



Economic Development Corporation
Of Jackson County
Served By The Enterprise Group

**The Economic Development Corporation
Of Jackson County**

**Board Meeting
Wednesday, March 24, 2021
7:30 a.m. via Zoom**

Join Zoom Meeting

<https://us02web.zoom.us/j/81442584444?pwd=aHFyUUFqV2lxeG9MS0pMeUs4ejN4Zz09>

Meeting ID: 814 4258 4444 Passcode: 126819

Agenda

- I. Call to Order by Chair
- II. Public Comment
- III. *Approve Minutes from December 4, 2020 Annual EDC Board Meeting
- IV. *Approve EDC Financials through February 28, 2021
- V. *Authorize EDC Staff to prepare letter of request to the EDA to begin defederalization process
- VI. *Discuss/Approve EDC Resolution requesting defederalization of the RLF Program
- VII. Other EDC Updates
- VIII. Adjourn



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EDC ANNUAL BOARD MEETING MINUTES
December 4, 2020
Via Zoom

EDC Board Present (7): Mindy Bradish-Orta, Ron Ellison, Martha Fuerstenau, Jason Sanders, Laura Schlechte, Steve Shotwell and Phil Willis.

EDC Board Absent (2): Tim Levy and Robert Simmons

EDC Staff: Emily Cones, Debbie Kelly, Alex Masten and Tim Rogers.

Others: Mike Overton, Jackson County

EDC Chairman Ellison called the meeting to order at 7:35 a.m.

Public Comment: None.

Minutes of December 13, 2019: *Mr. Shotwell moved, with Mr. Willis supporting, the approval of the EDC Meeting Minutes from December 3, 2019. Unanimous approval.*

Minutes of June 5, 2020: *Mr. Willis moved, with Mr. Sanders supporting, the approval of the EDC Meeting Minutes from June 5, 2020. Unanimous approval.*

2019 EDC Audit:

Ms. Kelly informed the Board that Mr. Southern nor Mr. Biddix from Markowski & Co. was able to join the meeting to present the audit, but indicated they could prepare a one-page summary of the audit which she can share with EDC Board members once received. Ms. Kelly stated the audit was completed in June, and it is similar to the audits from previous years. Ms. Kelly told the Board that the EDA requires 75% of EDA funds to be out in the community, and that the EDC does not meet that requirement, which is one reason why the addendum was approved. Mr. Willis asked why the audit fee is charged against the operational fund and not the EDA funds. Ms. Kelly replied that it was recommended by Mr. Atkins a few years ago because the EDC was not in compliance with the EDA, but stated that can be changed. Mr. Willis stated that he would prefer the funds come out of the EDA account and not the operating fund, which the EDC has control over. Ms. Kelly agreed, and stated she will change it. Chairman Ellison told the Board that as a result of not having the one-page summary of the audit for review, the Board should consider to approve the audit subject to the review letter. ***Mr. Willis moved, with Ms. Bradish-Orta supporting the acceptance of the 2019 EDC Audit subject to the receipt of the 2019 EDC Audit one-page summary. Unanimous approval.***

2020 EDC End of Year Report:

Ms. Kelly informed the Board that between the City and County accounts, there is \$460,000 available to loan. She indicated that EG Staff have been extremely busy helping community partners to disburse grant funds to support small businesses as a result of COVID-19. Ms. Kelly stated that the EDA is reinvigorating lending requirements for RLF Programs seven years and older, and if passed into law, the EDC will no longer be required to submit semi-annual reports to the EDA. Mr. Sanders asked if there are any concerns or defaults on current loans. Ms. Kelly replied that Cox Brothers is the only loan the EDC has which has a balance of \$18,000, and as a result of their bankruptcy, they are making minimum payments each month to the EDC. They have 14 more payments. *Ms. Bradish-Orta moved, with Ms. Schlecte supporting, the acceptance of the 2020 EDC End of Year Report, as presented. Unanimous approval.*

2021 Scope of Work:

Ms. Kelly mentioned the Scope of Work mirrors last year's other than one change which includes calling on 80-100 businesses, not limited solely to manufacturing businesses. Ms. Kelly indicated that Ms. Masten has been busy marketing the RLF, and has been doing a great job. Ms. Kelly added that the Annual Reuse Compliance Statement is no longer a requirement for the EDC. *Ms. Schlecte moved, with Mr. Sanders supporting the acceptance of the 2021 EDC Scope of Work, as presented. Unanimous approval.*

2021 EDC Budget:

Ms. Kelly presented the Proposed 2021 EDC Budget. She stated that she will amend the proposed budget for 2021 to reflect the change in accounts from which the audit fee is paid. Ms. Kelly asked if Mr. Willis would be willing to review the 2021 EDC Budget with her once she has made the changes, and he agreed. *Mr. Willis moved, with Ms. Schlecte supporting the approval of the Proposed 2021 EDC Budget subject to the amendment to be made for the EDC audit fee in the proposed 2021 EDC Budget.. Unanimous approval.*

EDC Term Expirations:

Ms. Kelly mentioned that terms expire on March 31, 2021 for Ms. Fuerstenau and Mr. Simmons. Ms. Fuerstenau agreed to serve another six-year term. Mr. Shotwell stated that Mr. Simmons indicated to him that he would not like to continue to serve on the EDC Board, and that Mr. Simmons will be addressing a letter in the near future to inform the EDC Board members. Chairman Ellison stated that Mr. Simmons will be missed. Ms. Kelly stated that, if recommended, she will present the term renewal for Ms. Fuerstenau, as well as the vacancy, to the General Government Committee and the Jackson County Commission. *Mr. Shotwell moved to recommend term renewal for Ms. Fuerstenau to the General Government Committee and the Jackson County Commission, with Ms. Bradish-Orta supporting. Unanimous approval.*

Election of 2021 EDC Officers:

Ms. Kelly stated that she will reach out to Mr. Levy to ask if he is willing to serve as Vice Chairman for another year. Mr. Willis nominated Mr. Sanders for Secretary/Treasurer and Mr. Sanders accepted, and thanked Mr. Simmons for serving in this capacity over the last several years. *Mr. Shotwell moved, with Mr. Willis supporting the approval of Mr. Sanders for Treasurer/ Secretary, Mr. Ellison to continue as Chairman, and Mr. Levy to continue as Vice Chairman. Unanimous approval.*

2021 EDC/EG Management Agreement:

Ms. Kelly stated the proposed 2021 EDC/EG Management Agreement is the same as last year. *Ms. Schlecte moved, with Mr. Willis supporting the approval of the 2021 EDC/EG Management Agreement, as presented. Unanimous approval.*

Other Updates:

Ms. Masten informed the Board that she has met with some banking entities to discuss the RLF. She mentioned she has been in communication with several small businesses in attempt to market the RLF and the majority of companies she has talked to have stated they are looking for grants, and do not want to take on anymore debt. Ms.

Masten stated that she does have one company interested, but they are waiting for their CPA to prepare the necessary documents for them. Mr. Sanders commended Ms. Masten on the great job she is doing, and asked what feedback the lenders have given her. She stated that because of the COVID small business relief grants, many companies don't need loans or want to take on additional debt at this time. Ms. Masten gave an overview of the RLF program as requested by Ms. Schlecte, and stated that she will send out the RLF one-pager to the EDC Board members for reference. Chairman Ellison informed the Board that the RLF applications go to the loan review committee who treat the application the same as any other lender would. He indicated that they check credit scores, their financial background and their ability to pay the loan back. He included that the loans are not an automatic approval.

Mr. Willis asked if the Board needs to approve the amended 2020 EDC Budget because expenses exceeded revenue, and Chairman Ellison stated yes. ***Mr. Willis moved, with Ms. Schlecte supporting the approval of the 2020 EDC Budget, as amended. Unanimous approval.***

Meeting adjourned at 8:10 a.m.

Respectfully submitted by Ms. Cones, EDC Staff.

ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
February 28, 2021

ASSETS

CURRENT ASSETS

CHECKING - EDA RLF	\$ 373,739.65
CHECKING - FLAGSTAR-CITY RLF	85,686.02
CHECKING -MONEY MKR-EDC	<u>182,990.25</u>

TOTAL CURRENT ASSETS **642,415.92**

TOTAL ASSETS **\$ 642,415.92**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

TOTAL CURRENT LIABILITIES **0.00**

NET ASSETS

UNRESTRICTED FUND EQUITY	\$ 81,138.61
FUND BALANCE - EDA RLF	342,956.24
FUND BALANCE - CITY RLF	114,318.75
RESTRICTED- CITY CDBG LOCAL MA	103,964.17
EXCESS REVENUE OVER EXPENSE	<u>38.15</u>

TOTAL NET ASSETS **642,415.92**

TOTAL LIABILITIES & NET ASSETS **\$ 642,415.92**

ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITY
For the Two Months Ending February 28, 2021

	Current Month	Year to Date
REVENUE		
INTEREST INCOME - EDC	\$ 1.40	\$ 2.96
INTEREST INCOME - EDA RLF	2.87	6.04
INTEREST INCOME - CITY RLF	3.29	6.93
LOAN INTEREST - CITY RLF	<u>22.22</u>	<u>22.22</u>
TOTAL REVENUE	<u>29.78</u>	<u>38.15</u>
 EXPENSE	 <u> </u>	 <u> </u>
TOTAL EXPENSE	0.00	0.00
 REVENUE IN EXCESS OF EXPENSE	 <u><u>\$ 29.78</u></u>	 <u><u>\$ 38.15</u></u>

ECONOMIC DEVELOPMENT CORPORATION

General Ledger

For the Period From Feb 1, 2021 to Feb 28, 2021

Filter Criteria includes: Report order is by ID. Report is printed with shortened descriptions and in Detail Format.

Account ID	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
Account Description							
1011-EDC-001	2/1/21			Beginning Balance			373,736.78
CHECKING - EDA RLF	2/28/21	Interest	GENJ	Feb interest	2.87		
				Current Period Change	2.87		2.87
	2/28/21			Ending Balance			373,739.65
1013-EDC-002	2/1/21			Beginning Balance			85,660.51
CHECKING - FLAGSTAR-CITY RLF	2/3/21	Cox Bros	GENJ	Cox Bros - interest pmt, Feb 2021	22.22		
	2/28/21	Interest	GENJ	Feb interest	3.29		
				Current Period Change	25.51		25.51
	2/28/21			Ending Balance			85,686.02
1030-EDC-000	2/1/21			Beginning Balance			182,988.85
CHECKING -MONEY MKR-EDC	2/28/21	Interest	GENJ	Feb interest	1.40		
				Current Period Change	1.40		1.40
	2/28/21			Ending Balance			182,990.25
3005-EDC-000	2/1/21			Beginning Balance			-81,138.61
UNRESTRICTED FUND EQUITY	2/28/21			Ending Balance			-81,138.61
3005-EDC-001	2/1/21			Beginning Balance			-342,956.24
FUND BALANCE - EDA RLF	2/28/21			Ending Balance			-342,956.24
3005-EDC-002	2/1/21			Beginning Balance			-114,318.75
FUND BALANCE - CITY RLF	2/28/21			Ending Balance			-114,318.75
3007-EDC-000	2/1/21			Beginning Balance			-103,964.17
RESTRICTED- CITY CDBG LOCAL MA	2/28/21			Ending Balance			-103,964.17

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
4910-EDC-000 INTEREST INCOME - EDC	2/1/21			Beginning Balance			-1.56
	2/28/21	Interest	GENJ	Feb interest		1.40	
				Current Period Change		1.40	-1.40
	2/28/21			Ending Balance			-2.96
4910-EDC-001 INTEREST INCOME - EDA RLF	2/1/21			Beginning Balance			-3.17
	2/28/21	Interest	GENJ	Feb interest		2.87	
				Current Period Change		2.87	-2.87
	2/28/21			Ending Balance			-6.04
4910-EDC-002 INTEREST INCOME - CITY RLF	2/1/21			Beginning Balance			-3.64
	2/28/21	Interest	GENJ	Feb interest		3.29	
				Current Period Change		3.29	-3.29
	2/28/21			Ending Balance			-6.93
4920-EDC-002 LOAN INTEREST - CITY RLF	2/1/21			Beginning Balance			
	2/3/21	Cox Bros	GENJ	Cox Bros - interest pmt, Feb 2021		22.22	
				Current Period Change		22.22	-22.22
	2/28/21			Ending Balance			-22.22

APPENDIX A



Economic Development Corporation
Of Jackson County

Served By The Enterprise Group

March 24, 2021

Susan Brehm
Regional Director
U.S. Department of Commerce
Economic Development Administration
Chicago Regional Office

Re: Request to release EDA's federal interest in EDA Revolving Loan Fund Award

Dear Ms. Brehm,

Per the letter we received on February 2, 2021, The Economic Development Corporation of Jackson County (EDC) wishes to formally request that the Economic Development Administration (EDA) release its federal interest in the Revolving Loan Fund (RLF) Award. The required information is as follows:

Organization Name: The Economic Development Corporation of Jackson County (EDC)

Contact Information: Alex Masten, Executive Director or Debbie Kelly, RLF Administrator
100 E. Michigan Avenue, Suite 1100
Jackson, MI 49201
amasten@enterprisegroup.org or dkelly@enterprisegroup.org
Alex: 517-262-4799 or Debbie: 517-358-1599

Award Number: 061902068

Reporting Unit Number: 12971MI

Date of Award: 1984

Federal Investment Rate: 75%

Final disbursement occurred: 10/05/1987, at that point \$692,000 was disbursed from the \$666,666 original award amount.

Value of RLF award: As of 2/28/2021, the available amount to loan was \$459,425.67.

Proposed use of RLF funds: Funds will be loaned for economic development projects or activities that carry out the purposes stated in accordance with section 602 of PWEDA (42 U.S. C. § 3212). The economic development revolving loan program will remain similar to the existing RLF program, which is to loan money to eligible businesses who apply to The EDC's RLF program. The continued operation of the RLF will consist of the EDC's Loan Review Committee review and approval of the loan application, as well as legal review, prior to awarding the loan. The EDC will set up the economic development revolving loan program for-profit businesses seeking loans for working capital needs or gap financing.

APPENDIX A

The EDC Board met this morning to discuss, and the approved resolution supporting the request to release EDA's federal interest is attached. Lastly, the final RLF Financial Report (Form ED-209) for the RLF award, and the most recent EDC Audit from 2019 are attached, as required.

Thank you for your consideration.

Sincerely,

Alex Masten, Executive Director
The Economic Development Corporation of Jackson County on behalf of
The Enterprise Group of Jackson, Inc.

**AGREEMENT TO RELEASE THE EDA FEDERAL INTEREST IN A
REVOLVING LOAN FUND AWARD**

THIS AGREEMENT is between the United States Department of Commerce, Economic Development Administration (EDA) and The Economic Development Corporation of Jackson County (EDC) (Recipient).

WHEREAS, EDA, pursuant to its authority under the Public Works and Economic Development Act of 1965 (PWEDA) (42 U.S.C. § 3121 *et seq.*), awarded to Recipient one or more grants to capitalize a Revolving Loan Fund (RLF) bearing EDA award number 061902068 (the Award).

WHEREAS, EDA retains a federal interest in the Award and Recipient has submitted a written request that EDA release its federal interest in the Award consistent with the requirements of the Reinvigorating Lending for the Future Act (Pub. L. 116-192), attached hereto as Appendix A (the Request).

WHEREAS, EDA and Recipient agree that the current value of the RLF capital base as of December 31, 2020 was \$416,951.10, the federal investment rate is 75%, and the federal share of the RLF capital base is \$312,713.33 (the Award Funds).

WHEREAS, EDA has determined that 1) more than seven years have passed since the final EDA disbursement to Recipient of funds under the Award, 2) Recipient has complied with the terms and conditions of the Award, and 3) Recipient proposes to use the Award Funds for one or more activities that continue to carry out the economic development purposes of PWEDA.

WHEREAS, EDA agrees herein to release its federal interest in the Award and Recipient agrees herein to use Award Funds for one or more activities that continue to carry out the economic development purposes of PWEDA.

NOW THEREFORE, EDA and Recipient agree as follows:

1. EDA's Release. EDA agrees to release its federal interest in the Award. EDA's reversionary interest in the Award will cease to exist as of the effective date of this agreement.
 - a. Recipient's use of Award Funds no longer needs to comply with, among other things, the following authorities:
 - i. OMB regulations at 2 CFR part 200, including the Compliance Supplement at Appendix XI.
 - ii. EDA regulations at 13 CFR chapter III, including the RLF-specific regulations at part 307, subpart B (including the requirement at 13 CFR § 307.14 to submit Form ED-209 RLF Financial Report to EDA).
 - iii. The terms and conditions attached to the Award, including the Department of Commerce's Standard Terms & Conditions, the EDA RLF Standard Terms & Conditions, and any Special or Specific Award Conditions.

- iv. The EDA-approved RLF plan or any related document governing administration of the Award.
 - b. This release of the EDA federal interest in the Award does not extend to or include a release of any other entity's interest in the RLF capital base, including another federal agency's interest in the RLF capital base. More specifically, if Community Development Block Grant funds from the U.S. Department of Housing and Urban Development (HUD) or funds from the U.S. Department of Agriculture (USDA) were used as local share under the Award, this release of the EDA federal interest does not extend to or include a release of any HUD or USDA federal interest in the RLF capital base. If Recipient seeks a release of another entity's interest in the RLF capital base, including another federal agency's interest in the RLF capital base, Recipient must negotiate such a release with the other entity and EDA will not participate in that negotiation.
2. Recipient's Use of Award Funds. Recipient agrees to use Award Funds for one or more activities that continue to carry out the economic development purposes of PWEDA.
 - a. Recipient shall not use Award Funds to construct schools, community centers, municipal buildings, or otherwise use Award Funds to carry out activities outside of the economic development purposes of PWEDA, nor shall Recipient use Award Funds to pay general costs of government.
 - b. Recipient shall not transfer Award Funds to a natural person, for-profit entity, or other entity ineligible for award under sections 3(4) and 209 of PWEDA (42 U.S.C. § 3122(4) and § 3149). For the sake of clarity, Award Funds may be used to contract with for-profit entities for goods and services for one or more activities that continue to carry out the economic development purposes of PWEDA and to operate an RLF that makes loans to for-profit organizations.
 - c. Award Funds must be used in a manner consistent with EDA's non-relocation policy. Specifically, Recipient shall not use Award Funds to induce the relocation of existing jobs within the U.S. that are located outside of a jurisdiction to within that jurisdiction in competition with other U.S. jurisdictions for those same jobs.
 - d. Award Funds must be used in accordance with section 602 of PWEDA (42 U.S.C. § 3212). Specifically, Recipient shall ensure that all laborers and mechanics employed by contractors or subcontractors on projects assisted by Award Funds shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor as provided by section 602 of PWEDA or as it may be amended in the future.
 - e. Recipient shall use Award Funds in accordance with applicable federal, state, and local law, including applicable non-discrimination law. Recipient may not use Award Funds for any purpose that would be prohibited by the Establishment Clause of the U.S. Constitution if the Award Funds were expended directly by the Federal Government.
 - f. Recipient is not required by the terms of this Agreement to seek EDA approval or permission to use Award Funds for one or more activities that continue to carry

out the economic development purposes of PWEDA but that differ from the activities described in the Request, attached hereto as Appendix A.

- g. Recipient shall provide timely and accurate responses to EDA inquiries regarding Recipient's use of the Award Funds. Following the release of EDA's federal interest, EDA remains interested in working with Recipient to promote Recipient's RLF or other activities that continue to carry out the economic development purposes of PWEDA.
3. Enforcement. In the event that EDA determines that Award Funds have been used in a manner inconsistent with this agreement, EDA may require Recipient to return the misspent portion of the Award Funds to the Federal Government, which may include the establishment of a debt with the U.S. Department of the Treasury.
4. Indemnification. To the extent permitted by law, Recipient agrees to indemnify and hold the Federal Government harmless from and against all liabilities that the Federal Government may incur as a result of releasing EDA's federal interest in the Award.
5. Governing Law; Severability. This Agreement is governed by applicable federal law, if any, and if there is no applicable federal law by state law. The terms of this Agreement do not limit the rights EDA, its designees, successors, or assigns are entitled to under applicable federal or state law. In the event that any provision or clause of this Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Agreement that can be given effect without the conflicting provision, and to this end the provisions of this Agreement are declared to be severable.
6. Entire Agreement. This Agreement contains the entire understanding of EDA and Recipient with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.
7. Authority. Recipient represents that (a) it has the power and authority to execute and perform this Agreement, (b) the execution and performance of this Agreement by Recipient have been duly authorized by all necessary corporate or other actions, (c) Recipient has duly and validly executed this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against Recipient.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, EDA and Recipient have caused this Agreement to be duly executed by their respective officers as of the date indicated.

**DEPARTMENT OF COMMERCE,
ECONOMIC DEVELOPMENT
ADMINISTRATION**

**The Economic Development
Corporation of Jackson County**

By: _____
[NAME]
Regional Director
[CITY] Regional Office

By: _____
Ronald Ellison
Chairman

Date

March 24, 2021

Date

Appendix A

[Attach Recipient's written request that EDA release its federal interest in the Award.]