

**MICHIGAN STRATEGIC FUND BOARD**  
**APPROVED MEETING MINUTES**  
**March 24, 2015**

**Members Present:**

Paul Anderson  
Steve Arwood  
Andrew Lockwood (on behalf of Treasurer Clinton)  
Terri Jo Umlor  
Jody DePree Vanderwel  
Jim Walsh  
Shaun Wilson  
Mike Zimmer

**Members Absent:**

Larry Koops

**Call to Order:** Mr. Arwood called the meeting to order at 10:02 am

**Public Comment:** Mr. Arwood asked if there were any members of the audience. No comments.

**Communications:** None

**A. Administrative**

**Resolution 2015-025 Ratification of Board Operating Documents**

*Jarrod Smith, Assistant Attorney General, Finance Division, provided the Board with information on this item.*

As a result of Governor Snyder's Executive Order 2014-12, effective March 16, 2015, the Michigan Strategic Fund was transferred from the state Department of Treasury to the newly created Department of Talent and Economic Development. Included in this transfer of the agency to the new department, the MSF Board was abolished and recreated. This resolution therefore ratifies: "all rules, orders, contracts, plans, and agreements relation to the functions transferred by this [Executive] Order lawfully adopted prior to the effective date of this [Executive] Order by the responsible state agency shall continue to be effective until revised, amended, or rescinded".

Mr. Arwood asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2015-025. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**B. Consent Agenda**

**Resolutions 2015-026 through 2015-030 – March 2015 Consent Agenda**

Mr. Arwood asked if there were any questions from the Board on any of the items within the Consent Agenda. There being none, Jody DePree Vanderwel motioned for the approval of the following:

Proposed Meeting Minutes – **February 24, 2015**  
Harrington Tool & Die – Renaissance Zone Revocation **2015-027**  
BorgWarner, Inc. – MBDP Amendment **2015-028**  
ADP Dealer Services, Inc. – MBDP Amendment **2015-028**  
Huron River Ventures Agreement – Accelerator Fund Amendment **2015-030**

Mike Zimmer seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

### **C. Business Investment**

#### **Resolution 2015-031 Superior Trade Zone Approval**

*Peter Anastor, Next Michigan Development Corporation, provided the Board with information regarding this action item.* The MEDC received the application for the Superior Trade Zone Next Michigan Development Corporation (NMDC), which includes the interlocal agreement approved by Governor Snyder's office. The benefits of an NMDC include the ability to form partnerships to leverage assets in order to support the development of multi-modal companies and the ability to utilize incentives that are not otherwise available to certain communities due to their population or other factors. Current legislation allows for seven NMDCs in Michigan. Five NMDCs have been designated thus far.

The following counties and communities have entered into the Interlocal Agreement to create the Superior Trade Zone NMDC:

- Delta County, Marquette County, City of Escanaba, City of Gladstone, City of Marquette, Bark River Township, Chocolay Township, Ely Township, Ford River Township, Forsyth Township, Garden Township, Township of Ishpeming, Township of Maple Ridge, Nahma Township, Richmond Township, Wells Township

#### **Staff Recommendation**

Staff recommends to the Michigan Strategic Fund the designation of the Superior Trade Zone as a Next Michigan Development Corporation with immediate effect, March 24, 2015.

#### **Board Discussion**

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the immediate execution strategy, should the agreement be approved, and the benefit to all participating in the collaborative effort. There being no further questions, Terri Jo Umlor motioned for the approval of Resolution 2015-031. Jim Walsh seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

#### **Resolution 2015-032 Detroit Diesel Corporation – MBDP Grant**

*Marcia Gebarowski, Development Finance Team, provided the Board with information regarding this action item.* This is request from the Applicant for a \$1,300,000 performance-based grant. This project involves the creation of 245 Qualified New Jobs, and a capital investment of up to \$208,000,000 in the Charter Township of Redford, Wayne County. The Applicant plans to make significant investment in plant upgrades and new machinery and equipment for a new medium-duty engine line at their facility in the Charter Township of Redford, make investments and create jobs related to heavy duty truck manufacturing. Competitive locations, including other Daimler facilities, including Mexico and Germany, offer cost savings based on several factors. With the commitment of state and local support, the Company made the decision to place production in Michigan so it will be made under the "Detroit" brand name.

#### **Staff Recommendation**

MEDC Staff recommends approval of the MBDP Grant for the amount requested, pursuant to the terms outlined in the resolution.

## **Board Discussion**

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the rehabilitation and expansion site details, as well as to the type of job creation anticipated. There being no further questions, Mike Zimmer motioned for the approval of Resolution 2015-032. Jody DePree Vanderwel seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

### **Resolution 2015-033 St. Mary's Cement – Brownfield Act 381 Work Plan**

*Ken Murdoch, Development Finance Team, provided the Board with information regarding this action item.* The County of Charlevoix Brownfield Redevelopment Authority is seeking approval to capture new local and school tax increment revenue for MSF eligible activities in the amount of \$4,133,214 over approximately 16 years. The total project investment is expected to be approximately \$130 million. The tax increment revenue will be utilized to redevelop approximately 100 acres of property located at 16000 Bells Bay Road in the Charlevoix Township. St. Mary's Cement Inc. owns and operates a cement manufacturing plant located in Charlevoix Township. The company is evaluating plans to expand operations and modernize the cement making process in order to increase production capacity at the plant from 1.2 million metric tons to two million metric tons. Approximately 10 permanent full-time jobs are anticipated to be created by the manufacturing portion of the project at an average hourly wage of \$49.34. The total capital investment will be approximately \$130 million.

St. Mary's Cement Inc. is evaluating other potential alternatives to this project, including reactivation of the St. Mary's Cement Inc. plant located in Dixon, Illinois. Officials in Illinois are considering potential assistance and incentives that might be offered to the Company to reactivate that facility. Brownfield TIF support is critical to the consideration of the Charlevoix expansion. When completed, the project will significantly add to local and state taxes. Charlevoix County's unadjusted jobless rate was 6.1% in November 2014. This project is expected to create approximately 10 new, full-time jobs in Charlevoix Township and retain approximately 139 full time jobs.

## **Staff Recommendation**

The MEDC recommends approval of the request by the County of Charlevoix Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$4,133,214 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$3,104,457.

## **Board Discussion**

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the environmental remediation costs, as well as the retention of the dock at the site, which would otherwise close to barge traffic, should the company relocate operations. There being no further questions, Andrew Lockwood motioned for the approval of Resolution 2015-033. Jody DePree Vanderwel seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

### **Resolution 2015-034 Triton Industries/Watertown Township – CDBG Grant**

*Trevor Friedeberg, Development Finance Team, provided the Board with information regarding this action item.* The Applicant is requesting \$1,400,000 in Community Development Block Grant (CDBG) funds for infrastructure improvements needed for the project. The Applicant expects that this project could result in private investment of \$2,643,650 and the creation of 37 jobs. The Company is a Lansing-based manufacturer of Manitou pontoon boats and has been in the area since 1985. Manitou pontoon boats are the industry leader in leisure, luxury, and performance pontoons. Manitou boats have a strong position within the luxury boat market and this has directly correlated to growth.

The Company's current facility cannot support its future growth. Due to the lack of room to expand, the Company began looking at alternatives in the region as well as out of state, particularly Elkhart, Indiana. Incentive assistance was critical to help level the playing field to make an expansion in the region viable from a cost standpoint and sway stockholders to choose Michigan.

### **Staff Recommendation**

MEDC Staff recommends a CDBG Infrastructure grant agreement in the amount of \$1,400,000 be authorized for the Watertown Charter Township for the Triton Industries, Inc. Project.

### **Board Discussion**

Mr. Arwood asked if there were any questions from the Board. Extensive discussion ensued pertaining to the methods and strategy used to search for an appropriate site in the Lansing area. It was determined that due to the massive size necessary for operations (over 100,000 square feet), options in the Lansing Area were not available. Discussion continued regarding federal funding of the CDBG program, the allocations to Michigan and remaining budget available for the funding year. Deb Stuart, Director of Community Development Incentive Programs, joined the discussion from the audience, and provided clarification on the federal funding, and the approved uses. Mr. Walsh contended that there was not sufficient effort to keep the facility in the Lansing area, and that as such he did not feel this project was an appropriate use if the limited CDBG funding available. There being no further questions, Andrew Lockwood motioned for the approval of Resolution 2015-034. Mike Zimmer seconded the motion. **The motion carried: 7 ayes; 1 nay, 0 recused.**

### **D. State Branding**

#### **Resolution 2015-035 Travel Website Re-launch – Request to Issue RFP**

*Kelly Wolgamott, Travel Michigan Team, provided the Board with information regarding this action item.* As a part of our continuing efforts to enhance and evolve the travelers' experience at Michigan.org; MEDC/Travel Michigan is seeking to rebuild the travel website. Michigan.org is one of the nation's premiere Travel and Tourism websites. In the end, we want to be the top destination website in the U.S. The purpose of this Request for Proposal is to locate a web design and development organization with a proven record of creating custom web solutions. The qualified company selected will be required to assist the Michigan Economic Development Corporation (MEDC) and its partners in creating a new website for Michigan.org.

### **Staff Recommendation**

The MEDC recommends that the MSF Board approve the release of the RFP to complete a competitive review process for the michigan.org website rebuild.

### **Board Discussion**

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the proposed project timeline once the RFP had been issued, as well as the use of Google Trekker for the photographs. There being no further questions, Jody DePree Vanderwel motioned for the approval of Resolution 2015-035. Jim Walsh seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

At this time, Mr. Walsh requested that the Board receive information regarding the appropriated funding that requires MSF Board action, and what the balances of those appropriations. Mr. Anderson further requested that same information be available for the prior two years, so that there was a basis for comparison. This information will be provided to the Board as requested.

Mr. Arwood adjourned the meeting at 11:08 am.