

MICHIGAN RURAL DEVELOPMENT FUND BOARD MEETING

March 17, 2016

Village of Mackinaw City
102 Huron St.
Mackinaw City, Michigan

Board Members Present:

Laura Braun, RD Fund Board Member
Margaret Minerick, RD Fund Board Member
Fred Taccolini, RD Fund Board Member
John Walters, RD Fund Board Member
Jamie Clover Adams, Chair, RD Fund Board and Director of MDARD

Other Attendees:

Maria Tyszkiewicz, MDARD
Matt Blakely, MDARD
Peter Anastor, MDARD
Dennis West, Northern Initiatives

The meeting was called to order by Jamie Clover Adams at 1:00 p.m.

Director Clover Adams welcomed the new Board appointed by Governor Snyder in December 2015. She provided an explanation of the Board duties and responsibilities.

Peter Anastor gave an overview of the Open Meetings Act, as well as the Freedom of Information Act.

Dennis West, President of Northern Initiatives, provided a presentation on his company and their efforts to support rural development. Mr. West stated that between 1994-2007 650 loans totaling \$36 million were given exclusively in the Upper Peninsula; with an average loan of \$55,000. Since 2008, 200 additional loans were given totaling \$50 million.

Mr. West also shared various maps (attached) depicting target markets, government jobs, manufacturing jobs, population in poverty, median household income, population under 18, and population over 65.

Mr. West also noted they are working with the Michigan Good Food Fund to create significant opportunities for rural communities. They tend to see a lot of small businesses (local, fresh, natural, authentic – it's what the market wants). In order to be successful, the business must offer something that people are seeking – quality product and service.

Several questions were asked of Mr. West including:

- What does the funding look like? 60% self-sufficient; focus on knowledge services; 210 loans in portfolio; goal of 70% using education tools.
- Why move to the Lower Peninsula? opportunity
- What two counties do you not have a loan? Missaukee and Kalkaska
- What role do you take with a lending institution? take whole loan primarily, but will buy down risk. 700 credit score required. Banks still maintains their relationships; banks take deposits.
- How can you help this Board? use as a resource.
- So if grantee doesn't fit the criteria, the Board could send them to Northern Initiatives? yes
- What projects do you see? broadband, maintenance of infrastructure, catalyst projects.

Peter Anastor and Maria Tyszkiewicz provided a synopsis of the statute (Act 411 of 2012) and answered board members questions. There is approximately \$1.9 million in the fund, with \$250,000 earmarked for the Department of Environmental Quality and \$200,000 for administering the fund. The remaining balance available for distribution is approximately \$1.5 million. These funds are provided from the nonferrous metallic minerals extraction severance tax and include non-ferrous metallic minerals (iron/copper). The fund will receive interest, but very minimal. Money will not be available until October 1, 2016. Funding will have to be provided through a Request for Proposal process. Typically, boards are a subordinate lender.

Discussion followed on what issues are seen in the communities. Broadband, downtown development, physical infrastructure, and funding for equipment were the most prevalent items. Need to be mindful of companies getting handouts with no accountability. Also concerns with applicants knowing how to navigate the system. Need to identify entities that could really use the funds.

Criteria must be established for the projects (what to evaluate them on). Need to identify the goal we want to achieve (gaps, workforce, jobs, communities); then determine how to fill the niche in rural communities.

Next Steps

1. Identify what other states are doing.
2. Identify programs currently in existence (MEDC and others).
3. Identify areas of opportunities.

There was no public comment

The Board determined that Jamie Clover Adams should continue as Chair.

Upcoming Meeting Dates and Location

Future meetings will be held in June and September. Current meeting location (Mackinaw City) was conducive to the group. Brenda Smith will confirm dates/location and notify Board members.

The meeting was adjourned at 2:36 pm.

Attachments (maps)