project so that George Jackson, who was participating in the Board meeting by telephone and had submitted a letter recusing himself from voting on the issue, would not be able to hear the discussion about the project.

Mr. Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-222. Charles Rothstein seconded the motion. The motion carried.

ROLL CALL:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, Robert Kleine, Jeff Leithauser, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None

RECUSED: George Jackson and Richard Rassel

[Richard Rassel returns to meeting.]

[Telephone conferencing system mute button was disengaged allowing George Jackson to participate in the meeting again.]

Resolution 2006-223 – Skill-Craft Co./D & J Land, LLC – (Township of Ira, St. Clair County) – \$1,180,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-223.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-223. Brian Ellis seconded the motion. The motion carried.

ROLL CALL:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None

Resolution 2006-224 – MANS/Moeller Manufacturing, Inc./Moeller Aerospace Technology – (Little Traverse Township, Emmet County) – \$3,700,000 – Series A – New – Manufacturing

This project is further described in proposed Resolution 2006-224.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-224. Richard Rassel seconded the motion. The motion carried.

ROLL CALL:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None

Resolution 2006-225 – MANS/Moeller Manufacturing, Inc./Moeller Aerospace Technology – (Wixom, Oakland County) – \$4,700,000 – Series 2006B – New – Manufacturing

This project is further described in proposed Resolution 2006-225.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-225. Richard Rassel seconded the motion. The motion carried.

ROLL CALL:

AYES: Brian Ellis, James Epolito, Linda Ewing, James Herbert, George Jackson, Robert Kleine, Jeff Leithauser, Richard Rassel, Charles Rothstein, Jay Shah, Robert Swanson

NAYS: None

INDUSTRIAL DEVELOPMENT REVENUE BOND – OTHER:

Resolution 2006-226 – Rondar Investments, LLC/Riverfront Plastic Products, Inc. – Amend Inducement Resolution to Increase Project Size

This project is further described in proposed Resolution 2006-226.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-226. Richard Russell seconded the motion. The motion carried.

21st CENTURY JOBS FUND PROGRAM:

Resolution 2006-227 – Van Andel Research Institute Grant Agreement Approval

This action is further described in proposed Resolution 2006-227.

Jeff Mason provided the Board with background information. Mr. Mason explained that in MCL 125.2088j(3)(c)(i), the Grant Agreement authorizes the Michigan Strategic Fund to make a \$3,000,000 commitment for a private research institute that has received a specific federal appropriation prior to 2005 for the creation of a good manufacturing facility. In March 2004, the Health Resources and Services Administration (HRSA) notified Van Andel Research Institute (Grantee) that it had been identified by HRSA as a single source recipient of \$462,555 of federal support for a "Health Care and Other Facilities" construction/renovation project for a "good manufacturing practices facility." Before receiving these federal funds, the Grantee was required to submit a grant application for review and approval by HRSA; the HRSA approved the Grantee's application on October 22, 2004, to be effective September 1, 2004, i.e., prior to 2005. The Van Andel Research Institute meets the MCL 125.2088j(3)(c)(i) specific statutory criteria.

Robert Swanson asked if the \$3,000,000 will allow the Van Andel Research Institute to complete the facility. Mr. Mason replied the Van Andel Research Institute has been working on the project for a couple of years and that this funding, combined with other funding they have received, will allow them to complete the project and bring it online.

James Epolito asked if there were any further questions from the Board. There being none, James Herbert motioned for the approval of proposed Resolution 2006-227. Charles Rothstein seconded the motion. The motion carried.

Resolution 2006-228 – Allocation of Funds from the 21st Century Jobs Trust Fund – Private Research Institute

This action is further described in proposed Resolution 2006-228.

Jeff Mason explained that the enacting legislation that established the 21st Century Jobs Trust Fund initiative requires the MSF Board to request the state treasurer to transfer appropriated funds from the 21st Century Jobs Trust Fund to the MSF in the amounts designated by the Board to fund disbursements or reserves required for programs or activities under Chapter 8A of the MSF Act.

The enacted legislation requires the MSF Board to disburse \$3,000,000 for a private research institute that has received a specific federal appropriation prior to 2005 for the creation of a good manufacturing facility as described in MCL 125.2088j(3)(c)(i). The Van Andel Institute has satisfied the requirements of this section. This resolution requests the state treasurer to transfer \$3,000,000 from the 21st Century Jobs Trust Fund to the MSF for a disbursement to the Van Andel Research Institute.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-228. Richard Russell seconded the motion. The motion carried.

Resolution 2006-229 – Confidentiality Reports from Strategic Economic Investment and Commercialization Board Applications

This action is further described in proposed Resolution 2006-229.

Jeff Mason said under the competitive process established by the Strategic Economic Investment and Commercialization (SEIC) Board to award grants and loans related to basic research, applied research, and commercialization development, awardees that are required to submit certain due diligence material to the Michigan Economic Development Corporation (MEDC) were given the opportunity to designate financial or proprietary information considered by the applicant or awardee to be confidential information (Designated Information). The SEIC Board selected proposals at its September 6, 2006, and October 16, 2006, meetings contingent upon the awardees satisfying certain due diligence requirements.

The Michigan Strategic Fund (MSF) Board, pursuant to MCL 125.2005(9), has the authority to acknowledge the Designated Information as confidential information, and designated staff of the MEDC to provide administrative services for the Commercialization Program.

At its April 19, 2006, meeting, the MSF Board established procedures to follow upon receipt of Designated Information by the MSF Board, and pursuant to these procedures, MEDC staff oversaw the preparation of summaries of the Designated Information. Pursuant to these procedures, the MSF Board President prepared a final report regarding the Designated Information and recommended the Designated Information be acknowledged as confidential by the MSF Board. Mr. Mason distributed an addendum with one additional company to be added to the list that was included in the Board briefing binder.

Mr. Mason noted that Designated Information is exempt from Freedom of Information Act requests.

Mr. Mason said three companies, Pro-NAi Therapeutics, Inc., T/J Technologies, Inc., and Translume, Inc., have requested a delay in consideration by the Board of their Designated Information.

James Herbert asked whether the SEIC Board had reviewed and agreed with the exempted information in the Designated Information report. Mr. Mason replied the SEIC Board had not reviewed the specific information that had been prepared by MEDC staff.

Sante Perrelli, Assistant Attorney General, said the enacted legislation does not give the SEIC Board the authority to designate confidential information. The enacted legislation allows for proprietary information and for MEDC staff to prepare a report for approval by the MSF Board. Linda Ewing asked whether the SEIC Board has the ability to review the confidential information. Mr. Mason replied the MSF Board has the authority to grant confidentiality, not the SEIC Board, and this is done after the award process has been completed; consequently, the SEIC Board has the ability to review the full proposals.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-229. Linda Ewing seconded the motion. The motion carried.

Convertible Loan to Equity Process

Jeff Mason provided the Board with information on the Convertible Loan to Equity Process. He said MEDC staff is developing a template for debt to equity conversions. He suggests the MSF Board's Investment Subcommittee review any conversion recommendations before they are submitted to the full Board for consideration. The Subcommittee members include Brian Ellis, James Herbert, George Jackson, and Charles Rothstein.

Mr. Herbert asked who monitors the performance of the portfolio. Mr. Mason replied that MEDC staff does so. He indicated he would provide a quarterly report to the Board on the status of the portfolio.

Mr. Mason informed members that the SEIC Board met on October 16, 2006, and allocated an additional \$35 million for the 24 projects that were high-recommended for funding by the American Association for the Advancement of Science (AAAS). Staff are completing due diligence and the contracting process.

James Herbert asked how many people are on staff to keep track of the contracts. Mr. Mason responded two currently, with the possibility of a third person being added. They also are looking at outsourcing some of the activities. There are currently 50 contracts in the portfolio.

COMMUNITY DEVELOPMENT BLOCK GRANT – JOB CREATION:

Resolution 2006-230 – West Branch Township – Mulch Manufacturing – \$250,000

This project is further described in proposed Resolution 2006-230.

Resolution 2006-231 – City of Hudson – Hi-Lex Controls – \$1,000,000

This project is further described in proposed Resolution 2006-231.

James Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned for the approval of proposed Resolutions 2006-230 and 2006-231. Robert Swanson seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – SLUM-BLIGHT:

Resolution 2006-232 – City of Iron River – Cloverland Hotel Demolition Project – \$250,000

This project is further described in proposed Resolution 2006-232.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-232. Richard Rassel seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – AMENDMENT:

Resolution 2006-233 – City of Greenville – United Solar Ovonic LLC Grant Increase – \$5,000,000

This project is further described in proposed Resolution 2006-233.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for the approval of proposed Resolution 2006-233. James Herbert seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS AND AVAILABLE BALANCES:

Doug Voshell provided the Board with an update on the Community Development Block Grant status of funds and available balances. He noted the State of Michigan received a letter from the U.S. Department of Housing and Urban Development complimenting the State on the improvement in its expenditure rate over the last three years.

Mr. Voshell said the State received \$36 million in Community Development Block Grant funds from the federal government in 2006 and may see a reduction of \$1.8 million from that amount in 2007.

Mr. Voshell reported the A.E. Seaman Mineral Museum at Michigan Technological University is the recipient of an Economic Development Initiative Grant from the U.S. Department of Housing and Urban Development and that the MEDC would be administering the grant.

The meeting adjourned at 2.51 p.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan, on November 15, 2006.

MEMBERS PRESENT:

Brian Ellis
James Epolito
George Jackson
Robert Kleine
Jeffrey Leithauser
Richard Rassel
Robert Swanson

MEMBERS ABSENT:

Linda Ewing
James Herbert
Charles Rothstein
Jay Shah

CALL TO ORDER:

The meeting was called to order at 1:35 p.m.

ADOPTION OF OCTOBER 25, 2006 MINUTES:

Robert Swanson moved the October 25, 2006, minutes be approved. Robert Kleine seconded the motion. The motion carried.

PUBLIC COMMENT:

There was no public comment.

COMMUNICATIONS:

John Czarnecki advised the Board that recusal letters had been received from George Jackson, Jeffrey Leithauser, and Richard Rassel for Tool and Die Recovery Zone and Industrial Development Revenue Bond projects. He noted a recusal letter was received from Mr. Rassel for agenda item H.1., The Detroit Edison Company, Reauthorization of the Bond Authorizing Resolution. After discussion with Attorney General staff, it was determined he did not need to recuse himself from this issue and the letter is no longer valid. Mr. Rassel commented he was comfortable with this decision.

Mr. Czarnecki also said that agenda item G.2. Industrial Development Revenue Bonding issuing for Greenpath, Inc., would not be considered due to a quorum issue.

PA 214 of 2005 – ANGEL INVESTMENT TAX CREDIT

Resolution 2006-234 – Approval of Application Form for Certification as a Qualified Business Under 2005 PA 214

This action is further described in proposed Resolution 2006-234.

Ned Staebler said that on November 21, 2005, Governor Jennifer Granholm signed Public Act 214 into law that provides for a state tax deduction for the rollover of profits from an investment in a certified business when making an investment in a second certified business. The program is designed to stimulate very early stage investments in technology ventures and requires the Michigan Strategic Fund (MSF) Board to certify those companies as “qualified” businesses. To be certified, a company must be a Michigan business; have a pre-investment valuation of less than \$10 million; have been in existence less than five years; be engaged only in competitive edge technology; and be a seed or early stage business.

Michigan Economic Development Corporation (MEDC) staff have developed an application form and process for the MSF Board’s approval. The application form will be marketed to technology companies, Angel groups, and University tech transfer offices. The application process will be ongoing, and staff will review forms and supporting documentation as they are received to confirm compliance with statutory requirements. Those meeting the requirements will be presented to the MSF Board for approval. To be placed on the MSF Board meeting agenda, an applicant will have to submit the form and all supporting documentation at least three (3) weeks prior to an MSF Board meeting. Companies will not be required to attend the meeting. Following approval, a Qualified Rollover Letter will be issued to the investor for inclusion with his/her individual tax return. The initial investment must be made between January 1, 2007, and December 31, 2009. The rollover investment must be made within one year of exit from initial investment. Both companies must be at least \$100,000 at the investor level and certified at the time of investment.

Mr. Staebler said an amendment is being proposed to legislation that is currently making its way through the State Senate that would lower the venture capital rollover threshold from \$100,000 to \$25,000. It is uncertain whether the issue will be resolved this year.

Brian Ellis asked if the MSF Board actually determines who qualifies for the investment tax deduction. Robert Kleine replied that there has to be a process to determine which companies qualify and a letter or certificate is necessary to verify that the companies meet the threshold. Thomas F. Schimpf, Assistant Attorney General, said this is similar to the Michigan Economic Growth Authority Board process. Mr. Staebler said the MEGA form was used as a guide to develop the Angel Investment Tax Deduction form.

Robert Swanson said in the Angel Investment Tax Deduction application form and instructions that are included in the MSF Board briefing binder, the terms “tax credit” and “tax deductions” are used interchangeably. He asked which is correct. Mr. Staebler said the program is actually a tax deduction and the documents will be revised to reflect the correct wording.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-234. Jeffrey Leithauser seconded the motion. The motion carried.

TOOL & DIE RECOVERY ZONES:

[Richard Rassel Recused]

Resolution 2006-235 – Pioneer Steel Corporation – Byron Center, Kent County – joining existing Great Lakes Tool and Die Collaborative Recovery Zone

This action is further described in proposed Resolution 2006-235

Resolution 2006-236 – MP Components, Inc. – Byron Center, Kent County – joining existing Great Lakes Tool and Die Collaborative Recovery Zone

This action is further described in proposed Resolution 2006-236.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolutions 2006-235 and 2006-236. George Jackson seconded the motion. The motion carried.

[Richard Rassel returns to meeting.]

Resolution 2006-237 – Unique Model, Inc. – Walker, Kent County – joining existing West Coast Tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-237.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-237. George Jackson seconded the motion. The motion carried.

TOOL AND DIE RECOVERY ZONES STATUS REPORT:

Shannon Crawford said that on December 16, 2004, the MSF designated 8 Tool and Die Recovery Zones consisting of 33 companies that became effective January 1, 2005. The program was adopted to assist the state's tool and die industry by making companies tax free if they agreed to collaborate with other tool and die companies.

To determine the effectiveness of the program, the MEDC visited with each coalition in 2005 to ask how the collaborative agreement was working and if it had proved to be beneficial to companies. Many positive comments were heard during the visits. A questionnaire was sent to the 33 companies in 2006 to learn how each company was doing after having been designated for one full year. Responses from the companies show that by collaborating together, the Recovery Zones have accomplished a number of things, including a new way of doing business through partnerships. Ms. Crawford outlined the findings of the questionnaire in detail, including that 123 jobs were added by 33 companies and 24 companies invested \$6.6 million in new equipment.

John Czarnecki commented said that the third round of Tool and Die Recovery Zone designations will be presented to the Board for approval next month.

Robert Kleine asked whether a cost/benefit comparison had been done for the Tool and Die Recovery Zone program. Mr. Czarnecki said the MEDC will be asking the legislature for funding to hire a staff person to complete a study to evaluate the effectiveness of the program.

Richard Rassel asked if the MEDC planned to publicize the success of the program. Mr. Czarnecki said the MEDC will issue a news release announcing the third round designations. James Epolito said once a study is completed evaluating the effectiveness of the program, the MEDC will do something on a larger scale, perhaps getting Senator Jason Allen involved since he was a primary sponsor of legislation establishing the Tool and Die Recovery Zone program.

INDUSTRIAL DEVELOPMENT REVENUE BOND INDUCEMENTS:

Resolution 2006-238 – Surefil LLC and Surefil Properties LLC – (Kentwood, Kent County) – \$10,000,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-238.

William Hunt, CEO, Surefil, LLC, and Fred Lake from Huntington Bank provided the Board with background information on this project.

Surefil LLC and Surefil Properties LLC are Michigan limited liability companies established in 2006. Each company is closely-held with ownership held by three major members. Surefil, LLC is a manufacturer of drugs and personal care products for other companies. Surefil LLC's corporate headquarters is located at 4560 Danvers Drive, Kentwood, Michigan, and currently employs approximately 56 people.

The project includes the construction of an approximately 52,000 square foot addition to an existing manufacturing facility and the acquisition and installation of machinery and equipment to be located in Kentwood, Kent County, Michigan. The project will be owned by Surefil Properties LLC and leased to Surefil LLC.

The public purpose includes the creation of approximately 22 new positions upon completion of the project, working in conjunction with the previous MEGA credit.

Robert Kleine asked when the project would be profitable. Mr. Hunt replied it is profitable now; although it will not make a profit in this calendar year due to the initial losses on startup costs.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-238. Brian Ellis seconded the motion. The motion carried.

Resolution 2006-239 – Warren Screw Products, Inc./Kaspari Investments, LLC – (Warren, Macomb County) – \$4,000,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-239.

Christopher A. Kaspari, Vice President, Warren Screw Products, Inc., provided the Board with background information on this project.

Warren Screw Products, Inc. is a Michigan corporation incorporated in 1999. Kaspari Investments, LLC is a Michigan limited liability company created in 1996. The company is closely-held with ownership held by the Kaspari family. The company is a production manufacturer of tight tolerance screw machined and broached products, specializing in medium to high volume turned products that require secondary machining, primarily requiring "Pot", Splines, Straddle, or Flat Broaching. Customers utilize the machine service to produce pre-designed subcomponents and assemblies. Ninety-seven percent of current sales are generated as a Tier One and Tier Two supplier to the automotive industry. The company is located at 23600 Schoenherr Road, Warren, Michigan, and employs approximately 115 people.

The project includes financing the acquisition of land and an existing approximately 140,825 square foot manufacturing facility, the renovation and rehabilitation of the facility, site improvements, and the acquisition and installation of machinery and equipment to be located at 13201 Stephens Road, Warren, Macomb County, Michigan.

The public purpose includes the creation of approximately 39 new jobs.

James Epolito asked if there were any questions from the Board. There being none, George Jackson motioned approval of proposed Resolution 2006-239. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-240 – Baruch SLS, Inc. d/b/a Senior Ministries – (Grand Rapids, Kent County) – \$5,900,000 – New – Non-Profit

This project is further described in proposed Resolution 2006-240.

Thomas J. Nobel, Board President, Baruch SLS, Inc., provided the Board with background information on this project.

Baruch SLS, Inc. d/b/a Baruch Senior Ministries (Baruch) was incorporated in Michigan in 1997 as a non-profit corporation. The mission of Baruch is to provide quality senior lifestyle services to promote the value and dignity of every person. Baruch currently owns two assisted living facilities and also manages a third facility. Baruch is located at 3075 Orchard Vista Drive, S.E., Grand Rapids, Michigan, and employs approximately 89 people.

The project includes the acquisition of (1) the land and buildings known as Georgetown Manor and Cambridge Manor located respectively at 0-141 Port Sheldon Road, City of Grandville, Ottawa County, Michigan, and 0-151 Port Sheldon Road, City of Grandville, Ottawa County, Michigan; and, (2) the land and buildings known as Yorkshire Manor and Cambridge Manor located respectively at 3511 Leonard NW, City of Walker, Kent County, Michigan, and 3515 Leonard NW, City of Walker, Kent County, Michigan. The approximate square footage of each of the four facilities is 17,480. The project also includes the acquisition and installation of furniture and equipment for the facilities. The project will be operated as assisted living care facilities.

The public purpose is the non-profit status of the applicant and the retention of approximately 83.5 existing positions at the facilities.

Mr. Nobel noted that Baruch charges less than market rate for its services. James Epolito asked whether the low rates would continue on a go-forward basis. Mr. Nobel replied yes.

Robert Kleine asked how many senior citizens are in their current facilities. Mr. Nobel replied 120. They have a capacity of 160 and there are 140 total residents in the facilities at present.

James Epolito asked if there were further any questions from the Board. There being none, Robert Kleine motioned approval of proposed Resolution 2006-240. Jeffrey Leithauser seconded the motion. The motion carried.

[Jeffrey Leithauser Recused]

Resolution 2006-241 – Sacred Heart Rehabilitation Center, Inc. – (Richmond Township, Macomb County) – \$10,000,000 – New and Refinancing – Non-Profit

This project is further described in proposed Resolution 2006-241.

Grady L. Wilkinson, MSW, President and CEO, Sacred Heart Rehabilitation Center, Inc., provided the Board with background information on this project.

Sacred Heart Rehabilitation Center, Inc. was founded in 1967 as a non-profit corporation. Sacred Heart is a non-denominational addiction treatment center for residents of southern Michigan, particularly, the southeastern part of the state. Services include medically managed detoxification, residential rehabilitation, specialized women's residential rehabilitation, supported independent living, intensive outpatient and outpatient services. Sacred Heart can provide a variety of specialized services, including methadone detoxification, medication assisted therapies, detoxification/residential treatment for individuals needing to maintain drug-assisted recovery programs, and services for individuals with a co-occurring mental illness. Sacred Heart is located at 400 Stoddard Road, Memphis (Richmond Township), Michigan, and employs approximately 187 people.

The entire project includes (a) the rehabilitation and renovation of Sacred Heart's approximately 100,000 square foot Memphis Facility located in Richmond Township, Macomb County, Michigan; and (b) the relocation of Sacred Heart's Clearview facility, currently located on the south side of the City of Port Huron, which will include the construction of an approximately 13,000 square foot facility on the Memphis Facility site in Richmond Township, Macomb County, Michigan. The project also includes refinancing of certain existing debt used for capital expenditures relating to the Memphis facility.

The public purpose is the non-profit status of the applicant.

Mr. Wilkinson said that the Sacred Heart facilities specialize in services for women with children and is one of few left that focuses on low-income, under-insured families.

Robert Kleine asked how many individuals are served by the Sacred Heart facilities each year. Mr. Wilkinson replied 5,000.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-241. Richard Rassel seconded the motion. The motion carried.

[Jeffrey Leithauser returns to meeting.]

[Richard Rassel Recused]

Resolution 2006-242 – Upper40, Inc. – (Bagley Township, Otsego County) – \$10,000,000 – New – Manufacturing

This project is further described in proposed Resolution 2006-242.

Christopher A. Delusky, President and CEO, Upper40, Inc., and T. Eftaxiadis of NTH Consultants Ltd., provided the Board with background information on this project.

Upper40, Inc., incorporated in Delaware, was established in 2006. The company is owned by a single individual. The company produces and sells biomass wood pellets to the alternative energy market. The company is located at 621 West Main Street, Gaylord, Michigan, and currently has one employee.

The project includes financing the acquisition of land and an existing approximately 600,000 square foot manufacturing facility, the renovation and rehabilitation of the facility, site improvements, and the acquisition and installation of machinery and equipment to be located at 2212 Dickerson Road, Bagley Township, Otsego County, Michigan.

The public purpose includes the creation of approximately 40 new jobs within the first six months and 40 additional new jobs within the next twelve months.

Mr. Delusky said that one hundred percent of their product is exported to Europe for use in power plants.

James Epolito asked Mr. Delusky how long his company has been in business. Mr. Delusky replied that he personally has been in the timber business for 15 years, but Upper40, Inc. has only been in operation since April 2006.

Robert Swanson asked whether the company is operational now. Mr. Delusky replied yes.

Mr. Robert Kleine asked when the company is expected to be profitable. Mr. Delusky replied that it has been profitable from day one. Mr. Kleine asked whether there are any plans to market their product in the United States. Mr. Delusky replied that because they need to grow quickly, they are focusing on the European market, but there is a substantial market in the United States and their present goal here is to help families who work with them.

James Epolito asked if there were any further questions from the Board. There being none, Robert Kleine motioned approval of proposed Resolution 2006-242. Jeffrey Leithauser seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUING:

Resolution 2006-243 – Arab American and Chaldean Council (Detroit, Wayne County) – \$4,500,000 – New and Refinancing

This project is further described in proposed Resolution 2006-243.

Brian Ellis asked whether this project involved only the non-religious part of the entity. Tim Konieczny, Assistant Attorney General, replied yes.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-243. Jeffrey Leithauser seconded the motion. The motion carried.

ROLL CALL:

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Robert Kleine, Jeffrey Leithauser, Robert Swanson

NAYS: None

RECUSED: Richard Rassel

[Richard Rassel returns to meeting.]

Resolution 2006-244 – Gekus’ Photography Inc. – (Tallmadge Charter Township, Ottawa County) – \$1,935, 000 – New – Manufacturing

This project is further described in proposed Resolution 2006-244.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-244. George Jackson seconded the motion. The motion carried.

ROLL CALL:

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Robert Kleine, Jeffrey Leithauser, Richard Rassel, Robert Swanson

NAYS: None

Resolution 2006-245– Grand Rapids Art Museum – (Grand Rapids, Kent County) – \$10,000,000 – Series 2006B – Non-Profit

This project is further described in proposed Resolution 2006-245.

James Epolito asked if there were any questions from the Board. There being none, Robert Kleine motioned approval of proposed Resolution 2006-245. Brian Ellis seconded the motion. The motion carried.

ROLL CALL:

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Robert Kleine, Jeffrey Leithauser, Richard Rassel, Robert Swanson

NAYS: None

[Jeffrey Leithauser Recused]

Resolution 2006-246 – Russell Investment Company, L.L.C./Russells Equipment L.L.D./PTM Corporation/HTC Sales Corporation d/b/a HTC Products, Inc./Modified Technologies, Inc. – (Ira Township, St. Clair County) – \$5,890,000 – New and Refunding – Manufacturing

This project is further described in proposed Resolution 2006-246.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-246. Richard Rassel seconded the motion. The motion carried.

ROLL CALL:

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Robert Kleine, Richard Rassel, Robert Swanson

NAYS: None

RECUSED: Jeffrey Leithauser

[Jeffrey Leithauser returns to meeting.]

Resolution 2006-247 – MANS/Moeller Manufacturing, Inc./Moeller Aerospace Technology – (Plymouth Charter Township, Wayne County) – \$2,600,000 – Series 2006C – New – Manufacturing

This project is further described in proposed Resolution 2006-247.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-247. Richard Rassel seconded the motion. The motion carried.

ROLL CALL:

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Robert Kleine, Jeffrey Leithauser, Richard Rassel, Robert Swanson

NAYS: None

Resolution 2006-248 – Mibelloon Dairy, LLC – (Jasper Township, Midland County) – \$3,000,000 – New – Solid Waste

This project is further described in proposed Resolution 2006-248.

John Czarnecki said that the Mibelloon Dairy project is a Concentrated Animal Feed Operation (CAFO). CAFOs have been very controversial and in 2005, the MSF Board adopted a resolution defining standards for financing CAFOs. However, the Board induced the Mibelloon Dairy project before the new standards were adopted; therefore, it is exempt from the new standards. Mr. Czarnecki said MEDC staff worked with the Michigan Department of Environmental Quality (MDEQ) and the Michigan Department of Agriculture to develop the CAFO standards.

Robert Swanson asked whether the Mibelloon Dairy project would be in conformity with the new standards. Jason Grubbs of W.R. Taylor & Company, LLC, replied that it would qualify under the new standards, and that the MDEQ has no problem with the company.

James Epolito asked if there were any further questions from the Board. There being none, Richard Rassel motioned approval of proposed Resolution 2006-248. Robert Kleine seconded the motion. The motion carried.

ROLL CALL:

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Robert Kleine, Jeffrey Leithauser, Richard Rassel, Robert Swanson

NAYS: None

INDUSTRIAL DEVELOPMENT REVENUE BOND – OTHER:

[George Jackson Recused]

Resolution 2006-249 – The Detroit Edison Company – Reauthorization of Bond Authorizing Resolution

This project is further described in proposed Resolution 2006-249.

Diane Cranmer said that on October 25, 2006, the MSF Board approved a Bond Authorizing Resolution for The Detroit Edison Company in the amount not to exceed \$100,000,000 for the financing of solid waste disposal equipment and facilities at the company's Monroe Power Plant. The Company is currently working with its engineers, Monroe Power Plant supervisors, and consultants to finalize the engineering report for the project, including cost estimates for the portion of the project that qualifies as solid waste under federal tax law. This information is needed in order to properly size the bond issue. The process has taken longer than the Company originally anticipated and it is not likely the engineering report and cost estimates will be finalized in time to close the bond issue by the November 22 sunset date established in the Authorizing Resolution. The Company does expect to have the information finalized by the end of November and is requesting an extension of the sunset date for the authorization from November 22, 2006, to December 19, 2006.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-249. Jeffrey Leithauser seconded the motion. The motion carried.

ROLL CALL:

Adopted:

AYES: Brian Ellis, James Epolito, Robert Kleine, Jeffrey Leithauser,
Richard Rassel, Robert Swanson

NAYS: None

RECUSED: George Jackson

[George Jackson returns to meeting.]

Resolution 2006-250 – Recision of Resolution 1997-138 – Operations Resolution

This issue is further described in proposed Resolution 2006-250.

John Czarnecki said that in 1997, the MSF Board passed Resolution 1997-138 which waived the bond issuance fee in a Renaissance Zone created pursuant to Public Act 376 of 1996. Resolution 1997-138 was passed to promote economic development in the Renaissance Zone program. Since the passage of the Resolution, the Renaissance Zone Act has been amended numerous times to include Agricultural Processing Renaissance Zones, Tool and Die Recovery Zones, Forest Products Processing Zones, Renewable Energy Renaissance Zones, and Redevelopment Renaissance Zones.

The Renaissance Zone program has become very popular. Since the state is abating all existing taxes in these zones, MEDC staff feels there is no need to continue waiving the fees for Industrial Development Revenue Bonds for projects financed that are located in Renaissance Zones. This resolution rescinds Resolution 1997-138. MEDC staff recommends adoption of the resolution.

Richard Rassel asked the amount of the application fee and what the money is used for. Mr. Czarnecki replied that it is \$1,000 and is used for staff salaries. He further explained that an issuance fee is required on or before the closing of the project financing and the fee structure is one-quarter of one percent for \$10 million or less. The maximum issuance fee chargeable to non-profit corporations is \$40,000.

Brian Ellis asked how the MEDC arrived at the one-quarter of one percent fee. Mr. Czarnecki replied that it is the same percentage that was previously charged. Tim Konieczny commented that the fee is somewhat driven by federal tax law.

Robert Swanson stated that he supports the Renaissance Zone program. It has been successful, but the program today is very different than how it originally began. It is more company specific and reinstating the fee levels the playing field.

Mr. Rassel asked what the financial impact would have been for the Renewable Energy Renaissance Zone project that the MSF Board approved at the September 2006 meeting if the company (Biofuel Industries Group, LLC) would have been required to pay a fee. Mr. Czarnecki replied approximately \$70,000.

Mr. Ellis said he was concerned that this is a hidden tax and the state is reinserting itself in the process. Mr. Czarnecki replied that the program has shifted from a geographic focus to company specific. MEDC staff feels reinstating the fee is fair and treats everyone equally across the board.

Mr. Ellis asked if the MEDC previously charged a specific fee. Mr. Czarnecki replied that a fee was charged prior to 1997.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-250. Robert Kleine seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND:

Diane Cranmer gave an overview of the history of the Industrial Development Revenue Bond Program and then reviewed allocation issues. In the late 1980s, Congress amended the Federal Tax Law and placed limitations on the amount of tax exempt private activity bonds each state could issue during any one calendar year. Congress also empowered each state to develop a system for the allocation of the Unified Volume Limitation (UVL) for state and local issuers. For the determination of allocation to the states the amount is based on the population census from the U.S. Census Bureau times a current multiplier of \$80 per person. The UVL allocation to Michigan in 2006 was \$809,668,800. In 2004, the UVL allocated to Michigan was \$804,398,900 and in 2005, the UVL allocated to Michigan was \$809,009,600. The UVL allocated to Michigan changes each year based upon information received from the U.S. Census Bureau and the current multiplier at that time.

In addition to the Michigan Strategic Fund (MSF), other issuers include the Michigan State Housing Development Authority (MSHDA), the Michigan Higher Education Student Loan Authority (MHESLA), and local issuers, i.e., local economic development corporations (EDCs).

Each year-end, the Michigan Department of Treasury surveys the agencies issuing bonds to determine what they would like in allocation for the upcoming year. If the expected demand for private activity bonds exceeds the UVL, the State Treasurer is required to develop an allocation system. Since the process has been in place, the State Treasurer has had to develop an allocation for the new calendar year. The MSF received \$144,000,000 in 2006 based upon information submitted for small-issue manufacturing and solid waste projects; MSHDA received \$230,000,000 for single and multi-family housing and mortgage credit certificates; MHESLA received \$420,000,000 for student loan programs; and the local EDCs received \$8,000,000 for small-issue manufacturing projects. Not all the UVL was initially allocated, with \$7,688,800 held for future use.

At year end, the MSF may carry-forward unused allocation received from the UVL for solid waste projects only. The carry-forward amount is valid for three years from issuance. Ms. Cranmer reviewed the carry-forward amounts in 2004 and 2005, anticipated projects for each year, and projects that were issued. The remaining 2004 and 2005 carry-forward total is approximately \$179,751,510. It is expected that of the \$144,000,000 in allocation issued for the MSF in 2006, approximately \$77,136,000 will remain. At the present time, staff recommends the MSF carry-forward this entire amount for solid waste activities, bringing the total amount of carry-forward to \$256,887,510. The other option would be to return it to the Michigan Department of Treasury and they could reallocate it to the other two issuing agencies.

Ms. Cranmer said anticipated solid waste projects total \$763,216,340. The remaining 2004 carry-forward amount of \$82,863,800 must be used by December 31, 2007. The 2005 carry-forward amount of \$96,887,710.87 must be used by December 31, 2008, and the 2006 carry-forward of \$77,136,000 must be used by December 31, 2009. If the carry-forward amounts are not used by these dates, that allocation is lost to the State of Michigan.

In reviewing the anticipated 2007 projects, with the capital expenditure limitation limit rising from \$10 million to \$20 million, it is anticipated there will be increased bond activity for small-issue manufacturing projects. It is expected that projects seeking financing for small issue manufacturing projects for 2007 will total approximately \$86,000,000. The Board to date has induced projects seeking financing total \$171,620,000. This amount assumes the MSF Board will induce all the projects on its November agenda. Taking into consideration the projects the Board has already induced, plus the amounts projected by financial institutions and bond counsel firms, an allocation of \$257,620,000 is needed. Because of the new capital expenditure limitation, it is anticipated an additional \$60,000,000 will be needed for projects that will be brought to the Board for inducement in 2007. Therefore, staff recommends the MSF request, at a minimum, \$315,000,000 for small issue manufacturing projects.

Because carry-forward allocation has a three-year time limit, staff recommends to the Board that solid waste projects be issued on a first come, first served basis until the carry-forward allotment for 2004, 2005, and 2006 of \$256,887,510 is exhausted.

Richard Rassel moved that solid waste projects be issued on a first come, first served basis until the carry-forward allotment for 2004, 2005, and 2006 of \$256,887,510 is exhausted. Robert Swanson seconded the motion. The motion carried. Robert Kleine abstained from voting due to a potential conflict of interest.

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Jeffrey Leithauser, Richard Rassel, Robert Swanson

NAYS: None

ABSTAINED: Robert Kleine

On April 7, 2005, the MSF Board adopted Resolution 2005-234 which states that projects requiring the use of unified volume limitation allotted to the MSF shall be prioritized in the following order: a) qualified small issue bonds for manufacturing projects; b) exempt facility bonds for qualified solid waste disposal facilities for companies disposing of waste generated by those companies; and 3) exempt facilities bonds for qualified solid waste disposal facilities which dispose of waste through recycling. To comply with the Resolution, once the carry-forward is exhausted, no solid waste projects will be funded in 2007 until it is determined that all small-issue manufacturing projects can be accomplished with the 2007 allocation.

Ms. Cranmer said staff recommends that the MSF carry-forward the remaining \$77,136,000 in 2006 allocation for solid waste projects and that the MSF request \$315,000,000 in allocation for calendar year 2007 for small issue manufacturing projects.

Robert Swanson moved to carry-forward \$81,000,000 in 2006 allocation for solid waste projects and seek an allocation of \$320,000,000 for calendar year 2007 for small issue manufacturing projects. Richard Rassel seconded the motion. The motion carried. Robert Kleine abstained from voting due to a potential conflict of interest.

Adopted:

AYES: Brian Ellis, James Epolito, George Jackson, Jeffrey Leithauser,
Richard Rassel, Robert Swanson

NAYS: None

ABSTAINED: Robert Kleine

COMMUNITY DEVELOPMENT BLOCK GRANT – JOB CREATION:

Resolution 2006-251 – Berrien County – Ace Companies LLC – \$260,000

This project is further described in proposed Resolution 2006-251.

Resolution 2006-252 – City of Alpena – ECR Technologies – \$450,860

This project is further described in proposed Resolution 2006-252.

James Epolito asked if there were any questions from the Board. There being none, Jeffrey Leithauser motioned approval of proposed Resolutions 2006-251 and 2006-252. George Jackson seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – PLANNING:

Resolution 2006-253 – City of Wayland – \$18,825

This project is further described in proposed Resolution 2006-253.

Resolution 2006-254 – City of Tecumseh – \$50,000

This project is further described in proposed Resolution 2006-254.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolutions 2006-253 and 2006-254. Richard Rassel seconded the motion. The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS AND AVAILABLE BALANCES:

Doug Voshell provided the Board with an update on the Community Development Block Grant status of funds and available balances. He noted the state may see a five percent reduction in next year's allocation from what it received in 2006. The funding is expected in January 2007.

The meeting adjourned at 2:53 p.m.

ADOPTED MINUTES

A meeting of the Michigan Strategic Fund was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan, on December 20, 2006.

MEMBERS PRESENT:

James Epolito
Linda Ewing
James Herbert
Robert Kleine
Jeff Leithauser
Richard Rassel
Charles Rothstein
Jay Shah
Robert Swanson

MEMBERS ABSENT:

George Jackson

CALL TO ORDER:

The meeting was called to order at 1:05 p.m.

ADOPTION OF MINUTES:

Robert Swanson moved that the November 15, 2006 minutes be approved. Linda Ewing seconded the motion. The motion carried.

PUBLIC COMMENT:

There was no public comment.

MOTION FOR A TEMPORARY CHAIR:

James Epolito would be recused for Item J. 1. John Czarnecki requested a motion from the Board to appoint James Herbert as temporary chair. Jay Shah motioned James Herbert be appointed temporary chair. Jeff Leithauser seconded the motion. The motion carried.

COMMUNICATIONS:

John Czarnecki told the Board that recusal letters had been received from Jeff Leithauser, James Epolito, and Richard Rassel for 21st Century Jobs Fund Program, Tool and Die Recovery Zone, and Industrial Development Revenue Bond projects.

A letter had also been received from Brian Ellis resigning from the Michigan Strategic Fund Board.

21st CENTURY JOBS FUND PROGRAM:

Resolution 2006-255 – Defense Contract Coordination Center funding request.

This action is further described in proposed Resolution 2006-255.

James Epolito was recused for this discussion. James Herbert acted as temporary chair.

Penny Stump provided the Board with background information.

Ms. Stump advised the Board that since the January 24, 2006, MSF board approval for a resolution acknowledging that the MEDC would provide administrative services to the Center, an extensive search for a Center director has taken place.

MEDC has selected the services of recently retired Senior Executive Services officer and former Director of the US Army Tank-Automotive and Armaments Command Acquisition Center, Daniel Mehney, to take on a consulting role to lead the MEDC in developing a strategy and plan to get the Center operational. MEDC requests that the MSF authorize funding for Center start-up operations. This funding request of \$100,000 will be targeted toward the development of a Center strategic plan and business plan. The business plan will include the percentage of funds expected to be used for operating expenses, grants and loans.

James Herbert asked if there were any questions from the Board.

Robert Swanson asked what the status for hiring a permanent director was. Ms. Stump explained that, at this time, they would be hiring a consultant to assist in developing the framework and business plan.

James Herbert asked the timeframe for expending the entire \$10 million. Ms. Stump replied between three to five years.

Mr. Herbert asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-255. Jeff Leithauser seconded the motion. The motion carried.

James Epolito returns to meeting.

Update on Status of 21st Century Jobs Funds available:

Jeff Mason provided the Board with a brief history of the \$400 million securitized for 21st Century Jobs Fund Program investments. There will be an additional \$75 million appropriated for fiscal year 2008, and ongoing to 2015. The appropriations will total \$1 billion.

Mr. Mason provided the Board with an outline of specific legislative appropriations and how these monies flowed through the Michigan Strategic Fund. There is a current balance of \$34.1 in unallocated funds.

James Epolito asked if all the contracts have been completed from the 1st round of funding. Mr. Mason explained that one company did not accept funding. More than half of the companies had signed, and there is a possibly a handful not moving forward for various reasons.

James Epolito inquired as to what type of reasons might be given. Mr. Mason explained problems geared toward due diligence and requests for grants rather than a loan.

James Herbert inquired about the \$75 million available in 2008, how much would be earmarked. Robert Swanson responded that this is hard to say because of the legislative process.

Richard Rassel arrives at meeting 1:40 p.m.

Request from SEIC Board for funding allocation:

Jeff Mason provided the Board with background information for the funding allocation.

A memorandum to the Michigan Strategic Fund Board from Dr. David Canter, Chairperson, Strategic Economic Investment and Commercialization Board, was included in this month's Board packet.

The memorandum explained to the Board that the SEIC Board completed the first round of competition and awarded 84 projects, resulting in the creation of over 3,000 direct jobs in 16 counties across the state of Michigan.

The 84 projects included:

- 37 advanced automotive, manufacturing, and materials;
- 7 alternative energy;
- 9 homeland security/defense; and
- 31 life sciences sector projects.

The SEIC Board formed a subcommittee to review the first round competition and recommended changes and/or improvements for future competitions.

At the SEIC Board meeting on December 8, 2006, the subcommittee presented their recommendations that a second round competition be limited to only for-profit commercialization proposals, applied research proposals that are near commercial viability, and a program to match private companies who are receiving federal Small Business Innovation Research Phase II funding.

As a result of these recommendations and process improvements, the SEIC Board is preparing final drafts of applications for a second round competition. In order to move forward with a second round competition, the SEIC Board is requesting the MSF Board to provide an additional \$34.1 million in allocation to fund a 21st Century Jobs Fund competition in 2007.

James Epolito asked if there were any questions from the Board.

There was considerable discussion by the Board regarding the request. A number of Board members expressed concern that funds would not be available to undertake other projects should they come up in the remaining nine months of the fiscal year. There was discussion amongst Board members regarding potential options under the Loan Enhancement window under the 21st Century Jobs Fund legislation.

James Epolito suggested that the MSF Board send a letter to the SEIC Board outlining the Board's concerns.

There was discussion amongst Board members about the need for more dialogue between the MSF and SEIC Boards.

Robert Swanson motioned that Item J.3 be tabled. Richard Rassel seconded the motion. The motion carried.

TOOL AND DIE RECOVERY ZONES:

Shannon Crawford provided the Board with an overview of the purpose of the legislation for creating Tool and Die Recovery Zones. The focus of this legislation is to assist the state's tool and die industry by making companies tax free if they agree to collaborate with other tool and die companies.

James Herbert asked what criteria is used to evaluate the effectiveness of this legislation.

John Czarnecki explained that monitoring of the companies is done on a yearly basis. Evidence of collaboration is requested. If this information is unavailable in the future, staff could recommend revocation of the zone to the MSF Board.

James Herbert inquired as to whether the collaborations are working.

James Epolito responded affirmative. Belonging to a collaboration appears to be strengthening the industry. Shannon Crawford concurred.

Resolution 2006-256 – AIM Tool & Die – Grand Haven, Ottawa County – joining existing Tooling Advantage Group Recovery Zone

This action is further described in proposed Resolution 2006-256.

Resolution 2006-257 – Northwest Tool & Die Co., Inc. – Walker, Kent County – joining existing United tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-257.

Resolution 2006-258 – Dane Systems, LLC – Stevensville, Berrien County – joining existing Berrien Tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-258.

Resolution 2006-259 – Advanced Tolling systems – Comstock Park, Kent County – joining existing Tooling Systems Group Recovery Zone

This action is further described in proposed Resolution 2006-259.

Resolution 2006-260 – Concept Tooling Systems, Inc. – Walker, Kent County – joining existing Tooling Systems Group Recovery Zone

This action is further described in proposed Resolution 2006-260.

Resolution 2006-261 – Tooling Systems Group Components, Inc. – Walker, Kent County – joining existing Tooling Systems Group Recovery Zone

This action is further described in proposed Resolution 2006-261.

Resolution 2006-262 – Morren Mold & Machine, Inc. – Allendale, Ottawa County - joining existing Coopersville tooling Coalition Recovery Zone

This action is further described in proposed Resolution 2006-262.

James Epolito asked if there were any further questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolutions 2006-256 through 2006-262. Jay Shah seconded the motion. The motion carried.

TOOL AND DIE RECOVERY ZONES:

John Czarnecki explained to the Board that this item is presented to the Board to revoke Distinctive Machine Corporation's designated recovery zone in Walker, Michigan and redesignation in their present location in Rockford, Michigan. The company has moved to expand their operations.

Resolution 2006-263 – Distinctive Machine Corporation – Walker, Kent County – revocation

This project is further described in proposed Resolution 2006-263.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned approval of proposed Resolution 2006-263. Robert Swanson seconded the motion. The motion carried.

Resolution 2006-264 – Distinctive Machine Corporation – Rockford, Kent County – designation at new location

This project is further described in proposed Resolution 2006-264.

James Epolito asked if there were any questions from the Board. There being none, Charles Rothstein motioned approval of proposed Resolution 2006-264. Richard Rassel seconded the motion. The motion carried.

**RECOMMENDATIONS FOR DESIGNATION FOR TOOL & DIE RENAISSANCE
RECOVERY ZONES:**

John Czarnecki advised the Board that there were eight Recovery Zones available. This year's round received six applications, involving 55 companies. There are now 23 Recovery Zones with a total of 193 companies. There are two zones available for designation during the next round in 2007.

Richard Rassel recused.

Resolution 2006-265 – Michigan Coast to Coast Tool & Die Collaborative, LLC

This project is further described in proposed Resolution 2006-265.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned approval of proposed Resolution 2006-265. Jeff Leithauser seconded the motion. The motion carried.

Richard Rassel returns

Resolution 2006-266 – Capital Area Tooling Partnership

This project is further described in proposed Resolution 2006-266.

Resolution 2006-267 – First Choice Machining Solutions

This project is further described in proposed Resolution 2006-267.

Resolution 2006-268 – Muskegon Tooling Alliance

This project is further described in proposed Resolution 2006-268.

Resolution 2006-269 – Northwest Michigan Tooling Coalition, LLC

This project is further described in proposed Resolution 2006-269.

Resolution 2006-270 – Tool Makers Alliance

This project is further described in proposed Resolution 2006-270.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolutions 2006-266 through 2006-270. Jay Shah seconded the motion. The motion carried.

RENEWABLE ENERGY RENAISSANCE ZONES:

John Czarnecki provided an update to the Board on Biofuel Industries Group, LLC (BIG) approved at the September 27, 2006 MSF Board meeting. The MSF's recommendation was contingent upon the financing structure being place that would permit BIG to construct and operate a qualifying renewable energy facility in the proposed renewable energy zone.

On December 5, 2006, the MEDC received a financial commitment letter from BIG's financial institution for BIG to construct the renewable energy facility; however, at this time we were informed that BIG would not be closing on the property where the facility was to be located until after January 1, 2007. Therefore, the recommendation for BIG's renewable energy renaissance zone to the State Administrative Board for final designation will not be until February 6, 2007 and the effective date for the zone designation, if approved by the State Administrative Board, would be January 1, 2008.

Jeff Leithauser leaves meeting.

MSF DESIGNATED RENAISSANCE ZONES:

Resolution 2006-271 – Alpinist Endeavors, LLC – City of Walker, Kent County

This project is further described in proposed Resolution 2006-271

John Czarnecki provided the Board with background information on this project.

The Michigan Economic Development Corporation received an application from the City of Walker, Kent County, for the establishment of a Redevelopment Renaissance Zone designation for an industrial site owned by Alpinist Endeavors, LLC. The portion to be designated consists of less than 45 acres. The population of both the City of Walker and the County of Kent meet the requirements set forth in the Michigan Renaissance Zone Act.

It is Alpinist Endeavors intent to work with the City of Walker to attract industrial development to the interior of the site and mixed use development and residential facilities to the remainder of the site.

The City of Walker has consented to the creation of a RRZ for the Alpinist Endeavors site for a 15 year period beginning January 1, 2007 and ending December 31, 2021, for Single Business Tax and income tax purposes. For property tax purposes, the zone begins December 31, 2006 and ends December 31, 2020.

Jack Buchanan, representative from Alpinist Endeavors, LLC, addressed the Board providing additional information. Alpinist Endeavors, LLC is currently developing 800,000 square feet into four-six different suites. The project will consist of revitalization

for mix-use. They have their first tenant, GR spring & Stamping which employs between 125-150.

Cathy VanderMeulen, City Manager, City of Walker was in attendance to confirm the city's support of this project. She advised the Board that this project will use both private and public dollars.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned approval of proposed Resolution 2006-271. Richard Russel seconded the motion. The motion carried.

Resolution 2006-272 – Dow Corning Corporation – City of Midland, Midland, County

This project is further described in proposed Resolution 2006-272

John Czarnecki provided the Board with background information on this project.

The Michigan Economic Development Corporation has received an application from the City of Midland, Midland County, for the establishment of a Redevelopment Renaissance Zone designation for an industrial site owned by Dow Corning Corporation. The industrial site consists of more than 475 acres. The population of both the City of Midland and the County of Midland meet the requirements set forth in the Michigan Renaissance Zone Act.

The creation of this zone is intended to promote the development and revitalization of existing industrial facilities and provide an opportunity to entice Dow Corning to expand their operations in the City of Midland. A renaissance zone designation will allow this site to be more competitive in attracting investment by its internal businesses that can locate in other sites within the United States, as well as overseas.

The City of Midland has consented to the creation of a RRZ for the industrial site for a 15 year period beginning January 1, 2007, and ending December 31, 2021, for Single Business Tax and income tax purposes. For property tax purposes, the zone brings December 31, 2006 and ends December 31, 2020.

Ken Kaufman, Site Manager, Dow Corning Corporation addressed the Board providing additional information. The designation would allow their Corporation to retain their current number of employees as well as hire 50 additional employees. It is the Corporation's feeling that this designation will assist in attracting more facilities to the site and help grow jobs in the city of Midland.

Jack Duso, Assistant City Manager, City of Midland, was in attendance to confirm the city's support.

Scott Walker, Executive Director, Midland Tomorrow, thanks the Board for their support.

Jay Shah asked if their suppliers were in or out of state. Mr. Kaufman advised that their suppliers were currently located in Connecticut.

James Epolito asked if there were any additional questions from the Board. There being none, Jay Shah motioned for approval of proposed Resolution 2006-272. Robert Swanson seconded the motion. The motion carried.

Resolution 2006-273 – Eaton Corporation – Jackson, Jackson County

This project is further described in proposed Resolution 2006-273.

John Czarnecki provided the Board with background information for this project.

The Michigan Economic Development Corporation received an application from the City of Jackson, Jackson County, for the establishment of a Redevelopment Renaissance Zone designation for an industrial site owned by Eaton Corporation. The industrial site consists of one or more adjacent parcels totaling five or more acres. The population of both the City of Jackson and the County of Jackson meet the requirements set forth in the Michigan Renaissance Zone Act.

Eaton Corporation is currently reviewing a consolidation plan for their two locations in Jackson County. The creation of this zone is intended to promote the redevelopment and revitalization of one of their industrial facilities in Jackson County.

The City of Jackson has consented to the creation of a RRZ for the industrial site for a 15 year period beginning January 1, 2007, and ending December 31, 2021, for Single Business Tax and income tax purposes. For property tax purposes, the zone begins December 31, 2006 and ends December 31, 2020.

Sante Perrelli stated that the legislation authorizing the MSF Board to designate this site and a site in Grand Rapids (MBtech Autodie, LLC) had not been signed by the Governor yet as far as he was aware. He advised the Board that unless the legislation has already been signed by the Governor and filed with the Office of the Great Seal, the Board did not have authority to designate the zone at this meeting. Information was provided that the Governor would be signing the legislation today. Timing issues were discussed regarding the signing and filing of the legislation and the ability of the Board to approve the resolution prior to the end of the year in the event that the legislation had not yet been signed and filed.

Based on the assumption that the legislation was signed and filed today, James Epolito asked if there were any further questions from the Board. There being none, Robert Kleine motioned for approval of proposed Resolution 2006-273. James Herbert seconded the motion. The motion carried.

Resolution 2006-274 – Mbtech Autodie, LLC – City of Grand Rapids, Kent County

This project is further described in proposed Resolution 2006-274.

John Czarnecki provided the Board with background information for this project.

The Michigan Economic Development Corporation received an application from the City of Grand Rapids, Kent County, for the establishment of a Redevelopment Renaissance Zone designation for an industrial site owned by MBtech Autodie, LLC. The industrial site consists of more than 14 acres and less than 16 acres in size. The population of both the City of Grand Rapids and the County of Kent meet the requirements set forth in the Michigan Renaissance Zone Act.

MBtech Autodie, a division of German automaker Mercedes Benz, has recently purchased Autodie International, a tool and die shop previously located on this site. The creation of this zone is intended to promote the redevelopment and revitalization of these existing industrial facilities. MBtech Autodie has indicated that it will hire many of Autodie International's former employees and retrain them in MBtech Autodie's new manufacturing methods.

The City of Grand Rapids has consented to the creation of a RRZ for the industrial site for a seven year period beginning January 1, 2007, and ending December 31, 2013, for Single Business Tax and income tax purposes. For property tax purposes, the zone begins December 31, 2006 and ends December 31, 2012.

Based on the assumption that the legislation authorizing the Board to designate this zone had been signed and filed today, James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolution 2006-274. James Herbert seconded the motion. The motion carried.

INDUSTRIAL DEVELOPMENT REVENUE BOND INDUCEMENTS:

Resolution 2006-275 – Apollo Plating – Taylor, Wayne County - \$5,000,000 – New/Manufacturing

This project is further described in proposed Resolution 2006-275.

Jim Grimes, Vice President/General Manager, Apollo Plating provided the Board with background information on this project.

The company provides electroplating of fabricated metal and plastic products for the automotive industry.

The project includes financing the acquisition of land and an existing approximately 40,000 square foot manufacturing facility, the rehabilitation of the facility, an approximately 4,000 square foot addition to the facility and the acquisition and install of machinery and equipment. The company expects to create approximately 79 new jobs.

James Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned for approval of proposed Resolution 2006-275. Charles Rothstein seconded the motion. The motion carried.

Resolution 2006-276 – Nuvar Properties, LLC – Holland, Allegan County - \$3,000,000 – New/Manufacturing & Refunding

This project is further described in proposed Resolution 2006-276.

Mark Kuyper, President, Nuvar Properties, provided the Board with background information on this project.

Nuvar Properties, LLC is the real estate holding company for Nuvar, Inc. The company manufactures office furniture predominately for Herman Miller and Steelcase.

The project includes financing an approximately 25,000 square foot addition to the company's existing manufacturing facility and the acquisition and installation of machinery and equipment. The project also includes refunding bonds issued by the MSF to the company in 1996.

The company expects to create approximately 20 new jobs within the next 2-3 years.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned for approval of proposed Resolution 2006-276. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-277 – PureFlex, Inc. – Kentwood, Kent County - \$5,500,000 – New/Manufacturing

This project is further described in proposed Resolution 2006-277.

Paul TenBrock, CFO, PureFlex, Inc., provided the Board with background information on this project.

The company is a high-purity hose, fitting and advanced composite valve manufacturer for customers primarily in the pharmaceutical and chemical industry.

The project includes financing the acquisition of land and an existing approximately 1152, 000 square foot manufacturing facility, the rehabilitation of the facility, and the acquisition and installation of machinery and equipment.

The company expects to create approximately 255 new jobs.

James Epolito asked if there were any questions from the Board. There being none, Charles Rothstein motioned for approval of proposed Resolution 2006-278. Richard Rassel seconded the motion. The motion carried.

Resolution 2006-278 – IGA Abrasives, LLC – Wyoming, Kent County - \$2,000,000 – New/Manufacturing

This project is further described in proposed Resolution 2006-278.

Lyman Munson, President, IGA Abrasives, LLC, provided the Board with background information on this project.

IGA Abrasives, LLC purchased the operating assets of Internal Grinding/Internal Honing in November of 2006. The company is a manufacturer of high precision, vitrified abrasive grinding wheels and honing sticks.

The project includes financing the acquisition of land and an existing approximately 33,000 square foot manufacturing facility, the rehabilitation of the facility, and the acquisition and installation of machinery and equipment.

The company expects to create approximately 27-52 new jobs.

James Epolito asked if there were any questions from the Board. There being none, Charles Rothstein motioned approval for proposed Resolution 2006-278. Jay Shah seconded the motion. The motion carried.

Charles Rothstein steps out of meeting.

INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUING:

Resolution 2006-279 – Premiere Packaging, Inc./Premiere Property Holdings, LLC – Mundy Charter Township, Genesee County - \$1,230,000 – New/Manufacturing and \$1,350,000 Refunding

This project is further described in proposed Resolution 2006-279.

Diane Cranmer provided the Board with background information on this project.

Premiere Property Holdings, Inc. ("Holdings"), is a Michigan limited liability company formed in March 1988 for the sole purpose of acquiring the land and the building which houses Premiere packaging, Inc., ("Packaging"), a Michigan corporation. Holdings is a wholly owned subsidiary of Packaging. Packaging manufactures and packages specialty household and automotive chemicals.

The project includes financing an approximately 15,065 square foot addition to an existing facility, site improvements, and the acquisition and installation of machinery.

The company expects to created approximately 40-50 new jobs.

James Epolito asked if there were any questions from the Board. There being none, James Herbert motioned approval for proposed Resolution 2006-279. Jay Shah seconded the motion. The motion carried.

ROLL CALL

AYES: James Epolito, Linda Ewing, James Herbert, Robert Kleine, Richard Rassel, Jay Shah, Robert Swanson

NAYS: None.

Richard Rassel recused.

Resolution 2006-280 – GreenPath, Inc. – Farmington Hills, Oakland County - \$4,000,000 – New/Refinancing – Non-Profit

This project is further described in proposed Resolution 2006-280.

Diane Cranmer provided the Board with background information on this project.

GreenPath, Inc. provides professional counseling and education to families and individuals needing guidance in the management of personal finances and budgeting, arranges for programs of orderly debt repayment in appropriate cases, provides the counseling and education required under the Bankruptcy Abuse Prevention and Consumer Protection Act, and educates the general public in the areas of personal finance, budgeting and wise use of credit.

The project includes financing the purchase of office furniture and equipments, and the construction of certain leasehold improvements for approximately 32,995 square feet of office space. It also includes the purchase of furniture, fixtures and information technology related to equipment as well as refinancing certain outstanding indebtedness.

James Epolito asked if there were any questions from the Board. There being none, Robert Kleine motioned for approval of proposed Resolution 2006-280. Linda Ewing seconded the motion. The motion carried.

ROLL CALL

AYES: James Epolito, Linda Ewing, James Herbert, Robert Kleine, Jay Shah, Robert Swanson

NAYS: None.

RECUSED: Richard Rassel

Richard Rassel returns

Resolution 2006-281 – Vico Products Co. – Charter Township of Plymouth, Wayne County - \$2,000,000

This project is further described in proposed Resolution 2006-281.

Diane Cranmer provided the Board with background information on this project.

Vico Products Co. is a manufacturer of cold head products including specialized steel fasteners for anchor pins, staked studs, caliper pins, wheel bolts, etc.

The project includes financing the acquisition and installation of machinery and equipment.

The company expects to create approximately six new jobs.

James Epolito asked if there were any questions from the Board. There being none, Richard Rassel motioned for approval of proposed Resolution 2006-281. Jay Shah seconded the motion. The motion carried.

ROLL CALL

AYES: James Epolito, Linda Ewing, James Herbert, Robert Kleine, Richard Rassel, Jay Shah, Robert Swanson

NAYS: None.

Charles Rothstein returns to meeting

COMMUNITY DEVELOPMENT BLOCK GRANT – AMENDMENTS:

Resolution 2006-282 – Village of Mendon - \$300,000 – Lear Corporation

This project is further described in proposed Resolution 2006-282.

Resolution 2006-283 – Marquette County - \$30,000 – B-3 Computers, Inc. Loan Project

This project is further described in proposed Resolution 2006-283.

James Epolito asked if there were any questions from the Board. There being none, Robert Swanson motioned for approval of proposed Resolutions 2006-282 and 2006-283. James Herbert seconded the motion.

The motion carried.

COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS AND AVAILABLE BALANCES:

Doug Voshell provided the Board with an update on the Community Development Block Grant status of funds and available balances.

The meeting adjourned at 2:55 p.m.