

**MICHIGAN STRATEGIC FUND
BOARD MEETING DRAFT AGENDA
JULY 22, 2014**

Public Comment (*Please limit public comment to three minutes*)

Communications (*Information only – Andrea Robach*)

Chief Compliance Officer Quarterly Report

A. Consent Agenda – Action Item

Approval of Proposed Meeting Minutes – June 24, 2014

American Tool & Die, Inc. – Recovery Zone Revocation – Amy Lux

Eclipse Tool & Die, Inc. – Recovery Zone Revocation – Amy Lux

Wiesen, Inc. – Recovery Zone Revocation – Amy Lux

Wolverine Tool & Engineering Co. – Recovery Zone Revocation – Amy Lux

Saginaw Cooperative Hospitals, Inc. – Renaissance Zone Transfer – Amy Lux

DMI Investment Board Reappointment – Eric Hanna

Amendment to CRP Guidelines – Deb Stuart

UK Travel Marketing Representative – Request to Issue RFP - David Lorenz

Germany Travel Marketing Representative – Request to Issue RFP – David Lorenz

B. Business Investment – Action Items

1. Entrepreneurship

Arctaris Fund Amendment – SSBCI – *Ricardo Gonzales & Mike Flanagan*

2. Business Growth

Magna Exteriors and Interiors – MBDP Amendment – *Mike Gietzen*

H.A. Automotive Systems, Inc. – MBDP – *Marcia Gebarowski*

Challenge Mfg. Company, LLC – MBDP, Watertown Township – *Marcia Gebarowski*

Challenge Mfg. Company, LLC – Act 381 Workplan, City of Pontiac – *Marcia Gebarowski*

YanFeng – MEGA Tax Credit Amendment – *Marcia Gebarowski*

Brembo North America, Inc. – MBDP, MEGA Amendment, CDBG – *Josh Hundt*

General Motors – MEGA Amendment – *Josh Hundt*

Suniva, Inc. – MBDP – *Josh Hundt & Trevor Friedeberg*

Hamilton Street Development, LLC – Renaissance Zone Amendments – *Amy Lux*

3. Access to Capital

Middleville Tool & Die Co. – Bond Authorizing – *Chris Cook*

C. Community Vitality – Action Items

3800 Woodward Medical Building – Brownfield TIF & MBT Amendment – *Dan Wells*

Uptown Development – Brownfield TIF & CDBG – *Deb Stuart*

CDBG Deep Freeze – Urgent Need Funding Round – *Deb Stuart*

D. Administrative – Action Items

CDBG Memorandum of Understanding – MSHDA/MSF – *Deb Stuart*

Brownfield Memorandums of Understanding – DEQ/MSF & MSF/MEDC – *Deb Stuart*

New International Trade Crossing (NITC) – Funding Acknowledgement – *Andy Doctoroff*

Delegation of Authority Policy Amendment – *Christin Armstrong & Kevin Francart*

E. Informational – Quarterly Reports



STATE OF MICHIGAN
OFFICE OF THE CHIEF COMPLIANCE OFFICER
LANSING

RICK SNYDER
GOVERNOR

KEVIN FRAN CART, ESQ.
CHIEF COMPLIANCE OFFICER

MEMORANDUM

July 11, 2014

TO: Honorable Richard D. Snyder
Governor and Chairperson of the State Administrative Board.

Michael A. Finney
Chairperson
Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2014 Q3 Report of the Chief Compliance Officer.

The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the third quarter of the 2014 fiscal year were successfully resolved or are being appropriately addressed.

With respect to the Michigan Strategic Fund Board, work was done this quarter on updating the bylaws and compiling all general delegated authority; standard processes; and standard policies, in force into an official compilation (the "Strategic Fund Compiled Resolutions" or "SFCR"). The Board adopted amended and restated bylaws at the April 2014 meeting. I anticipate the general authority compilation portion of the SFCR to be finished in the fourth quarter.

The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as conflict of interest issues, the breadth of delegated Board authority, statutory RFP requirements, and compliance with established Board policy and limitations. The Chief Compliance Officer gave formal advice regarding the timing of a municipality's staff, financial, or economic commitment to a Business Development Program project as required under MCL 125.2088r(3)(a).

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF JULY CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

WHEREAS, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

WHEREAS, the MSF, at its February, 2014 board meeting, approved Guidelines for Preparation and Approval of Consent Agendas for the MSF (“Guidelines”).

WHEREAS, pursuant to the recommendation of MSF and MEDC staff, the MSF Board desires to approve the below Consent Agenda items;

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Consent Agenda items listed below and identified in the final Consent Agenda for this board meeting, for each of which supporting documentation is attached to this Resolution.

Consent Agenda Items:

1. Adoption of Proposed MSF Meeting Minutes, June 24, 2014
2. Revocation of Recovery Zone – American Tool & Die, Inc.
3. Revocation of Recovery Zone – Eclipse Tool & Die, Inc.
4. Revocation of Recovery Zone – Wiesen, Inc.
5. Revocation of Recovery Zone – Wolverine Tool & Engineering Co.
6. Transfer of Renaissance Zone – Saginaw Cooperative Hospitals, Inc.
7. Reappointment of Jennifer Nelson to DMI Board of Directors
8. Amendment of Community Revitalization Program Guidelines
9. Request to Issue – UK Travel Marketing Representative RFP
10. Request to Issue – Germany Travel Marketing Representative RFP

Ayes:

Nays: None

Recused: None

Lansing, Michigan
July 22, 2014

**MICHIGAN STRATEGIC FUND BOARD
PROPOSED MEETING MINUTES
MEDC OFFICES
300 N. WASHINGTON AVE, LANSING
JUNE 24, 2014**

Members Present:

Steve Arwood
Chairman Michael Finney
Mike Jackson, Sr.
Andrew Lockwood (on behalf of Treasurer Clinton)
Terri Jo Umlor
Jody DePree Vanderwel
Shaun Wilson

Members Absent:

Paul Anderson
Bill Martin
Christopher Tracy

Call to Order: Mr. Finney called the meeting to order at 10:03 am

Public Comment: Mr. Finney asked if there were members of the audience who wished to address the Board. He asked that comments be limited to three minutes.

Mr. John Lauve addressed the Board regarding the Illych New Arena Project (not on the meeting agenda). He presented the Board with copies of the Detroit MetroTimes (Vol. 34, Issue 30) publication, and directed them to an article pertaining to the proposed project, which is intended to be the new Detroit Redwings facility.

Communications: Andrea Robach, Board Administrator, informed the Board that “Deep Freeze, Urgent Need Funding - CDBG” agenda item, under C. Community Vitality, had been pulled from the meeting agenda.

Resolutions 2014-080 - 083 June 2014 Consent Agenda

Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned for the approval of the following:

June Consent Agenda – **2014-080**
May 2014 Proposed Meeting Minutes
Sietsema Farms Feeds, LLC – Renaissance Zone Revocation – **2014-081**
Metalsa – MEGA Amendment – **2014-082**
CDBG 2014 Application Guide – **2014-083**

Jody DePree Vanderwel seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

BUSINESS INVESTMENT

Resolution 2014-084 Entrepreneurial Support Services RFP Award Recommendations

Paula Sorrel, Entrepreneurship and Innovation, presented the Board with information regarding this action item. The MEDC requests that the MSF Board approves awards in the amount of \$6,652,807 for the following (eight) non-profit organizations that provide specialized support services to early-stage technology companies and institutions in commercializing competitive-edge technologies:

- Invest Detroit
- BBC Entrepreneurial Training and Consulting
- Ann Arbor SPARK
- NextEnergy
- Inforum Center for Leadership
- University of Michigan Center for Entrepreneurship
- Michigan Venture Capital Association
- Michigan State University Foundation (Spartan Innovation)

Staff Recommendation

MEDC staff, based on the recommendation of the Joint Evaluation Committee, requests that the MSF Board approve the following awards:

\$1,350,000	- Accelerate Michigan Innovation Competition (Invest Detroit)
\$960,000	- MI SBIR/STTR Assistance Program (BBC Entrepreneurial Training and Consulting)
\$500,000	- MI Angel Fund II (Ann Arbor SPARK)
\$800,000	- MI Accelerating Technologies Energy Fund MATch (NextEnergy)
\$367,281	- inGAGE™ (Inforum Center for Leadership)
\$582,376	- Best Practices Dissemination (University of Michigan Center for Entrepreneurship)
\$605,300	- Michigan Hacker Fellowship (Invest Detroit)
\$987,850	- Venture Upstart III (Michigan Venture Capital Association)
\$500,000	- GreenLight Business Model Competition (Michigan State University Foundation)
\$6,652,807	- Total

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2014-084. Shaun Wilson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-085 - Ralco Industries - MEGA Amendment

Marcia Gebarowski, Business Development Finance, provided the Board with information regarding this action item. She introduced Tom Gedder, CEO, Ralco Industries, who provided a brief company history and project overview. This is a request from the Applicant for two amendments to its existing Standard and Retention MEGA Credit. The amendments include a change in the project location and an extension of time in which to make investment.

Having outgrown their leased space in Auburn Hills and in need for more space to serve a growing customer base, the Company committed to acquiring and renovating a larger facility that would fit their needs in the City of Pontiac in 2009. On June 16, 2009, the MEGA Board approved a 7 year 100 percent Standard Job Creation and Retention MBT Credit (Resolution 2009-110) for the Company to locate in the City of Pontiac, Oakland County. After approval of the MEGA Credit, the Company was unable to complete the lease transaction for the new facility in the City of Pontiac. After a long search for another suitable building or development ready land in Pontiac, the Company made the decision to construct their own facility in the City of Auburn Hills.

Staff Recommendation

MEDC Staff recommends location amendments to the Standard New Job and Retention MEGA Tax Credit (Resolution 2009-110) as outlined in the proposed resolution.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the approval of a PA 198 exemption for the project by the City of Auburn Hills, as well as the hiring of Pontiac employees for the expansion. There being no further questions, Steve Arwood motioned for the approval of Resolution 2014-085. Mike Jackson seconded the motion. **The motion carried: 7 ayes, 0 nays; 0 recused.**

Resolution 2014-086 - Holland Plastics Corporation - Bond Authorizing

Christopher Cook, Debt Capital Programs, provided the Board with information regarding this action item. Holland Plastics Corporation, d/b/a Anderson Technologies, Inc., an Illinois Corporation (“Anderson”), Glenn C. Anderson Holdings, LLC, a Michigan limited liability company (“Glenn”), and Anderson Technologies South, LLC, a Mississippi limited liability company (collectively, the “Borrower”), are requesting private activity bond financing for the purpose of refunding in full the \$1,920,000 outstanding principal amount Variable Rate Demand Limited Obligation Revenue and Revenue Refunding Bonds (Holland Plastics Corporation Project), Series 2005, dated September 29, 2005, issued by the Michigan Strategic Fund (“MSF”) in the original principal amount of \$4,000,000 (the “2005 Bonds”).

Staff Recommendation

Based upon a determination by Dykema Gossett PLLC and the State of Michigan Attorney General’s office that the refunding complies with state and federal law requirements for tax-exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$1,920,000. Additionally, the MSF’s issuance fee for this issue will be \$2,400 (1/8th of 1 % of the \$1,920,000 principal amount).

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned for the approval of Resolution 2014-086. Jody DePree Vanderwel seconded the motion. **The motion carried with a roll call vote: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-088 - USF Westland, LLC – Bond Authorizing

Christopher Cook, Debt Capital Programs, provided the Board with information regarding this action item. USF Westland, LLC (“Borrower”) is requesting private activity bond financing for the purpose of refinancing the Michigan Strategic Fund’s (the “MSF”) outstanding Limited Obligation Revenue Bond, Series 2008B issued in the principal amount of \$3,299,045.14 (the “2008 Bonds”).

Staff Recommendation

Based upon a determination by Clark Hill PLLC and the State of Michigan Attorney General’s office that the refinancing complies with state and federal law requirements for tax-exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$2,610,000. The MSF will charge an issuance fee of \$3,262.50.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned for the approval of Resolution 2014-088. Andrew Lockwood seconded the motion. **The motion carried with a roll call vote: 7 ayes; 0 nays; 0 recused.**

COMMUNITY VITALITY

Resolution 2014-089 – Macomb Mall Redevelopment – Brownfield TIF

Dan Wells, Brownfield Program Specialist, provided the Board with information regarding this action item. Mr. Finney recognized Ryan Earl, attending on behalf of State Representative Harold Haugh of Roseville. Mr.

Earl spoke of Representative's support of this project, given the positive impact the project will have on the City of Roseville, and Macomb County as a whole, and noted his appreciation of the efforts of MEDC Staff.

The County of Macomb Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$1,592,970. The school taxes will be utilized to redevelop approximately two acres of property located at 32233, 32385 and 32455 Gratiot, in the City of Roseville. The Macomb Mall Redevelopment project includes the overall redevelopment and rehabilitation of the existing Macomb Mall property and an adjacent outlot property that is currently vacant. The property is currently owned by Macomb Mall Partners LLC, which is single-purpose entity established to redevelop this property by Lormax Stern Development Company (LSDC). LSDC owns multiple shopping centers throughout four states, including Michigan. Approximately 295 permanent full-time equivalent jobs are anticipated to be created by the commercial retail portion of the project at an average hourly wage of \$11. The total capital investment will be approximately \$8.4 million.

Staff Recommendation

The MEDC recommends approval of the request by County of Macomb Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$1,592,970 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$666,180

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to potential negative affect on the City's "downtown", through which Mr. Earl clarified, does not meet the State/Federal definition of a "downtown" for the purpose of receiving such designated incentives. There being no further questions, Steve Arwood motioned for the approval of Resolution 2014-089. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolutions 2014-090 and 2014-091 Wright Opera House – MCRP & CDBG

Deborah Stuart, Community Development Incentives, provided the Board with information pertaining to this action item. The Wright Opera Block project developers are seeking approval to use both the Community Development Block Grant (CDBG) Program and the Michigan Community Revitalization Program (MCRP) for their development located at 101-113 East Superior Street, Alma in Gratiot County, Michigan. The developer expects that this project could result in total private investment of \$6,703,829 and the creation of 42 full-time equivalent jobs.

Staff Recommendation

MEDC Staff recommends the following: A CDBG infrastructure grant agreement in the amount of \$419,958 be authorized for the City of Alma for the Wright Opera Block Infrastructure Project; and Approval of a MCRP performance-based grant in the amount of \$1,000,000 for Wright Opera Block, LLC.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned for the approval of Resolutions 2014-090 & 2014-091. Jody DePree Vanderwel seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Josh Hundt, Business Development Finance, provided the Board with an informational presentation regarding the Michigan Business Development Program.

The meeting adjourned at 10:55 am.



MEMORANDUM

Date: July 22, 2014
To: Michigan Strategic Fund Board
From: Amy Lux, Renaissance Zone Program Specialist
Subject: *American Tool & Die, Inc.*
Tool and Die Recovery Zone – Revocation

Action

The Michigan Economic Development Corporation (“MEDC”) is recommending the revocation of the Tool and Die Recovery Zone for American Tool & Die, Inc. (the “Company”) by the Michigan Strategic Fund (“MSF”) Board. There are seven years remaining on the company’s 14-year Recovery Zone term.

Background

The Company operated a tool and die shop in the City of Manton, Wexford County, originally receiving a Tool and Die Recovery Zone designation in 2006 with the Northwest Michigan Tooling Coalition. The MEDC was notified by the Wexford County Equalization Director that the Company has ceased operations at their site. A certificate of dissolution has been filed by the Company with the Michigan Department of Licensing and Regulatory Affairs confirming that the Company has ceased operations.

Under the Michigan Renaissance Zone Act, 1996 PA 376, as amended, the MSF Board has the authority to revoke the designation of a Recovery Zone for a qualified tool and die business if the qualified tool and die business fails or ceases to participate in or comply with a qualified collaborative agreement.

The Company’s resident agent, as well as the Collaborative President, were notified that the MEDC would recommend the Recovery Zone for revocation.

Recommendation

The MEDC Staff recommends the MSF Board revoke the Tool and Die Recovery Zone designation for the American Tool & Die, Inc. The revocation will be effective December 31, 2014 for property tax purposes and January 31, 2015 for all other purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: American Tool & Die, Inc.**

WHEREAS, the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to thirty-five (35) tool and die renaissance recovery zones (“Recovery Zone”) anywhere in the State of Michigan;

WHEREAS, on December 20, 2006, the MSF Board designated a Recovery Zone for the Northwest Michigan Tooling Coalition (the “Collaborative”);

WHEREAS, the Collaborative included American Tool and Die, Inc. (the “Company”), whose Tool and Die Recovery Zone designation was relocated, with the approval of the MSF Board in 2007, to 9470 E. 14 ¼ Road in Manton, Michigan at property ID MNT-03-2401 (the “Property”);

WHEREAS, Section 8d(3) of the Act permits the MSF to revoke the designation of all or a portion of a recovery zone with respect to one or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received notification that the Company has ceased operations on the Property and therefore, the Company is no longer a participating member of the collaborative agreement; and

WHEREAS, the MEDC considered and investigated the notification and recommends revocation of the Company’s Tool and Die Recovery Zone designation for the Property.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Tool and Die Recovery Zone designation for American Tool and Die, Inc. for the Property located at 9470 E. 14 ¼ Road in Manton, Michigan at property ID MNT-03-2401, effective on December 31, 2014 for property tax purposes and immediately for all other purposes; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President or Fund Manager to take all action necessary to effectuate the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014
To: Michigan Strategic Fund Board
From: Amy Lux, Renaissance Zone Program Specialist
Subject: *West Michigan Tooling Coalition
Tool and Die Recovery Zone – Revocation*

Action

The Michigan Economic Development Corporation (“MEDC”) is recommending the revocation of the Tool and Die Recovery Zone for the members of the West Michigan Tooling Coalition (the “Collaborative”) by the Michigan Strategic Fund (“MSF”) Board. The 10-year Recovery Zone for the member companies expires at the conclusion of 2014.

Background

The Collaborative, originally designated in 2004, is made up of three current members: Eclipse Tool & Die, Inc., Wiesen, Inc., and Wolverine Tool & Engineering (the “Member Companies”). The MEDC has determined that the Collaborative is no longer active and thus, the Member Companies are no longer eligible to receive Recovery Zone benefits. Representatives of some of the Member Companies have confirmed the Collaborative no longer holds meetings and are unable to provide any documentation to show any activity or contact information for a Collaborative president. Efforts to make contact with the former Collaborative President have been unsuccessful.

Under the Michigan Renaissance Zone Act, 1996 PA 376, as amended, the MSF Board has the authority to revoke the designation of a Recovery Zone for a qualified tool and die business if the qualified tool and die business fails or ceases to participate in or comply with a qualified collaborative agreement.

Based on the information available, the MEDC has determined that the Collaborative has been inactive since at least the beginning of 2014 and therefore, the MEDC is requesting a retroactive revocation to the beginning of Tax Year 2014. The Member Companies have each been notified of the revocation action and given an opportunity to provide documentation to show activity of the Collaborative.

The Collaborative added a fourth member, Paragon Die & Engineering Company in 2009, for a 10-year term expiring at the conclusion of 2019. Paragon Die & Engineering Company has been accepted in to a new collaborative and is thus, still eligible to continue receiving Recovery Zone benefits.

Recommendation

The MEDC Staff recommends the MSF Board revoke the Tool and Die Recovery Zone designation for the Member Companies. The revocation will be effective December 31, 2013 for property tax purposes and January 31, 2014 for all other purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Eclipse Tool & Die, Inc.**

WHEREAS, the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to thirty-five (35) tool and die renaissance recovery zones (“Recovery Zone”) anywhere in the State of Michigan;

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the West Michigan Tooling Coalition (the “Collaborative”);

WHEREAS, the Collaborative included Eclipse Tool & Die, Inc. (the “Company”), whose Tool and Die Recovery Zone designation is located at 4713 Circuit Court, Wayland, Michigan (the “Property”);

WHEREAS, Section 8d(3) of the Act permits the MSF to revoke the designation of all or a portion of a recovery zone with respect to one or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received information describing the Collaborative as inactive and therefore, the Company is no longer a participating member of the collaborative agreement; and

WHEREAS, the MEDC considered and investigated the notification and recommends revocation of the Company’s Tool and Die Recovery Zone designation for the Property.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Tool and Die Recovery Zone designation for Eclipse Tool & Die, Inc. for the Property located at 4713 Circuit Court, Wayland, Michigan, effective on December 31, 2013 for property tax purposes and January 1, 2014 for all other purposes; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President or Fund Manager to take all action necessary to effectuate the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Wiesen, Inc.**

WHEREAS, the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to thirty-five (35) tool and die renaissance recovery zones (“Recovery Zone”) anywhere in the State of Michigan;

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the West Michigan Tooling Coalition (the “Collaborative”);

WHEREAS, the Collaborative included Wiesen, Inc. (the “Company”), whose Tool and Die Recovery Zone designation is located at 8630 Storey Road, Belding, Michigan (the “Property”);

WHEREAS, Section 8d(3) of the Act permits the MSF to revoke the designation of all or a portion of a recovery zone with respect to one or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received information describing the Collaborative as inactive and therefore, the Company is no longer a participating member of the collaborative agreement; and

WHEREAS, the MEDC considered and investigated the notification and recommends revocation of the Company’s Tool and Die Recovery Zone designation for the Property.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Tool and Die Recovery Zone designation for Wiesen, Inc. for the Property located at 8630 Storey Road, Belding, Michigan, effective on December 31, 2013 for property tax purposes and January 1, 2014 for all other purposes; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President or Fund Manager to take all action necessary to effectuate the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Wolverine Tool & Engineering**

WHEREAS, the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to thirty-five (35) tool and die renaissance recovery zones (“Recovery Zone”) anywhere in the State of Michigan;

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the West Michigan Tooling Coalition (the “Collaborative”);

WHEREAS, the Collaborative included Wolverine Tool & Engineering (the “Company”), whose Tool and Die Recovery Zone designation is located at 5641 West River Drive NE, Belmont, Michigan (the “Property”);

WHEREAS, Section 8d(3) of the Act permits the MSF to revoke the designation of all or a portion of a recovery zone with respect to one or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received information describing the Collaborative as inactive and therefore, the Company is no longer a participating member of the collaborative agreement; and

WHEREAS, the MEDC considered and investigated the notification and recommends revocation of the Company’s Tool and Die Recovery Zone designation for the Property.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Tool and Die Recovery Zone designation for Wolverine Tool & Engineering for the Property located at 5641 West River Drive NE, Belmont, Michigan, effective on December 31, 2013 for property tax purposes and January 1, 2014 for all other purposes; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President or Fund Manager to take all action necessary to effectuate the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014
To: Michigan Strategic Fund Board
From: Amy E. Lux, Renaissance Zone Program Specialist
Subject: *Saginaw Cooperative Hospitals, Inc. (CMU Medical Education Partners)
Renaissance Zone Program – Transfer*

Action

Saginaw Cooperative Hospitals, Inc. (“Saginaw Cooperative”) requests and Michigan Economic Development Corporation (“MEDC”) Staff recommends that the Michigan Strategic Fund (“MSF”) Board approve a resolution to transfer the Renaissance Zone time extension designation to Saginaw Cooperative for the site previously occupied by Midwestern Surgical Associates, P.C. (“Midwestern Surgical”) in the City of Saginaw Renaissance Zone.

Background

Midwestern Surgical received a Renaissance Zone time extension designation from the MSF Board in 2010 to extend the duration of a portion of the City of Saginaw Renaissance Zone an additional 6 years to expire at the conclusion of 2020. The additional years were awarded to help support a project for Midwestern Surgical and MSA Ventures, LLC’s, the landowner, to expand their multi-specialist surgical service into a newly-developed facility within the City of Saginaw.

In August of 2013, Saginaw Cooperative purchased Midwestern Surgical’s assets in order to associate the business with the Central Michigan University College of Medicine. While Saginaw Cooperative is a non-profit organization and therefore, not subject to most taxation, the tax benefits of the Renaissance Zone are passed on to Saginaw Cooperative via the cost of leasing the facility. Saginaw Cooperative receives a reduced leasing cost from MSA Ventures, LLC, who has retained ownership of the real property, due to the tax abatements associated with Renaissance Zone. Therefore, Saginaw Cooperative has requested to have the Renaissance Zone time extension designation transferred to them, in order to receive these indirect Renaissance Zone benefits.

Saginaw Cooperative is willing to execute an assignment and assumption agreement in order to assume all the rights and responsibilities outlined in the Renaissance Zone Development Agreement (the “Agreement”), including the job creation milestone and the yearly reporting requirements. Upon transfer of the Renaissance Zone time extension, Saginaw Cooperative will be in compliance with the terms of the Agreement. The City of Saginaw and the County of Saginaw have both passed resolutions in support of the transfer.

Recommendation

MEDC Staff recommend that the MSF Board approve Saginaw Cooperative’s request to transfer the Renaissance Zone time extension designation from Midwestern Surgical to Saginaw Cooperative, provided an assignment and assumption agreement is executed.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

**TRANSFER OF TIME EXTENSION FOR AN EXISTING RENAISSANCE ZONE
Saginaw Cooperative Hospitals, Inc.**

WHEREAS, on August 25, 2010, by Resolution 2010-151, the Michigan Strategic Fund (“MSF”) Board approved a time extension for a portion of the existing Central Business District Subzone within the City of Saginaw Renaissance Zone (the “Property”) for Midwestern Surgical Associates, P.C. (“Midwestern Surgical”), as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the "Act");

WHEREAS, as a condition of the time extension, a development agreement was entered into between Midwestern Surgical and the MSF, effective on August 25, 2010, that set forth certain obligations of Midwestern Surgical to complete a specific project and attain certain milestones;

WHEREAS, in August of 2013, Saginaw Cooperative Hospitals, Inc. (“Saginaw Cooperative”) acquired Midwestern Surgical and plans to continue the project and milestone attainment as described in the development agreement;

WHEREAS, the Michigan Economic Development Corporation (the "MEDC") administers the renaissance zone program and received an application from Saginaw Cooperative requesting a transfer of the renaissance zone designation for the Property (the “Application”);

WHEREAS, Saginaw Cooperative has agreed to assume of the terms of the development agreement;

WHEREAS, the City of Saginaw and the County of Saginaw have provided their consent for the transfer of the renaissance zone designation; and

WHEREAS, the MEDC recommends that the MSF approve the Application for a transfer of the renaissance zone time extension designation from Midwestern Surgical to Saginaw Cooperative for property parcel numbers 08-0597-00000, 08-0604-00000, 08-0604-00100, 08-0591-00000, 08-0590-00000, 08-0593-00000, 08-0594-00000 and 08-0595-00000 within the Central Business District Subzone in the City of Saginaw Renaissance Zone for the remainder of the term of the renaissance zone designation, provided that an assignment and assumption of the development agreement is entered into between Midwestern Surgical, Saginaw Cooperative, and the Michigan Strategic Fund by December 31, 2014.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application for a transfer of the renaissance zone time extension designation from Midwestern Surgical to Saginaw Cooperative for property parcel numbers 08-0597-00000, 08-0604-00000, 08-0604-00100, 08-0591-00000, 08-0590-00000, 08-0593-00000, 08-0594-00000 and 08-0595-00000 within the Central Business District Subzone in the City of Saginaw Renaissance Zone for the remainder of the term of the renaissance zone designation, provided that an assignment and assumption of the development agreement is entered into between Midwestern Surgical, Saginaw Cooperative, and the Michigan Strategic Fund by December 31, 2014;

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager to take all action necessary to effectuate the terms of this Resolution; and

BE IT FURTHER RESOLVED, that, except as provided in this Resolution, the terms of Resolution 2010-151 shall remain unchanged and in full effect.

Ayes:

Nays:

Recused:

July 22, 2014
Lansing, Michigan

MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (MSF) Board

From: Deborah Stuart, Director, Community Incentive Programs

Subject: Michigan Community Revitalization Program
Request to Amend Guidelines

Request

MEDC staff requests approval of an amendment to the Michigan Community Revitalization Program (“MCRP”) Guidelines to address the determination of timing for eligible property.

Background

The MCRP was created to promote community revitalization that will accelerate private investment in Michigan’s urban areas. Under the Michigan Strategic Fund Act, MCL 125.2001 (the “Act”), Section 90B, the MSF must approve any program guidelines to implement the program. The current MCRP Guidelines (“Guidelines”) were approved by the MSF Board at their meeting on December 21, 2011 (Resolution 2011-185).

Staff is requesting an amendment to the Guidelines to establish the date that property eligibility is determined and the expiration of that eligibility. According to the Act, Section 90a(d), eligible investment under the program can include investment that occurred prior to the approval of the application. Based on this ability, it is not uncommon that applicants may be incurring costs that would address the property eligibility prior to MSF approval. This amendment clarifies to applicants that they will not lose their eligibility by incurring costs.

Proposed tracked language is provided below to Section 3 of the current Guidelines:

The applicant shall include documentation establishing that the project is located on eligible property at the time the application is submitted. Eligibility will be determined at the time of application and remain effective for no more than three years from the date of application for purposes of an incentive approval. Any extension of eligibility beyond three years will require MSF Board approval. Eligible property means, meaning property meeting one or more of the following conditions:

The resolution includes the proposed Guidelines with this requested change incorporated.

Recommendation

MEDC Staff recommends that the MCRP Program Guidelines be revised to establish the date that project eligibility is determined and the expiration of eligibility.

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

APPROVAL OF AMENDMENT TO AND RESTATEMENT OF MICHIGAN COMMUNITY REVITALIZATION PROGRAM GUIDELINES

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq. (“Act”), to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d, as further amended) to enable the Michigan Strategic Fund (“MSF”) to create and operate the Michigan Community Revitalization Program (“MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for the MCRP;

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF: (i) created the MCRP, (ii) adopted the guidelines for the MCRP (“Guidelines”), as later amended. Item 2 of the original Guidelines incorporated the statutory definition of eligible investment found at MCL 125.2090a(d); which statutory definition prohibited including any reimbursed hard costs as part of the eligible investment (and also allowed the MSF to determine those soft costs which shall not qualify as eligible investment under the MCRP);

WHEREAS, on July 25, 2012, by Resolution 2012-76, the MSF determined those soft costs that do not qualify as eligible investment under the MCRP, and amended Item 2 of the Guidelines;

WHEREAS, PA 395 2012 amended the definition of eligible investment under the MCRP to allow the inclusion of reimbursed hard costs as part of an eligible investment to the extent the hard costs have not been completely reimbursed;

WHEREAS, on February 27, 2013 by Resolution 2013-031, the MSF therefore approved an amendment to the definition of eligible investment under the MCRP and amended item 2 of the Guidelines to allow the inclusion of reimbursed hard costs as part of an eligible investment to the extent the hard costs have not been completely reimbursed;

WHEREAS, in order to clarify the timing of property eligibility, the MEDC now recommends that item 3 of the Guidelines be amended to establish the date that property eligibility is established and the expiration of that eligibility;

WHEREAS, the MEDC recommends the attached restated Guidelines, incorporating the recommended amended language to establish the date that property eligibility is established and the expiration of that eligibility, be utilized for the MCRP restating the Guidelines approved by the MSF on December 21, 2011 and amended on July 25, 2012 by Resolution 2012-76 and further amended on February 27, 2013 by Resolution 2013-031;

WHEREAS, based on the recommendation of the MEDC, the MSF Board desires to approve the amended language to item 3 of the MCRP Guidelines and adopt the restated MCRP Guidelines as attached to this resolution.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves the amended language to item 3 of the MCRP Guidelines to establish the date that property eligibility is established and the expiration of that eligibility; and

BE IT FURTHER RESOLVED, that the MSF hereby approves the attached restated MCRP Guidelines and that the restated MCRP Guidelines replace the MCRP Guidelines approved by the MSF on

December 21, 2011 and amended on July 25, 2012 by Resolution 2012-76 and further amended on February 27, 2013 by Resolution 2013-031, but that all other items in the Resolution 2011-185 shall remain in full force and effect;

Adopted

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

MICHIGAN COMMUNITY REVITALIZATION PROGRAM PROGRAM GUIDELINES

- 1) The program may provide community revitalization incentives in the form of a grant, loan, other economic assistance, or any combination, for eligible investments in Michigan (“MSF Support”).
- 2) An eligible investment means at least one, or any combination of, the following expenditures for the project, if subject to a written agreement with the MSF, including investment which occurred prior to the MSF approval of the application for MSF Support to the extent that the investment has not been completely reimbursed to, or paid for on behalf of, the applicant, which are collectively referred to as “Hard Costs”:
 - a. any fees or costs for alteration, construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections;
 - b. any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;
 - c. any fees or costs for the addition of machinery, equipment or fixtures to an approved project; or
 - d. professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.

Provided however, the MSF Fund Manager may impose additional terms and conditions involving any Hard Costs that meet eligibility for reimbursement under any tax increment financing, including requiring those costs to be repaid to the MSF, or excluding any such costs from Hard Costs, under the written agreement with the MSF.

Provided further, in no event shall any of the following, whether incurred or expended by the applicant or otherwise, or for the project or otherwise, which are collectively referred to as “Soft Costs”, be deemed any part of the Hard Costs:

- a. acquisition fees or costs for real property,
- b. developer fees or costs,
- c. closing fees or costs,
- d. legal fees or costs,
- e. professional fees or costs (other than those included above as part of the Hard Costs),
- f. title commitment fees or costs,
- g. title insurance fees, premiums or costs,
- h. management fees or costs (including Project management and construction management),
- i. appraisal fees or costs,
- j. bank or other lender financing, interest, or inspection fees or costs,
- k. leasing or sales commission fees or costs,
- l. shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
- m. performance bond and other risk contingency fees and costs,
- n. marketing fees or costs,

- o. LEED certification costs,
- p. zoning fees or costs (other than those zoning fees or costs paid to a governmental entity included above as part of the Hard Costs),
- q. taxes, and
- r. hazard, liability or any other insurance fees and costs.

3) The applicant shall include documentation establishing that the project is located on eligible property at the time the application is submitted. Eligibility will be determined at time of application and remain effective for no more than three years from the date of application for purposes of an incentive approval. Any extension of eligibility beyond three years will require MSF Board approval. Eligible property means property meeting one or more of the following conditions:

- a) Is a facility. A facility means that term as defined under in Section 2 of the Brownfield Redevelopment Finance Act, 1996 PA381, MCL 125.2652, as may be amended from time to time.
- b) Is a historic resource. A historic resource means a publically or privately owned historic building or structure located within a historic district designated by the National Register of Historic Places, the State Register of Historic Sites, or a local unit acting under the Local Historic Districts Act, 1970 PA 169, MCL 399.201 to 399.215, as may be amended from time to time.
- c) Is blighted. Blighted property means property that meets any of the following criteria:
 - i) Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;
 - ii) Is an attractive nuisance to children because of physical condition, use, or occupancy;
 - iii) Is a fire hazard or is otherwise dangerous to the safety of persons or property;
 - iv) Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use;
 - v) Is tax reverted property owned by a qualified local governmental unit, by a county, or by this state;
 - vi) Is property owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act, 2003 PA 258, MCL 124.751 to 124.774, as may be amended from time to time; and
 - vii) Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.
- d) Is functionally obsolete. A functionally obsolete property means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property as determined by a Michigan Advanced Assessing Officer or a Michigan Master Assessing Officer.
- e) Is a parcel that is adjacent or contiguous to property described in subparagraphs (a) through (d) if the development of the adjacent or contiguous parcel is estimated to increase the taxable value of the property described in subparagraphs (a) through (d).

- 4) Requests for MSF Support shall be made in accordance with the requirements of the MSF, including without limitation, submission by an applicant of:
 - a) a completed application; and
 - b) a complete project description; and
 - c) a project pro-forma.
- 5) The municipality in which the project is located must make a staff, financial or economic commitment to the project, in each case on terms acceptable to the MSF, and the project must otherwise be a project the MSF desires to support under the program.
- 6) MSF Support for a single project shall not exceed 25% of the eligible investment, but in no event may the MSF Support exceed a total of \$10,000,000 for any project (including any combination of loan, grant, or other economic assistance). Further, no part of the MSF Support that is in the form of a grant may exceed \$1,000,000 for any project. No more than three projects may receive MSF Support of a total of \$10,000,000, and at least five projects must receive MSF Support of a total of \$1,000,000 or less, in each fiscal year.
- 7) MSF Support in the form of a grant shall be performance based. Grants shall include flexible terms and conditions. Grants shall also include provisions requiring grant funds to be paid back under circumstances required by the MSF, and that the grants may be assignable upon approval of the MSF.
- 8) MSF Support in the form of a loan shall also be performance based. Loans may include flexible terms and conditions, all of which must be acceptable to the MSF, including without limitation, below market interest rates, extended grace and repayment provisions, forgivable terms and no security, or some security (which also may be subordinated). Loans shall also include provisions requiring loans funds otherwise not due the MSF, to be paid back under circumstances required by the MSF, and that the loans may be assignable upon approval of the MSF.
- 9) MSF Support in the form of economic assistance (other than loans or grants) may include MSF participation (or other support vehicles) to enhance the making of loans by other lenders.
- 10) When considering a project for MSF Support, consideration shall include the following to the extent reasonably applicable to the type of proposed project, and any other considerations satisfactory to the MSF:
 - a) Projects which include revitalization of regional urban areas shall be given preference for MSF Support;
 - b) MSF Support shall not include support for economic based projects that are not located in a downtown or traditional commercial center and that do not primarily promote the desired revitalization of urban areas;
 - c) The importance of the project to the community in which it is located;
 - d) Whether the project will act as a catalyst for additional revitalization of the community in which it is located;

- e) The amount of local community and financial support for the project;
- f) The applicant's financial need for the incentive;
- g) The extent of reuse of vacant buildings and reuse of historical buildings and redevelopment of blighted property;
- h) The level and extent of environmental contamination;
- i) Creation of jobs;
- j) The level of private sector and other contributions, including federal resources;
- k) Whether the project is financially and economically sound;
- l) Whether the project increases the density of the area;
- m) Whether the project promotes mixed-use development and walkable communities;
- n) Whether the project converts abandoned public buildings to private use;
- o) Whether the project promotes sustainable development;
- p) Whether the project involves the rehabilitation of a historic resource meeting the Federal Secretary of the Interior's Standards for rehabilitation and guidelines for rehabilitating historic buildings, 36 CFR 67.
- q) Whether the project addresses area wide redevelopment;
- r) Whether the project addresses underserved markets of commerce.
- s) Whether the project will compete with or effect existing Michigan businesses within the same industry; and
- t) Any other additional criteria approved by the MSF Board that are specific to each individual project and are consistent with the findings and intent of Chapter 8C of the MSF Act.

11) The MEDC shall provide administrative services to the MSF for the program, including conducting due diligence and compliance processes, and coordinating pre-closing background checks as may be required by the Chief Compliance Officer.

12) The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program, to the MEDC.

13) All MSF Support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with these guidelines and otherwise satisfactory to the MSF, including without limitation, requiring performance based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF Board and the Michigan legislature, including periodic reporting after completion of a project.

14) All decisions for MSF Support, including any exceptions to these guidelines, are subject to approval of the full MSF Board, however (except as to any exceptions to these guidelines), all decisions for MSF Support in an amount of \$1,000,000 or less may be authorized by the following delegates of the MSF Board: the MSF Chairperson together with either the MSF State Treasurer Director or the MSF Fund Manager. A summary of the MSF Support authorized by the delegates shall be reported to MSF Board on a quarterly basis.



MEMORANDUM

TO: Michigan Strategic Fund

FROM: Eric Hanna, Director Capital Access

DATE: July 22, 2014

SUBJECT: *Reappointment to the Board of Directors of Develop Michigan, Inc.*

REQUEST

This request is to re-appoint Jennifer Nelson, Senior Vice President for Community Development and Compliance and General Counsel for the Michigan Economic Development Corporation to the Board of Directors for Develop Michigan, Inc. The appointment will run for five years from the effective date of the proposed resolution.

BACKGROUND

On July 24, 2013 the Michigan Strategic Fund Board (“MSF”, “MSF Board”) appointed three individuals to represent its interests in Develop Michigan, Inc. From its inception Develop Michigan, Inc. (“DMI”) and its for-profit subsidiary private equity fund was designed to be a public-private partnership. As such the composition of the nine-member Board of Directors is as follows:

- Three appointed from private limited partner investors
- Three members appointed by the management team
- Three appointed by the Michigan Strategic Fund

The initial appointees by the MSF Board were:

- Eric B. Larson, Larson Realty Group (formerly Bedrock Real Estate, ODM); 5 Years
- Robert (Bob) Joseph, Talmer Bank and Trust-Capital Markets; 3 Years
- Jennifer Nelson, Michigan Economic Development Corporation; 1 Year

ACTIVITY TO DATE

While investment real estate has been an extremely challenging asset class to raise loan capital in, Develop Michigan, Inc. was successful in closing a fund at \$45 million dollars in September of 2013. Since that time they have continued to fundraise and have soft circles for an additional \$10-\$13 million. They have a robust pipeline of transactions currently identified which would absorb the entire fund (though some will fall off and new ones will come on) and those transactions align well with MEDC’s Community Vitality strategic priorities. Example transactions are primary market deals such as ones on Detroit’s Capital Park and smaller transactions in tertiary/rural markets such as Alma and Milan. One mezzanine loan is fully

Michigan Economic Development Corporation

approved for \$2.5M and is scheduled to close within this quarter. Several are in final negotiation with commitments expected in Q4 of fiscal 14. As closing activity increases, staff will report progress and deliverables back to the MSF as required in our loan agreement.

RECOMMENDATION

Staff recommends the re-appointment of Jennifer Nelson for a term of five years to the Develop Michigan, Inc. Board of Directors.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2014-**

**APPOINTMENT OF BOARD OF DIRECTORS FOR
DEVELOPMENT MICHIGAN, INC. – CAPITAL CONDUIT PROGRAM,
REAL ESTATE INITIATIVE AWARD RECIPIENT**

WHEREAS, Public Acts 215 and 225 of 2005 (collectively, the “Act”) established the 21st Century Jobs Trust Fund initiative;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Fund programs;

WHEREAS, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

WHEREAS, on December 21, 2011, the MSF approved the creation and operation of a Develop Michigan – Capital Conduit Program under the MSDF (“CCP”);

WHEREAS, on December 21, 2011, by Resolution No. 2011-189, as a subprogram of the CCP, the MSF also approved the Real Estate Initiative (“REI”) and the program guidelines for the REI (as further amended on April 25, 2012, by Resolution No. 2012-48) (“REI Guidelines”);

WHEREAS, on January 25, 2012, by Resolution No. 2012-08, the MSF approved an award to Develop Michigan, Inc. (“DMI”) to operate the REI pursuant to the REI Guidelines, and approved the delegation of authority to the MSF Fund Manager, the MSF Chairperson, or the State Treasurer Director, with only two required to act, to execute final transaction documents memorializing the DMI award under the CCP (“Delegation of Authority”);

WHEREAS, pursuant to the REI Guidelines and the terms of the DMI award, the MSF Board has the right to appoint three members to the DMI board of directors;

WHEREAS, at its July 23, 2013 meeting, the MSF Board appointed Jennifer Nelson, Senior Vice President of Community Development & General Counsel, MEDC, for an initial term of one (1) year to the DMI board of directors;

WHEREAS, the MEDC recommends and the MSF Board desires to re-appoint Jennifer Nelson, Senior Vice President of Community Development & General Counsel, for a term of five (5) years to the DMI board of directors (the “DMI Appointee”);

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves the DMI Appointee.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014
To: MSF Board
From: David Lorenz, Industry Relations & International Marketing Manager
Subject: United Kingdom/Ireland Tourism Marketing Representative RFP

BACKGROUND

International leisure travel to the United States is a growing business, accounting for nearly 70-million visitor trips in 2013. Spending by those visitors averaged \$4,500 per trip and they typically overnighted for 17-nights per trip.

For generations, most of the international travel to the U.S. has gone to better known U.S. destinations in East and West Coast cities with well-promoted attractions and to Western U.S. National Parks, while Michigan has mostly relied on business-travel or “friends and family” inspired follow-up leisure trips for its international business.

Travel Michigan intends to capture a greater number of foreign visitors and spending from research-proven best-potential markets, by increasing awareness of Michigan as a world-class destination offering four-seasons of nature-based activity, unique American experiences and authentic American places.

To accomplish this goal, we require representation of an in-country contractor who has an understanding of the Michigan travel product. This contractor also must also possess native-country insights, knowledge and expertise in promoting foreign travel product such as is available in Michigan and must have the appropriate travel industry and consumer contacts to efficiently promote the State of Michigan.

Travel Michigan’s total budget for promotion in the United Kingdom/Ireland is \$200,000 for FY2015, which runs from October 1, 2014 until September 30, 2015. Based on this total budget, Travel Michigan is requesting proposals for a strategy, scope of work and detailed budget which would maximize those dollars to promote Michigan as leisure destination in the United Kingdom/Ireland.

RECOMMENDATION

The MEDC recommends that the MSF Board approve the release of the RFP for international leisure travel marketing to United Kingdom/Ireland, for the period of October 1, 2014 to September 30, 2017, with two one-year extensions.

REQUEST FOR PROPOSALS

Michigan Strategic Fund

Travel Michigan United Kingdom/Ireland Tourism Representative

RFP-CASE-00104195

DRAFT

REMINDER

Please check your proposal to make sure you have included all of the specifications in the Request for Proposals. In addition, please submit an electronic version of each of the following:

- Technical Proposal (Section II-A);
- Price Proposal (Section II-B);
- Signed Independent Price Determination Certificate (Attachment B); and
- Conflicts of Interest Disclosure (if applicable) (Section II-G).

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-00104195 Technical Proposal” and RFP-CASE-00104195 Price Proposal” with Company Name, and “message 1 of 3” as appropriate if the bid consists of multiple emails.

The MSF will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.

Contracts and Grants
Michigan Strategic Fund
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
contractsandgrants@michigan.org

IMPORTANT DUE DATES

- **July 28, 2014, at 3:00 p.m. Eastern Time Zone:** Questions from potential Bidders are due via email to contractsandgrants@michigan.org. Please note: The Michigan Strategic Fund (“MSF”) will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.
- **August 1, 2014, by 5:00 p.m. Eastern Time Zone:** Responses to all qualifying questions will be posted on the MSF’s website, www.michiganadvantage.org/
- **August 15, 2014, at 3:00 p.m. Eastern Time Zone:** Electronic versions sent separately of each of your Technical and Price Proposals due to the MSF via email to contractsandgrants@michigan.org. **Proposals will not be accepted via U.S. mail or any other delivery method.**

UPDATE TABLE OF CONTENTS

Table of Contents

Section I –Work Statement.....	1
A – Purpose	1
B – Background Statement and Objectives.....	1
C.- Qualifications.....	3
D – Deliverables.....	3
Section II – Proposal Format.....	5
A – Technical Proposal	5
B – Price Proposal	6
C – Proposal Submittal.....	6
Section III – RFP Process and Terms and Conditions.....	7
A – Pre-Bid Meeting/Questions	7
B – Proposals.....	7
C – Economy of Preparation	7
D – Selection Criteria	7
E – Bidders Costs	9
F – Taxes	9
G – Conflict of Interest.....	9
H – Breach of Contract.....	9
I – Disclosure	10
J – False Information.....	10
K – Disclosure.....	10
L – Prices Held Firm.....	10
M – Best and Final Offer	10
N –Clarification/Changes in the RFP.....	11
O – Electronic Bid Receipt.....	11
P --Reservation of MSF Discretion	11
Q -- Bid Protest Period	11
R – Jurisdiction.....	12
S.- Additional Clairification.....	12
Section IV – Contractual Terms and Conditions.....	13
A – Contract Terms and Conditions.....	13
B – Contractor Responsibilities	13
C – Acceptance of Proposal Content.....	13
D – Project Control and Reports.....	14
Attachment A – Professional Services Contract Terms and Conditions.....	A-1
Attachment B – Independent Price Determination and Prices Held Firm Certification	B-1

REQUEST FOR PROPOSAL
TRAVEL MICHIGAN UNITED KINGDOM/IRELAND TOURISM REPRESENTATIVE
RFP-CASE-104195

This Request for Proposals (“RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Grants Unit (“C&G”). The Michigan Economic Development Corporation (the “MEDC”) provides administrative services associated with the programs and activities of the Michigan Strategic Fund Act on behalf of the MSF. C&G is the sole point of contact with regard to all bidding and contractual matters relating to the services described in this RFP. C&G is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this RFP and any contract(s) awarded as a result of this RFP (the “Contract”). Contracts and Grants will remain the **SOLE POINT OF CONTACT** throughout the bidding process. ***The MSF will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

Contracts and Grants
Michigan Strategic Fund
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
contractsandgrants@michigan.org

SECTION I
WORK STATEMENT

A) PURPOSE

The purpose of this RFP is to enter into a contract with an in-country full-service travel marketing firm to represent Travel Michigan in the United Kingdom and Ireland at both the consumer and travel industry level. The agency must possess extensive knowledge of the Michigan leisure travel market, and demonstrate native-country insights, knowledge and expertise in promoting foreign travel product such as is available in Michigan and must have the appropriate travel industry and consumer contacts to efficiently promote the State of Michigan.

Travel Michigan’s total budget for promotion in the United Kingdom and Ireland is \$200,000 for FY2015, which runs from October 1, 2014 until September 30, 2015. Based on this total budget, Travel Michigan is requesting proposals for a strategy, scope of work and detailed budget which would maximize those dollars to promote Michigan as leisure destination in the UK/Ireland.

The MEDC desires to issue a contract for the period from contract execution through September 30, 2017, with up to two (2) possible one-year extensions.

B) BACKGROUND STATEMENT AND OBJECTIVES

International leisure travel to the United States is a growing business, accounting for nearly 70-million visitor trips in 2013. Spending by those visitors averaged \$4,500 per trip and they typically overnights for 17-nights per trip.

For generations, most of the international travel to the US has gone to better known U.S. destinations in East and West Coast cities with well-promoted attractions and to Western US National Parks, while Michigan has mostly relied on business-travel or “friends and family” inspired follow-up leisure trips for its international business.

Travel Michigan intends to capture a greater number of foreign visitors and spending from the United Kingdom and Ireland, by increasing awareness of Michigan as a world-class destination offering four-seasons of nature-based activity, unique American experiences and authentic American places.

OBJECTIVES

The role of the international marketing effort will be:

1. To create a strategy to increase inbound leisure travel to the State of Michigan
2. To enhance the image of the State of Michigan as a diverse, exciting and premier leisure travel destination
3. To create programs and platforms that add value for Travel Michigan partners as part of their international marketing effort
4. To advise Travel Michigan staff regarding native-country travel patterns and opportunities
5. To develop native-language marketing tools such as brochures, enewsletters, social media and consumer promotions, at economical costs.
7. To assist Travel Michigan staff in organizing sales missions and securing appointments at important trade shows such as WTM (World Trade Market) and IPW

C) QUALIFICATIONS

Vendors responding to this RFP must have a minimum of five years’ experience representing American destinations for tourism promotion in overseas markets and two years’ experience representing United States destinations for tourism promotion in the UK/Ireland.

D) DELIVERABLES

Deliverables to be provided by the selected vendor include, but are not limited to, creating a strategy to attract more UK/Ireland visitors, particularly leisure visitors, to Michigan; creating brochures, enewsletters, social media and web sites; working with tour operators to get more Michigan product in UK/Ireland tour operator catalogs; identifying travel journalists to invite to Michigan for fam tours; identifying and representing Michigan at key UK/Ireland travel and tourism trade shows; securing appointments with top UK/Ireland tour operators and media attending the annual IPW and WTM; and devising and executing consumer promotions to build consumer awareness of Michigan as a destination.

SECTION II PROPOSAL FORMAT

To be considered, each Bidder must submit a COMPLETE proposal in response to this RFP using the format specified. Bidder's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required in the RFP or considered by the Bidder to be essential to a complete understanding of the proposal. Each section of the proposal should be clearly identified with appropriate headings:

A) TECHNICAL PROPOSAL

1. Business Organization and History – State the full name, address, and phone and facsimile number of your organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work hereunder. Indicate whether it operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated. If appropriate, the proposal must state whether the organization is licensed to operate in the State of Michigan.
2. Statement of the Problem – State in succinct terms your understanding of the problem(s) presented by this RFP.
3. Narrative – Include a narrative summary description of the proposed effort and of the services(s)/products(s) that will be delivered.
4. Technical Work Plans – Provide a detailed research outline and timelines for accomplishing the work.
5. Prior Experience – Describe the prior experience of your organization which you consider relevant to the successful accomplishment of the project defined in this RFP. Include sufficient detail to demonstrate the relevance of such experience. Proposals submitted should include, in this Section, descriptions of qualifying experience to include project descriptions, costs, and starting and completion dates of projects successfully completed; also include the name, address, and phone number of the responsible official of the client organization who may be contacted.

The MSF may evaluate the Bidder's prior performance with the MSF, and prior performance information may be a factor in the award decision.

6. Project Staffing – The Bidder must be able to staff a project team which possesses talent and expertise in the field of the requirements of this RFP. Identify a Project Manager and staff assigned by name and title. Include biographies, experience and any other appropriate information regarding the work team's qualification for this initiative. Indicate staff turnover rates. Show where the project team will be physically located during the time they are engaged in the work. Indicate which of these individuals you consider key to the successful completion of the work. Indicate the amount of dedicated management time for the Bidder's Project Manager and other key individuals. Do not include any financials for the contemplated work within the Technical Proposal. Resumes of qualifications should be supplied for proposed project personnel.

Please Note: The MSF further reserves the right to interview the key personnel assigned by the Contractor to this project and to recommend reassignment of personnel deemed unsatisfactory.

7. Subcontractors – List here all subcontractors that will be engaged to accomplish the project described in this RFP; include firm name and address, contact person and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization and abilities. Also, the information provided in response to A-5, above, should include detailed information about each potential subcontractor.
8. Bidder's Authorized Expediter – Include the name and telephone number of person(s) in your organization authorized to expedite any proposed contract with the MSF.
9. Additional Information and Comments – Include any other information that is believed to be pertinent, but not specifically asked for elsewhere.

B) PRICE PROPOSAL

Provide the cost/rate/price information for all firms/persons named in your Price Proposal to demonstrate the reasonableness of your Price Proposal. Attach a schedule of all expenses covering each of the services and activities identified in your proposal.

The MSF is exempt from federal excise tax, and state and local sales taxes. The Price Proposal should not include taxes.

THE PRICE PROPOSAL MUST BE IDENTIFIED AND SENT SEPARATELY FROM THE TECHNICAL PORTION OF YOUR PROPOSAL ACCORDING TO THE INSTRUCTIONS OF THIS RFP. Separately sealed price proposals will remain sealed until the JEC has completed evaluation of the technical proposals.

Bidders Please Note: Rates quoted in response to this RFP are firm for the duration of the Contract; no price increase will be permitted.

C) PROPOSAL SUBMITTAL

Submit separately marked electronic versions of each of your Technical and Price proposals to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. Eastern Time Zone on August 15, 2014**. The MSF has no obligation to consider any proposal that is not timely received. **Proposals will not be accepted via U.S. mail or any other delivery method.**

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: *"RFP-CASE-00104195 Technical Proposal"* and *RFP-CASE-00104195 Price Proposal"* with Company Name, and *"message 1 of 3"* as appropriate if the bid consists of multiple emails.

**SECTION III
RFP PROCESS AND TERMS AND CONDITIONS**

A) PRE-BID MEETING/QUESTIONS

A pre-bid meeting will not be held. Questions from Bidders concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm Eastern Time Zone on July 28, 2014**. Questions must be submitted to:

Contracts and Grants
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Bidders must submit a complete response to this RFP, using the format provided in Section III of this RFP, by **3:00 p.m. Eastern Time Zone on August 15, 2014**. No other distribution of proposals is to be made by the Bidder.

The Technical Proposal must be **signed physically or electronically** by an official of the Bidder authorized to bind the Bidder to its provisions. The proposal must include a statement as to the period during which it remains valid; this period must be at least ninety (90) days from August, 15, 2014. The rates quoted in the Price Proposal must remain firm for the period indicated in Section II.

C) ECONOMY OF PREPARATION

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Bidder's ability to meet the requirements of the RFP. Emphasis should be on completeness and clarity of content.

D) SELECTION CRITERIA

Responses to this RFP will be evaluated based upon a three-step selection process. The proposal must address the requirements described in Section II of this RFP.

The first step is an evaluation of which proposals satisfactorily meet the requirements of this RFP as stated in Section II.

1) Step I – Initial evaluation for compliance

a) *Proposal Content* – Contracts and Grants will screen the proposals for technical compliance to include but not limited to:

- Timely submission of the proposal
- Technical Proposal and Price Proposal clearly identified and sent separately
- Proposal signed physically or electronically by an official of the Bidder authorized to bind the Bidder to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Technical Proposals

- a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee (“JEC”) comprised of individuals selected by the MSF. Only those proposals that satisfy the requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Bidder.
- b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Bidder to meet the requirements of this RFP, especially the time constraints, quality, and recent projects similar to that described in this RFP. The proposal should indicate the competence of the personnel whom the Bidder intends to assign to the project, including education and experience, with particular reference to experience on projects similar to that described in this RFP and qualifications of Bidder’s Project Manager and the Project Manager’s dedicated management time, as well as that of other key personnel working on this project.

		Weight
1.	Statement of Work	40
2.	Bidder Information	30
3.	Prior Experience	15
4.	Staffing	15
TOTAL		100

- c.) During the JEC’s review, Bidders may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Bidders to clarify the proposals. The MSF will schedule these presentations, if required by the JEC.
- d.) Only those proposals receiving a score of **80 points or more** in the technical proposal evaluation will have their price evaluated to be considered for award.

1) Step III – Criteria for Satisfactory Price Proposal

- a.) Based on what is in the best interest of the MSF, the MSF will award the Contract considering value, quality, and the ability to meet the objectives of this RFP, of proposals that were approved as a result of this two-step evaluation process.
- b.) The MSF reserves the right to consider economic impact on the State when evaluating proposal pricing. This includes, but is not limited to: job creation, job retention, tax revenue implications, and other economic considerations.
- c.) The award recommendation will be made to the responsive and responsible Bidder who offers the best value to the MSF and the State of Michigan. Best value will be determined by the Bidder meeting the minimum point threshold and offering the *best proposal that meets the objectives of the RFP*.
- d.) The MSF reserves the right to award to another “best value” contractor in case the original Awardee does not accept the award.

E) BIDDERS COSTS

The MSF is not liable for any costs incurred by any Bidder prior to signing of the Contract by all parties.

F) TAXES

The MSF may refuse to award a contract to any Bidder who has failed to pay any applicable taxes or if the Bidder has an outstanding debt to the State or the MSF.

Except as otherwise disclosed in an exhibit to the Proposal, Bidder certifies that all applicable taxes are paid as of the date the Bidder's Proposal was submitted to the MSF and the Bidder owes no outstanding debt to the State or the MSF.

G) CONFLICT OF INTEREST

The Bidder must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from the award of the Contract or the services provided under the Contract.

Except as otherwise disclosed in the proposal, the Bidder affirms that to the best of its knowledge there exists no actual or potential conflict between the Bidder, the Bidder's project manager(s) or its family's business or financial interests ("Interests") and the services provided under the Contract. In the event of any change in either Interests or the services provided under the Contract, the Bidder will inform the MSF regarding possible conflicts of interest which may arise as a result of such change and agrees that all conflicts shall be resolved to the MSF's satisfaction or the Bidder may be disqualified from consideration under this RFP. As used in this Section, "conflict of interest" shall include, but not be limited to, the following:

1. Giving or offering a gratuity, kickback, money, gift, or any thing of value to a MSF official, officer, or employee with the intent of receiving a contract from the MSF or favorable treatment under a contract;
2. Having or acquiring at any point during the RFP process or during the term of the Contract, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Bidder's performance of its duties and responsibilities to the MSF under the Contract or otherwise create the appearance of impropriety with respect to the award or performance of the Contract; or
3. Currently in possession of or accepting during the RFP process or the term of the Contract anything of value based on an understanding that the actions of the Bidder or its affiliates or Interests on behalf of the MSF will be influenced.

H) BREACH OF CONTRACT

Except as otherwise disclosed in an exhibit to Bidder's proposal, Bidder is not in material default or breach of any contract or agreement that it may have with the State of Michigan or any of its departments, commissions, boards or agencies, or any other public body in the State of Michigan. Further, Bidder represents and warrants that it has not been a party to any contract with the State or any public body that was terminated within the previous five (5) years because the Bidder failed to

perform or otherwise breached an obligation of such contract.

I) DISCLOSURE

Except as otherwise disclosed in an exhibit to Bidder's proposal, there is no criminal litigation, convictions, investigations or proceedings involving the Bidder (and each subcontractor, if subcontractors will be used to provide the goods/services requested under this RFP) or any of the Bidder's officers or directors or any litigation or proceedings under the Sarbanes-Oxley Act. In addition, Bidders must disclose in the exhibit requested under this Section of the RFP any civil litigation, arbitration or proceeding to which the Bidder (or, to the extent Bidder is aware, any subcontractor) is a party and which involves: (1) disputes that might reasonably be expected to adversely affect the viability or financial stability of the Bidder (or subcontractor); or (2) a claim or written allegation of fraud or breach of contract against Bidder (or, to the extent Bidder is aware, subcontractor), by a governmental or public entity arising out of their business dealings with governmental or public entities. Details of any settlements which Bidder is prevented from disclosing under the terms of the settlement may be annotated as such. Bidders must also disclose any investigations by the Internal Revenue Service or any other federal or state taxing body or court.

J) FALSE INFORMATION

If the MSF determines that a Bidder purposefully or willfully submitted false information in response to this RFP, the Bidder will not be considered for an award and any resulting Contract that may have been executed may be terminated.

K) DISCLOSURE

All Bidders should be aware that proposals submitted to the MSF in response to this RFP may be subject to disclosure under the provisions of Public Act 442 of 1976, as amended, known as the Freedom of Information Act ("FOIA"). Accordingly, confidential information should be excluded from Bidders' proposals. Bidders, however, are encouraged to provide sufficient information to enable the MSF to determine the Bidder's qualifications and to understand or identify areas where confidential information exists and could be provided. The FOIA also provides for the complete disclosure of the Contract and any attachments or exhibits thereto.

L) PRICES HELD FIRM

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in Bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted. IN THE EVENT THAT PROPOSED CHANGES ARE NOT ACCEPTABLE TO THE MSF, THE CONTRACT SHALL BE TERMINATED AND THE MODIFIED CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING.

M) BEST AND FINAL OFFER

At any time during the evaluation process, the JEC may request a Best and Final Offer (BAFO) from any Bidder. This will be the final opportunity for a Bidder to provide a revised proposal. The scope of the changes allowed in the BAFO will be published as part of the issuance of the BAFO request.

Bidders are cautioned to propose the best possible offer at the outset of the process, as there is no guarantee that any Bidder will be allowed an opportunity to engage in Pricing Negotiations or requested to submit a Best and Final Offer.

N) CLARIFICATION/CHANGES IN THE RFP

Changes made to the RFP as the result of responses made to qualifying questions or concerns will be posted on www.michiganadvantage.org/. Applicants are encouraged to regularly check this site for changes or other information related to the RFP.

O) ELECTRONIC BID RECEIPT

ELECTRONIC VERSIONS OF EACH OF YOUR TECHNICAL AND PRICE PROPOSALS SENT SEPARATELY MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE **3:00 p.m. Eastern Time Zone on August 15, 2014**. Bidders are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

P) RESERVATION OF MSF DISCRETION

Notwithstanding any other statement in this RFP, the MSF reserves the right to:

- 1) reject any and all proposals;
- 2) waive any errors or irregularities in the bidding process or in any proposal;
- 3) rebid the project;
- 4) negotiate with any Bidder for a reduced price, or for an increased price to include any alternates that the Bidder may propose;
- 5) reduce the scope of the project, and rebid or negotiate with any Bidder regarding the revised project; or
- 6) defer or abandon the project.

The MSF's decision is final and not subject to appeal. Any attempt by an applicant, collaborating entity, or other party of interest to the project to influence the awards process, to appeal, and/or take any action, including, but not limited to, legal action, regarding the proposal or awards process in general may result in the applicant's disqualification and elimination from the award process.

Q) BID PROTEST PERIOD

If a Bidder wishes to initiate a protest of the award recommendation, the Bidder must submit a protest in writing by 5:00 p.m. within (5) five calendar days from the date of the notice of award sent by the MSF. The written protest should include the RFP number, clearly state the facts believed to constitute an error in the award recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF's CEO or designee will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a

decision. This decision is final.

To maintain the integrity of the procurement process and to ensure that procurements are received without undue delay, protests requesting a waiver of the following omissions and requirements cannot be granted:

1. Failure of a Bidder to properly complete sealed bid return envelope instructions;
2. Failure of a Bidder to submit the Bid by the due date and time;
3. Failure of a Bidder to provide samples, descriptive literature or other required documents by the date and time specified;
4. Failure of a Bidder to submit a protest within the time stipulated in the notice to award or as determined by the MSF.

In fairness to Bidders who meet specifications and to prevent delays in procurement, the MSF will not withdraw an award or re-evaluate bids when a protest maintains that the RFP specifications were faulty or that a bid exceeding specifications provided a better value than a lower bid meeting specifications.

R) JURISDICTION

In the event that there are conflicts concerning this RFP that proceed to court, jurisdiction will be in a Michigan court of law. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF that are otherwise available.

S) ADDITIONAL CERTIFICATION

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit a bid on a request for proposal, with a public entity.

Bidders must include the following certification in the technical proposal:

“Bidder certifies that it is not an Iran-linked business as defined in MCL 129.312.”

Failure to submit this certification will result in disqualification from consideration.

**SECTION IV
CONTRACTUAL TERMS AND CONDITIONS**

A) CONTRACT TERMS AND CONDITIONS

- 1) The Contract – The proposal selected will be subject to the terms and conditions of the MSF's Professional Services Contract (the "Contract") upon execution of the Contract by the MSF and Bidder. The standard terms and conditions of the Contract are attached to this RFP as Attachment A.
- 2) Term of Work – It is estimated that the activities in the proposed Contract will cover the period [date], through [date].
- 3) Modification of Service – The MSF reserves the right to modify the requested services during the course of the Contract. Such modifications must be made in writing and may include the addition or deletion of tasks or any other modifications deemed necessary. Any changes in pricing proposed by the bidder resulting from the requested changes are subject to acceptance by the MSF. Changes may be increases or decreases.

In the event changes are not acceptable to the MSF, the Contract shall be subject to competitive bidding based upon the new specifications.

- 4) Subcontracting – The MSF reserves the right to approve any subcontractors for the Contract and to require the bidder, upon award of the Contract, to replace subcontractors that the MSF finds to be unacceptable.
- 5) Award of Contract – The MSF reserves the right to award all or any part of this RFP and, based on what is in the best interest of the MSF, the MSF will award the Contract considering price, value and quality of the bids.

B) CONTRACTOR RESPONSIBILITIES

The selected Bidder will be required to assume responsibility for all contractual activities offered in this RFP whether or not the Bidder performs them. Further, the MSF will consider the selected Bidder to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the Contract.

C) ACCEPTANCE OF PROPOSAL CONTENT

If awarded a Contract, the contents of this RFP will become contractual obligations. The following constitute the complete and exclusive statement of the agreement between the parties as it relates to this transaction:

- 1) This RFP (including subsequent written clarification provided in response to questions raised by email) and any Addenda thereto; and
- 2) Final Executed Contract.

In the event of any discrepancies between the above documents, the final executed Contract shall control. Failure of the successful Bidder to accept these obligations may result in cancellation of the award.

D) PROJECT CONTROL AND REPORTS

1) Project Control

- a) The selected Bidder (the “Contractor”) will carry out this project under the direction and control of the Business Support Unit of the MSF.
- b) The MSF will appoint a Contract Manager for this project. Although there will be continuous liaison with the Contractor team, the Contract Manager will meet with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c) The Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated which should be brought to the attention of the Contract Manager and notification of any significant deviation from previously agreed upon work plans.
- d) Within five (5) working days of the execution of the Contract, the Contractor will submit a work plan to the Contract Manager for final approval. This work plan must be in agreement with Section III-A of this RFP as proposed by the Bidder and accepted by the MSF for contract, and must include the following:
 - (i) The Contractor's project organizational structure.
 - (ii) The Contractor's staffing table with names and titles of personnel assigned to the project. This must be in agreement with staffing of the accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the MSF.
 - (iii) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - (iv) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

(remainder of page intentionally left blank)

ATTACHMENT A

PROFESSIONAL SERVICES CONTRACT
TERMS AND CONDITIONS

The Michigan Strategic Fund (the "MSF") enters into a binding agreement for professional services (the "Agreement") with CONTRACTOR (the "Contractor"). The MSF and Contractor shall sometimes be referred to in this Agreement individually as a "Party" or collectively as "Parties."

Contractor: Name
 Address
 Address

Federal I.D. No: xx-xxxxxxx

I. NATURE OF SERVICES

[Contracts and Grants to fill in a description of the Nature of Services based upon the information in the NOI].

II. PERFORMANCE SCHEDULE

Starting Date: MONTH XX, 20XX

Ending Date: MONTH XX, 20XX

The term of this Agreement (the "Term") shall begin on the Starting Date and end on the Ending Date, unless terminated earlier, as permitted under Section V(J) of this Agreement.

III. COMPENSATION INFORMATION

- A) The MSF agrees to pay Contractor an amount not to exceed \$XX.XX during the Term. This amount includes all embedded expenses.
- B) Payment under this Agreement shall be made by the MSF to Contractor upon receipt and approval by the Contract Manager of Contractor's billing statement stating that the work for which payment is requested has been appropriately performed. Contractor shall provide the Contract Manager with Contractor's billing statement on a monthly basis. **(Review as specific for each agreement.)**
- C) All billing statements must reflect actual work done. The specific details of billing statements and payments will be agreed upon between the Contract Manager and the Contractor after the Agreement has been signed and accepted by both the Contractor and the MSF. Payment of the final 15% of the Contract amount shall be made only after the satisfactory completion of the required work, including all reports, and the submission of the final invoice. **(Review as specific for each agreement.)**
- D) Changes in the budget will be allowed only upon prior review and written approval by the Contract Manager.
- E) Contractor's billing statement(s) may be subject to a final audit prior to the release of final payment.

IV. MSF CONTRACT MANAGER

Contractor should communicate with the following MSF representative or designee regarding this Agreement:

[Name]
[Business Unit]
Michigan Strategic Fund
300 N. Washington Square
Lansing, Michigan 48913

V. TERMS AND CONDITIONS

A) Contractor Duties

- 1) Contractor agrees to undertake, perform, and complete the services described in Exhibit A, which is incorporated herein by reference.
- 2) Within seven (7) business days of the last business day of each month, the Contractor will provide a progress report to the MSF Contract Manager. The progress report must contain a brief summary of the work accomplished during that month; the work to be accomplished during the subsequent month; and any problems, real or anticipated which should be brought to the attention of the MSF Contract Manager. Further, this report must provide notice of any significant deviation from previously agreed upon work plans.

B) Independent Contractor

Contractor will act as an independent contractor under this Agreement, and neither Contractor nor any employee or agent or contract personnel of Contractor is, or shall be deemed to be, an employee of the MSF due to this Agreement and the relationship between Contractor and MSF. In its capacity as an independent contractor, Contractor agrees to and represents the following:

- 1) Contractor will provide the services under this Agreement free from the direction or control of the MSF as to means, manners, and methods of performance;
- 2) Contractor has the right and does fully intend to perform services for third parties during the Term;
- 3) Contractor acknowledges that any work product developed by Contractor in performance of this Agreement shall be the sole property of the MSF and the MSF shall have the right to copyright or otherwise protect its rights in and ownership of the work product;
- 4) The services required by this Agreement shall be performed by Contractor, or Contractor's employees or contract personnel, and the MSF shall not hire, supervise, or pay any assistants to help Contractor;
- 5) Neither Contractor nor Contractor's employees or contract personnel shall receive any training from the MSF in the professional skills necessary to perform the services

required by this Agreement;

- 6) Neither Contractor nor Contractor's employees or contract personnel shall be required by the MSF to devote full time to the performance of the services required by this Agreement; and
- 7) Contractor does not receive the majority of its annual compensation from the MSF.

The Parties acknowledge and agree that the MSF is entering into this Agreement with reliance on the representations made by Contractor relative to its independent contractor status.

C) Permits and Licenses

Contractor declares that Contractor has complied with all federal, state and local laws requiring any business permits, certificates or licenses required to carry out the services to be performed under this Agreement, and Contractor will maintain those permits, certificates and/or licenses throughout the Term.

D) Materials

Contractor will furnish all materials, equipment and supplies used to provide the services required by this Agreement.

E) State and Federal Taxes

The MSF will not:

- 1) Withhold FICA (Social Security and Medicare taxes) from Contractor's payments or make FICA payments on Contractor's behalf; or
- 2) Make state or federal unemployment compensation contributions on Contractor's behalf, or withhold state, federal or local income tax from Contractor's payments.

Contractor shall pay all taxes incurred while performing services under this Agreement, including, but not limited to all applicable income taxes. If requested by the MSF, Contractor shall provide the MSF with proof that such payments have been made.

F) Fringe Benefits

Contractor understands that neither Contractor nor Contractor's employees or contract personnel are eligible to participate in any employee pension, health, vacation pay, sick pay, or other fringe benefit plan of the MSF.

G) Workers' Compensation

The MSF shall not obtain workers' compensation insurance on behalf of Contractor or Contractor's employees. If Contractor hires employees to perform any work under this Agreement, Contractor shall cover them with workers' compensation insurance and shall maintain such insurance during the Term. The MSF may, in its discretion, require Contractor to provide evidence of such coverage.

H) Unemployment Compensation

The MSF shall make no state or federal unemployment compensation payments on behalf of Contractor or Contractor's employees or personnel. Contractor will not be entitled to these benefits in connection with work performed under this Agreement. If Contractor files a petition for and receives unemployment compensation, the total amount of unemployment compensation awarded to and received by Contractor shall be deducted from and be an offset against the amount of compensation due and payable to Contractor by the MSF under this Agreement.

I) Access to Records

During the Term, and for seven (7) years after the Ending Date, Contractor shall maintain reasonable records, including evidence that the requested services actually were performed and the identity of all individuals paid for such services, and shall allow access to those records by the MSF or its authorized representative at any time during this period.

J) Termination

Either Party may terminate its obligations under this Agreement by giving the other Party thirty (30) calendar days prior written notice of such termination.

The MSF may immediately terminate this Agreement upon written notice to Contractor if Contractor materially breaches its obligations under this Agreement or engages in any conduct which the MSF, in its sole discretion, determines has or could have an adverse impact on the State of Michigan's (the "State") or the MSF's reputation or interests. In addition, the MSF may immediately terminate this Agreement upon written notice to Contractor, without further liability to the MSF or the State, its departments, agencies, and employees, if Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense relating to a State, public, or private contract or subcontract; or convicted of a criminal offense including, but not limited to, any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which, in the sole discretion of the MSF, reflects on Contractor's business integrity.

Contractor acknowledges that MSF's performance of its payment obligation is dependent upon the MSF Executive Committee's continued approval of funding and/or the MSF's continued receipt of State funding. In the event that the State Legislature, the State Government or any State official, public body corporate, commission, authority, body or employees, including the MSF Executive Committee: (a) takes any action which fails to provide, terminates or reduces the funding that is related to the source of funding for this Agreement; or (b) takes any action that is unrelated to the source of funding for this Agreement, but affects the MSF's ability to perform obligations under this Agreement, the MSF may terminate this Agreement by providing thirty (30) calendar days notice prior to the effective date of cancellation. In the event, however, that the action of the State Legislature, the State of Michigan or MSF's Executive Committee results in an immediate absence or termination of funding, this Agreement may be terminated effective immediately upon delivery

of notice to the Contractor. In the event of immediate termination of funding, the MSF will make payment through the effective date of termination for any undisputed services rendered and expenses incurred.

The MSF shall have no obligation to Contractor for any fees or other payments incurred in connection with this Agreement after the effective date of termination. Upon termination, all work product prepared or produced by Contractor pursuant to this Agreement shall be immediately delivered to the MSF. Payment for any undisputed services rendered and expenses incurred through the effective date of termination will then promptly be made by the MSF.

K) MSF Employees

Contractor will not hire any employee of the MSF to perform any services covered by this Agreement without prior written approval from the Chief Executive Officer of the MSF.

L) Confidential Information

Except as required by law, Contractor shall not use or disclose, either before, during or after the Term, any proprietary or confidential information, including, but not limited to, applications, business bids, business plans, economic development analyses, computer programs, databases and all materials furnished to Contractor by the MSF (collectively, "Confidential Information") without the prior written consent of the MSF. Confidential Information does not include information obtained by Contractor from third party sources; that is already in the possession of, or is independently developed by, Contractor; that becomes publicly available other than through breach of this Paragraph; or, is released with the prior written consent of the governmental entity or entities that provided the Confidential Information to Contractor. Contractor acknowledges that all information provided by the MSF in connection with Contractor's duties under this Agreement shall be treated as Confidential Information unless otherwise stated in this subsection.

M) Conflict of Interest

Except as has been disclosed to the MSF, Contractor affirms that neither the Contractor, nor its Affiliates or their employees has, shall have, or shall acquire any contractual, financial business or other interest, direct or indirect, that would conflict in any manner with Contractor's performance of its obligations under this Agreement or otherwise create the appearance of impropriety with respect to this Agreement.

Contractor further affirms that neither Contractor nor any affiliates or their employees has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or its affiliates or either's employees on behalf of the MSF would be influenced. Contractor shall not attempt to influence any MSF employee by the direct or indirect offer of anything of value. Contractor also affirms that neither Contractor, nor its Affiliates or their employees has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or its Affiliate, any fee, commission, percentage, brokerage fee, gift or any other consideration contingent upon or resulting from the execution of this Agreement.

In the event of change in either the interests or services under this Agreement, Contractor will

inform the MSF regarding possible conflicts of interest which may arise as a result of such change. Contractor agrees that conflicts of interest shall be resolved to the MSF's satisfaction or the MSF may terminate this Agreement. As used in this Paragraph, "conflict of interest" shall include, but not be limited to, conflicts of interest that are defined under the laws of the State of Michigan.

N) Representations of Contractor

Contractor affirms to the best of its knowledge that it or its owners:

- 1) Do not have any criminal convictions.
- 2) Are not subjects of any pending criminal investigation.
- 3) Are not subjects of any past, present or pending investigations by the Internal Revenue Service or any other federal or state taxing body or court.
- 4) Are not subjects of any past, pending or present litigation regarding its conduct.
- 5) Are not in material default or breach of any contract or agreement that it may have with the State of Michigan, the MSF or any other public body. Contractor further represents and warrants that it has not been a party to any contract with the State, the MSF or other public body that was terminated within the previous five (5) years due to the Contractor's failure to perform or otherwise breached an obligation of such contract.

O) State of Michigan Competitors

Any information or knowledge Contractor gains during the course of this Agreement concerning the economic development efforts of the State of Michigan, the MSF or the business conditions or business community in Michigan shall not be disclosed to any public or private party, sovereign authority or foreign government, during the Term and for a period of two (2) years after the later of the Ending Date, the effective date of termination of this Agreement or so long as any information remains confidential pursuant to any contract, law, treaty, resolution or other enforceable promise.

P) Irreparable Injury

Contractor acknowledges that if it breaches any of its obligations under Paragraphs L and O above, it will cause damages of an irreparable and continuing nature to the MSF, for which money damages alone will not provide adequate relief. Therefore, in addition to all appropriate monetary damages, the MSF is entitled to obtain injunctive relief, including, but not limited to, a temporary restraining order to prohibit the Contractor's continuing breach. The MSF shall have the right to obtain such relief without having to post any bond or other surety.

Q) Indemnification and Contractor Liability Insurance

Contractor shall indemnify, defend, and hold harmless the MSF, its Executive Committee, its Corporate Board of Directors, and its employees (the "Indemnified Parties") from any and all liability arising out of or in any way related to Contractor's performance under this Agreement, including any liability resulting from any acts of Contractor's employees or agents.

Contractor shall purchase and maintain such insurance to protect the Indemnified Parties from claims that might arise out of or as a result of Contractor's operations. Contractor will provide and maintain its own errors and omissions liability insurance for Contractor's indemnification obligation under this Agreement. The insurance shall be written for not less than One Million Dollars (\$1,000,000) of coverage, but Contractor's indemnification obligation is not limited to this amount.

R) Total Agreement

This Agreement, together with Exhibit A, contains the entire agreement between the Parties superseding any prior or concurrent agreements as to the services being provided, and no oral or written terms or conditions which are not contained in this Agreement shall be binding. This Agreement may not be changed except by written agreement signed by the Parties.

S) Assignment/Transfer/Subcontracting

Contractor shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the MSF. Contractor agrees that any of Contractor's future successors or subcontractors will be bound by the provisions of this Agreement, unless the MSF otherwise agrees in a specific written consent. The MSF reserves the right to approve subcontractors for this Agreement and to require Contractor to replace subcontractors who are found to be unacceptable.

T) Non-Discrimination and Unfair Labor Practices

In connection with this Agreement, Contractor shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101 *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101 *et seq.*, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment with respect to his or her hire, tenure, terms, conditions, privileges of employment, or any matter directly or indirectly related to employment because of his or her race, religion, color, national origin, age, gender, height, weight, marital status, or physical or mental disability unrelated to the individual's ability to perform the duties of a particular job or position. Contractor further agrees that every subcontract entered into in connection with this Agreement will contain a provision requiring nondiscrimination in employment, as required in this Agreement, binding upon each subcontractor.

Pursuant to 1980 PA 278 (the "Act"), MCL 423.321 *et seq.*, the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled by the United States National Labor Relations Board. Contractor, in relation to this Agreement, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears on this register. Pursuant to section 4 of the Act, the MSF may void this Agreement if, after the Starting Date, the name of the Contractor as an employer or the name of the subcontractor, manufacturer or supplier of Contractor appears on the register.

A breach of this Paragraph constitutes a material breach of this Agreement.

U) Jurisdiction

The laws of the State of Michigan shall govern this Agreement. The Parties shall make a good faith effort to resolve any controversies that arise regarding this Agreement. If a controversy cannot be resolved, the Parties agree that any legal actions concerning this Agreement shall be brought in the Ingham County Circuit Court in Ingham County, Michigan, USA. By signing this Agreement, Contractor acknowledges that it is subject to the jurisdiction of this court and agrees to service by first class or express delivery wherever Contractor resides, in or outside of the United States.

V) Compliance with Laws

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the services under this Agreement.

W) No Partnership or Agency Relationship

This Agreement does not create a partnership relationship. Further, neither Contractor nor Contractor's employees or other representatives shall hold themselves out to third parties as an agent or representative of MSF, nor shall they have any authority to take any action or enter into any agreement on behalf of MSF.

X) No Third Party Beneficiaries

There are no expressed or implied third party beneficiaries to this Agreement.

Y) Counterparts

This Agreement may be executed in one or more counterparts and by facsimile, electronic mail or .pdf, each of which shall constitute an original, and all of which together shall constitute one and the same instrument.

Z) Reimbursement

If this Agreement is terminated as a result of the misuse of funds as reasonably determined by the MSF, MSF shall have no further obligation to make any payments to Contractor. Furthermore, Contractor shall reimburse MSF for payments which were expended for purposes other than those described in this Agreement, as well as any funds which were previously disbursed under this Agreement but not yet expended by Contractor.

AA) Survival

The terms and conditions of sections III, V(B), V(E), V(F), V(G), V(H), V(I), V(L), V(O), V(P), V(Q), V(S), V(U), V(W), V(X) and V(Z) shall survive termination of this Agreement.

(remainder of page intentionally left blank)

The signatories below warrant that they are empowered to enter into this Agreement.

CONTRACTOR ACCEPTANCE:

CONTRACTOR

Dated: _____

Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund,
a Public Body Corporate

Dated: _____

Authorized Signer
Title

ATTACHMENT B

INDEPENDENT PRICE DETERMINATION AND PRICES HELD FIRM CERTIFICATION

INDEPENDENT PRICE DETERMINATION

By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

1. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Bidder or with any competitor; and
2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
3. No attempt has been made or will be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

Each person signing the proposal certifies that she/he:

- A) Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and will not participate) in any action contrary to 1, 2, and 3 above; or
- B) Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to 1, 2, and 3 above.

A proposal will not be considered for award if this Attachment B has been altered so as to delete or modify 1 or 3, above. If 2, above, has been modified or deleted, the proposal will not be considered for award unless the Bidder provides, with this Attachment B, a signed statement which sets forth, in detail, the circumstances of the disclosure and the MSF determines that such disclosure was not made for the purpose of restricting competition.

PRICES HELD FIRM

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted.

Signed _____

Date _____



MEMORANDUM

Date: July 22, 2014
To: MSF Board
From: David Lorenz, Industry Relations & International Marketing Manager
Subject: Germany/Austria/Switzerland Tourism Marketing Representative RFP

BACKGROUND

International leisure travel to the United States is a growing business, accounting for nearly 70-million visitor trips in 2013. Spending by those visitors averaged \$4,500 per trip and they typically overnighted for 17-nights per trip.

For generations, most of the international travel to the U.S. has gone to better known U.S. destinations in East and West Coast cities with well-promoted attractions and to Western U.S. National Parks, while Michigan has mostly relied on business-travel or “friends and family” inspired follow-up leisure trips for its international business.

Travel Michigan intends to capture a greater number of foreign visitors and spending from research-proven best-potential markets, by increasing awareness of Michigan as a world-class destination offering four-seasons of nature-based activity, unique American experiences and authentic American places.

To accomplish this goal, we require representation of an in-country contractor who has an understanding of the Michigan travel product. This contractor also must also possess native-country insights, knowledge and expertise in promoting foreign travel product such as is available in Michigan and must have the appropriate travel industry and consumer contacts to efficiently promote the State of Michigan.

Travel Michigan’s total budget for promotion in Germany/Austria/Switzerland is \$200,000 for FY 2015, which runs from October 1, 2014 until September 30, 2015. Based on this total budget, Travel Michigan is requesting proposals for a strategy, scope of work and detailed budget which would maximize those dollars to promote Michigan as leisure destination in the United Kingdom/Ireland.

RECOMMENDATION

The MEDC recommends that the MSF Board approve the release of the RFP for international leisure travel marketing to Germany/Austria/Switzerland, for the period of October 1, 2014 to September 30, 2017, with two one-year extensions.

REQUEST FOR PROPOSALS

Michigan Strategic Fund

Travel Michigan Germany/Austria/Switzerland Tourism Representative

RFP-CASE-00104199

DRAFT

REMINDER

Please check your proposal to make sure you have included all of the specifications in the Request for Proposals. In addition, please submit an electronic version of each of the following:

- Technical Proposal (Section II-A);
- Price Proposal (Section II-B);
- Signed Independent Price Determination Certificate (Attachment B); and
- Conflicts of Interest Disclosure (if applicable) (Section II-G).

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-00104199 Technical Proposal” and RFP-CASE-00104199 Price Proposal” with Company Name, and “message 1 of 3” as appropriate if the bid consists of multiple emails.

The MSF will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.

Contracts and Grants
Michigan Strategic Fund
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
contractsandgrants@michigan.org

IMPORTANT DUE DATES

- **July 28, 2014, at 3:00 p.m. Eastern Time Zone:** Questions from potential Bidders are due via email to contractsandgrants@michigan.org. Please note: The Michigan Strategic Fund (“MSF”) will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.
- **August 1, 2014, by 5:00 p.m. Eastern Time Zone:** Responses to all qualifying questions will be posted on the MSF’s website, www.michiganadvantage.org/
- **August 15, 2014 at 3:00 p.m. Eastern Time Zone:** Electronic versions sent separately of each of your Technical and Price Proposals due to the MSF via email to contractsandgrants@michigan.org. **Proposals will not be accepted via U.S. mail or any other delivery method.**

UPDATE TABLE OF CONTENTS

Table of Contents

Section I –Work Statement.....	1
A – Purpose	1
B – Background Statement and Objectives.....	1
C.- Qualifications.....	3
D – Deliverables.....	3
Section II – Proposal Format.....	5
A – Technical Proposal	5
B – Price Proposal	6
C – Proposal Submittal.....	6
Section III – RFP Process and Terms and Conditions.....	7
A – Pre-Bid Meeting/Questions	7
B – Proposals.....	7
C – Economy of Preparation	7
D – Selection Criteria	7
E – Bidders Costs	9
F – Taxes	9
G – Conflict of Interest.....	9
H – Breach of Contract.....	9
I – Disclosure	10
J – False Information.....	10
K – Disclosure.....	10
L – Prices Held Firm.....	10
M – Best and Final Offer	10
N –Clarification/Changes in the RFP.....	11
O – Electronic Bid Receipt.....	11
P --Reservation of MSF Discretion	11
Q -- Bid Protest Period	11
R – Jurisdiction.....	12
S.- Additional Clairification.....	12
Section IV – Contractual Terms and Conditions.....	13
A – Contract Terms and Conditions.....	13
B – Contractor Responsibilities	13
C – Acceptance of Proposal Content.....	13
D – Project Control and Reports.....	14
Attachment A – Professional Services Contract Terms and Conditions.....	A-1
Attachment B – Independent Price Determination and Prices Held Firm Certification	B-1

REQUEST FOR PROPOSAL
TRAVEL MICHIGAN GERMANY/AUSTRIA/SWITZERLAND TOURISM REPRESENTATIVE
RFP-CASE-00104199

This Request for Proposals (“RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Grants Unit (“C&G”). The Michigan Economic Development Corporation (the “MEDC”) provides administrative services associated with the programs and activities of the Michigan Strategic Fund Act on behalf of the MSF. C&G is the sole point of contact with regard to all bidding and contractual matters relating to the services described in this RFP. C&G is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this RFP and any contract(s) awarded as a result of this RFP (the “Contract”). Contracts and Grants will remain the SOLE POINT OF CONTACT throughout the bidding process. ***The MSF will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

Contracts and Grants
Michigan Strategic Fund
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
contractsandgrants@michigan.org

SECTION I
WORK STATEMENT

A) PURPOSE

The purpose of this RFP is to enter into a contract with an in-country full-service travel marketing firm to represent Travel Michigan in Germany, Austria and Switzerland at both the consumer and travel industry level. The agency must possess extensive knowledge of the Michigan leisure travel market, and demonstrate native-country insights, knowledge and expertise in promoting foreign travel product such as is available in Michigan and must have the appropriate travel industry and consumer contacts to efficiently promote the State of Michigan.

Travel Michigan’s total budget for promotion in Germany, Austria and Switzerland is \$200,000 for FY2015, which runs from October 1, 2014 until September 30, 2015. Based on this total budget, Travel Michigan is requesting proposals for a strategy, scope of work and detailed budget which would maximize those dollars to promote Michigan as leisure destination in Germany, Austria and Switzerland.

The MEDC desires to issue a contract for the period from contract execution (approximately October 1, 2014) through September 30, 2017, with up to two (2) possible one-year extensions.

B) BACKGROUND STATEMENT AND OBJECTIVES

International leisure travel to the United States is a growing business, accounting for nearly 70-million visitor trips in 2013. Spending by those visitors averaged \$4,500 per trip and they typically overnighed for 17-nights per trip.

For generations, most of the international travel to the US has gone to better known U.S. destinations in East and West Coast cities with well-promoted attractions and to Western US National Parks, while Michigan has mostly relied on business-travel or “friends and family” inspired follow-up leisure trips for its international business.

Travel Michigan intends to capture a greater number of foreign visitors and spending from Germany, Austria and Switzerland, by increasing awareness of Michigan as a world-class destination offering four-seasons of nature-based activity, unique American experiences and authentic American places.

OBJECTIVES

The role of the international marketing effort will be:

1. To create a strategy to increase inbound leisure travel to the State of Michigan
2. To enhance the image of the State of Michigan as a diverse, exciting and premier leisure travel destination
3. To create programs and platforms that add value for Travel Michigan partners as part of their international marketing effort
4. To advise Travel Michigan staff regarding native-country travel patterns and opportunities
5. To develop native-language marketing tools such as brochures, enewsletters, social media and consumer promotions, at economical costs.
7. To assist Travel Michigan staff in organizing sales missions and securing appointments at important trade shows such as ITB (international travel show) and IPW

B) QUALIFICATIONS

Vendors responding to this RFP must have a minimum of five years' experience representing American destinations for tourism promotion in overseas markets and five years' experience representing United States destinations for tourism promotion in Germany, Austria and Switzerland.

C) DELIVERABLES

Deliverables to be provided by the selected vendor include, but are not limited to, creating a strategy to attract more visitors, particularly leisure visitors, to Michigan; creating native-language brochures, enewsletters, social media and web sites; working with tour operators to get more Michigan product in tour operator catalogs; creating a strategy to train travel agents about Michigan travel opportunities; identifying German, Austrian and Swiss travel journalists to invite to Michigan for fam tours; identifying and representing Michigan at key travel and tourism trade shows; securing appointments with top tour operators and media attending ITB and IPW; and devising and executing consumer promotions to build consumer awareness of Michigan as a destination.

SECTION II PROPOSAL FORMAT

To be considered, each Bidder must submit a COMPLETE proposal in response to this RFP using the format specified. Bidder's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required in the RFP or considered by the Bidder to be essential to a complete understanding of the proposal. Each section of the proposal should be clearly identified with appropriate headings:

A) TECHNICAL PROPOSAL

1. Business Organization and History – State the full name, address, and phone and facsimile number of your organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work hereunder. Indicate whether it operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated. If appropriate, the proposal must state whether the organization is licensed to operate in the State of Michigan.
2. Statement of the Problem – State in succinct terms your understanding of the problem(s) presented by this RFP.
3. Narrative – Include a narrative summary description of the proposed effort and of the services(s)/products(s) that will be delivered.
4. Technical Work Plans – Provide a detailed research outline and timelines for accomplishing the work.
5. Prior Experience – Describe the prior experience of your organization which you consider relevant to the successful accomplishment of the project defined in this RFP. Include sufficient detail to demonstrate the relevance of such experience. Proposals submitted should include, in this Section, descriptions of qualifying experience to include project descriptions, costs, and starting and completion dates of projects successfully completed; also include the name, address, and phone number of the responsible official of the client organization who may be contacted.

The MSF may evaluate the Bidder's prior performance with the MSF, and prior performance information may be a factor in the award decision.

6. Project Staffing – The Bidder must be able to staff a project team which possesses talent and expertise in the field of the requirements of this RFP. Identify a Project Manager and staff assigned by name and title. Include biographies, experience and any other appropriate information regarding the work team's qualification for this initiative. Indicate staff turnover rates. Show where the project team will be physically located during the time they are engaged in the work. Indicate which of these individuals you consider key to the successful completion of the work. Indicate the amount of dedicated management time for the Bidder's Project Manager and other key individuals. Do not include any financials for the contemplated work within the Technical Proposal. Resumes of qualifications should be supplied for proposed project personnel.

Please Note: The MSF further reserves the right to interview the key personnel assigned by the Contractor to this project and to recommend reassignment of personnel deemed unsatisfactory.

7. Subcontractors – List here all subcontractors that will be engaged to accomplish the project described in this RFP; include firm name and address, contact person and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization and abilities. Also, the information provided in response to A-5, above, should include detailed information about each potential subcontractor.
8. Bidder's Authorized Expediter – Include the name and telephone number of person(s) in your organization authorized to expedite any proposed contract with the MSF.
9. Additional Information and Comments – Include any other information that is believed to be pertinent, but not specifically asked for elsewhere.

B) PRICE PROPOSAL

Provide the cost/rate/price information for all firms/persons named in your Price Proposal to demonstrate the reasonableness of your Price Proposal. Attach a schedule of all expenses covering each of the services and activities identified in your proposal.

The MSF is exempt from federal excise tax, and state and local sales taxes. The Price Proposal should not include taxes.

THE PRICE PROPOSAL MUST BE IDENTIFIED AND SENT SEPARATELY FROM THE TECHNICAL PORTION OF YOUR PROPOSAL ACCORDING TO THE INSTRUCTIONS OF THIS RFP. Separately sealed price proposals will remain sealed until the JEC has completed evaluation of the technical proposals.

Bidders Please Note: Rates quoted in response to this RFP are firm for the duration of the Contract; no price increase will be permitted.

C) PROPOSAL SUBMITTAL

Submit separately marked electronic versions of each of your Technical and Price proposals to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. EASTERN TIME ZONE on AUGUST 15, 2014**. The MSF has no obligation to consider any proposal that is not timely received. **Proposals will not be accepted via U.S. mail or any other delivery method.**

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: *"RFP-CASE-00104199 Technical Proposal"* and *RFP-CASE-00104199 Price Proposal"* with Company Name, and *"message 1 of 3"* as appropriate if the bid consists of multiple emails.

**SECTION III
RFP PROCESS AND TERMS AND CONDITIONS**

A) PRE-BID MEETING/QUESTIONS

A pre-bid meeting will not be held. Questions from Bidders concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm Eastern Time Zone on July 28, 2014**. Questions must be submitted to:

Contracts and Grants
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Bidders must submit a complete response to this RFP, using the format provided in Section III of this RFP, by **3:00 p.m. Eastern Time Zone on August 15, 2014**. No other distribution of proposals is to be made by the Bidder.

The Technical Proposal must be **signed physically or electronically** by an official of the Bidder authorized to bind the Bidder to its provisions. The proposal must include a statement as to the period during which it remains valid; this period must be at least ninety (90) days from August 15, 2014. The rates quoted in the Price Proposal must remain firm for the period indicated in Section II.

C) ECONOMY OF PREPARATION

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Bidder's ability to meet the requirements of the RFP. Emphasis should be on completeness and clarity of content.

D) SELECTION CRITERIA

Responses to this RFP will be evaluated based upon a three-step selection process. The proposal must address the requirements described in Section II of this RFP.

The first step is an evaluation of which proposals satisfactorily meet the requirements of this RFP as stated in Section II.

1) Step I – Initial evaluation for compliance

a) *Proposal Content* – Contracts and Grants will screen the proposals for technical compliance to include but not limited to:

- Timely submission of the proposal
- Technical Proposal and Price Proposal clearly identified and sent separately
- Proposal signed physically or electronically by an official of the Bidder authorized to bind the Bidder to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Technical Proposals

- a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee (“JEC”) comprised of individuals selected by the MSF. Only those proposals that satisfy the requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Bidder.
- b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Bidder to meet the requirements of this RFP, especially the time constraints, quality, and recent projects similar to that described in this RFP. The proposal should indicate the competence of the personnel whom the Bidder intends to assign to the project, including education and experience, with particular reference to experience on projects similar to that described in this RFP and qualifications of Bidder’s Project Manager and the Project Manager’s dedicated management time, as well as that of other key personnel working on this project.

		Weight
1.	Statement of Work	40
2.	Bidder Information	30
3.	Prior Experience	15
4.	Staffing	15
	TOTAL	100

- c.) During the JEC’s review, Bidders may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Bidders to clarify the proposals. The MSF will schedule these presentations, if required by the JEC.
- d.) Only those proposals receiving a score of **80 points or more** in the technical proposal evaluation will have their price evaluated to be considered for award.

1) Step III – Criteria for Satisfactory Price Proposal

- a.) Based on what is in the best interest of the MSF, the MSF will award the Contract considering value, quality, and the ability to meet the objectives of this RFP, of proposals that were approved as a result of this two-step evaluation process.
- b.) The MSF reserves the right to consider economic impact on the State when evaluating proposal pricing. This includes, but is not limited to: job creation, job retention, tax revenue implications, and other economic considerations.
- c.) The award recommendation will be made to the responsive and responsible Bidder who offers the best value to the MSF and the State of Michigan. Best value will be determined by the Bidder meeting the minimum point threshold and offering the *best proposal that meets the objectives of the RFP*.
- d.) The MSF reserves the right to award to another “best value” contractor in case the original Awardee does not accept the award.

E) BIDDERS COSTS

The MSF is not liable for any costs incurred by any Bidder prior to signing of the Contract by all parties.

F) TAXES

The MSF may refuse to award a contract to any Bidder who has failed to pay any applicable taxes or if the Bidder has an outstanding debt to the State or the MSF.

Except as otherwise disclosed in an exhibit to the Proposal, Bidder certifies that all applicable taxes are paid as of the date the Bidder's Proposal was submitted to the MSF and the Bidder owes no outstanding debt to the State or the MSF.

G) CONFLICT OF INTEREST

The Bidder must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from the award of the Contract or the services provided under the Contract.

Except as otherwise disclosed in the proposal, the Bidder affirms that to the best of its knowledge there exists no actual or potential conflict between the Bidder, the Bidder's project manager(s) or its family's business or financial interests ("Interests") and the services provided under the Contract. In the event of any change in either Interests or the services provided under the Contract, the Bidder will inform the MSF regarding possible conflicts of interest which may arise as a result of such change and agrees that all conflicts shall be resolved to the MSF's satisfaction or the Bidder may be disqualified from consideration under this RFP. As used in this Section, "conflict of interest" shall include, but not be limited to, the following:

1. Giving or offering a gratuity, kickback, money, gift, or any thing of value to a MSF official, officer, or employee with the intent of receiving a contract from the MSF or favorable treatment under a contract;
2. Having or acquiring at any point during the RFP process or during the term of the Contract, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Bidder's performance of its duties and responsibilities to the MSF under the Contract or otherwise create the appearance of impropriety with respect to the award or performance of the Contract; or
3. Currently in possession of or accepting during the RFP process or the term of the Contract anything of value based on an understanding that the actions of the Bidder or its affiliates or Interests on behalf of the MSF will be influenced.

H) BREACH OF CONTRACT

Except as otherwise disclosed in an exhibit to Bidder's proposal, Bidder is not in material default or breach of any contract or agreement that it may have with the State of Michigan or any of its departments, commissions, boards or agencies, or any other public body in the State of Michigan. Further, Bidder represents and warrants that it has not been a party to any contract with the State or any public body that was terminated within the previous five (5) years because the Bidder failed to

perform or otherwise breached an obligation of such contract.

I) DISCLOSURE

Except as otherwise disclosed in an exhibit to Bidder's proposal, there is no criminal litigation, convictions, investigations or proceedings involving the Bidder (and each subcontractor, if subcontractors will be used to provide the goods/services requested under this RFP) or any of the Bidder's officers or directors or any litigation or proceedings under the Sarbanes-Oxley Act. In addition, Bidders must disclose in the exhibit requested under this Section of the RFP any civil litigation, arbitration or proceeding to which the Bidder (or, to the extent Bidder is aware, any subcontractor) is a party and which involves: (1) disputes that might reasonably be expected to adversely affect the viability or financial stability of the Bidder (or subcontractor); or (2) a claim or written allegation of fraud or breach of contract against Bidder (or, to the extent Bidder is aware, subcontractor), by a governmental or public entity arising out of their business dealings with governmental or public entities. Details of any settlements which Bidder is prevented from disclosing under the terms of the settlement may be annotated as such. Bidders must also disclose any investigations by the Internal Revenue Service or any other federal or state taxing body or court.

J) FALSE INFORMATION

If the MSF determines that a Bidder purposefully or willfully submitted false information in response to this RFP, the Bidder will not be considered for an award and any resulting Contract that may have been executed may be terminated.

K) DISCLOSURE

All Bidders should be aware that proposals submitted to the MSF in response to this RFP may be subject to disclosure under the provisions of Public Act 442 of 1976, as amended, known as the Freedom of Information Act ("FOIA"). Accordingly, confidential information should be excluded from Bidders' proposals. Bidders, however, are encouraged to provide sufficient information to enable the MSF to determine the Bidder's qualifications and to understand or identify areas where confidential information exists and could be provided. The FOIA also provides for the complete disclosure of the Contract and any attachments or exhibits thereto.

L) PRICES HELD FIRM

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in Bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted. IN THE EVENT THAT PROPOSED CHANGES ARE NOT ACCEPTABLE TO THE MSF, THE CONTRACT SHALL BE TERMINATED AND THE MODIFIED CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING.

M) BEST AND FINAL OFFER

At any time during the evaluation process, the JEC may request a Best and Final Offer (BAFO) from any Bidder. This will be the final opportunity for a Bidder to provide a revised proposal. The scope of the changes allowed in the BAFO will be published as part of the issuance of the BAFO request.

Bidders are cautioned to propose the best possible offer at the outset of the process, as there is no guarantee that any Bidder will be allowed an opportunity to engage in Pricing Negotiations or requested to submit a Best and Final Offer.

N) CLARIFICATION/CHANGES IN THE RFP

Changes made to the RFP as the result of responses made to qualifying questions or concerns will be posted on www.michiganadvantage.org/. Applicants are encouraged to regularly check this site for changes or other information related to the RFP.

O) ELECTRONIC BID RECEIPT

ELECTRONIC VERSIONS OF EACH OF YOUR TECHNICAL AND PRICE PROPOSALS SENT SEPARATELY MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE **3:00 p.m. on August 15, 2014**. Bidders are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

P) RESERVATION OF MSF DISCRETION

Notwithstanding any other statement in this RFP, the MSF reserves the right to:

- 1) reject any and all proposals;
- 2) waive any errors or irregularities in the bidding process or in any proposal;
- 3) rebid the project;
- 4) negotiate with any Bidder for a reduced price, or for an increased price to include any alternates that the Bidder may propose;
- 5) reduce the scope of the project, and rebid or negotiate with any Bidder regarding the revised project; or
- 6) defer or abandon the project.

The MSF's decision is final and not subject to appeal. Any attempt by an applicant, collaborating entity, or other party of interest to the project to influence the awards process, to appeal, and/or take any action, including, but not limited to, legal action, regarding the proposal or awards process in general may result in the applicant's disqualification and elimination from the award process.

Q) BID PROTEST PERIOD

If a Bidder wishes to initiate a protest of the award recommendation, the Bidder must submit a protest in writing by 5:00 p.m. within (5) five calendar days from the date of the notice of award sent by the MSF. The written protest should include the RFP number, clearly state the facts believed to constitute an error in the award recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF's CEO or designee will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a decision. This decision is final.

To maintain the integrity of the procurement process and to ensure that procurements are received without undue delay, protests requesting a waiver of the following omissions and requirements cannot be granted:

1. Failure of a Bidder to properly complete sealed bid return envelope instructions;
2. Failure of a Bidder to submit the Bid by the due date and time;
3. Failure of a Bidder to provide samples, descriptive literature or other required documents by the date and time specified;
4. Failure of a Bidder to submit a protest within the time stipulated in the notice to award or as determined by the MSF.

In fairness to Bidders who meet specifications and to prevent delays in procurement, the MSF will not withdraw an award or re-evaluate bids when a protest maintains that the RFP specifications were faulty or that a bid exceeding specifications provided a better value than a lower bid meeting specifications.

R) JURISDICTION

In the event that there are conflicts concerning this RFP that proceed to court, jurisdiction will be in a Michigan court of law. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF that are otherwise available.

S) ADDITIONAL CERTIFICATION

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit a bid on a request for proposal, with a public entity.

Bidders must include the following certification in the technical proposal:

“Bidder certifies that it is not an Iran-linked business as defined in MCL 129.312.”

Failure to submit this certification will result in disqualification from consideration.

**SECTION IV
CONTRACTUAL TERMS AND CONDITIONS**

A) CONTRACT TERMS AND CONDITIONS

- 1) The Contract – The proposal selected will be subject to the terms and conditions of the MSF's Professional Services Contract (the "Contract") upon execution of the Contract by the MSF and Bidder. The standard terms and conditions of the Contract are attached to this RFP as Attachment A.
- 2) Term of Work – It is estimated that the activities in the proposed Contract will cover the period [date], through [date].
- 3) Modification of Service – The MSF reserves the right to modify the requested services during the course of the Contract. Such modifications must be made in writing and may include the addition or deletion of tasks or any other modifications deemed necessary. Any changes in pricing proposed by the bidder resulting from the requested changes are subject to acceptance by the MSF. Changes may be increases or decreases.

In the event changes are not acceptable to the MSF, the Contract shall be subject to competitive bidding based upon the new specifications.

- 4) Subcontracting – The MSF reserves the right to approve any subcontractors for the Contract and to require the bidder, upon award of the Contract, to replace subcontractors that the MSF finds to be unacceptable.
- 5) Award of Contract – The MSF reserves the right to award all or any part of this RFP and, based on what is in the best interest of the MSF, the MSF will award the Contract considering price, value and quality of the bids.

B) CONTRACTOR RESPONSIBILITIES

The selected Bidder will be required to assume responsibility for all contractual activities offered in this RFP whether or not the Bidder performs them. Further, the MSF will consider the selected Bidder to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the Contract.

C) ACCEPTANCE OF PROPOSAL CONTENT

If awarded a Contract, the contents of this RFP will become contractual obligations. The following constitute the complete and exclusive statement of the agreement between the parties as it relates to this transaction:

- 1) This RFP (including subsequent written clarification provided in response to questions raised by email) and any Addenda thereto; and
- 2) Final Executed Contract.

In the event of any discrepancies between the above documents, the final executed Contract shall control. Failure of the successful Bidder to accept these obligations may result in cancellation of the award.

D) PROJECT CONTROL AND REPORTS

1) Project Control

- a) The selected Bidder (the “Contractor”) will carry out this project under the direction and control of the Business Support Unit of the MSF.
- b) The MSF will appoint a Contract Manager for this project. Although there will be continuous liaison with the Contractor team, the Contract Manager will meet with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c) The Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated which should be brought to the attention of the Contract Manager and notification of any significant deviation from previously agreed upon work plans.
- d) Within five (5) working days of the execution of the Contract, the Contractor will submit a work plan to the Contract Manager for final approval. This work plan must be in agreement with Section III-A of this RFP as proposed by the Bidder and accepted by the MSF for contract, and must include the following:
 - (i) The Contractor's project organizational structure.
 - (ii) The Contractor's staffing table with names and titles of personnel assigned to the project. This must be in agreement with staffing of the accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the MSF.
 - (iii) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - (iv) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

(remainder of page intentionally left blank)

ATTACHMENT A

PROFESSIONAL SERVICES CONTRACT
TERMS AND CONDITIONS

The Michigan Strategic Fund (the "MSF") enters into a binding agreement for professional services (the "Agreement") with CONTRACTOR (the "Contractor"). The MSF and Contractor shall sometimes be referred to in this Agreement individually as a "Party" or collectively as "Parties."

Contractor: Name
 Address
 Address

Federal I.D. No: xx-xxxxxxx

I. NATURE OF SERVICES

[Contracts and Grants to fill in a description of the Nature of Services based upon the information in the NOI].

II. PERFORMANCE SCHEDULE

Starting Date: MONTH XX, 20XX

Ending Date: MONTH XX, 20XX

The term of this Agreement (the "Term") shall begin on the Starting Date and end on the Ending Date, unless terminated earlier, as permitted under Section V(J) of this Agreement.

III. COMPENSATION INFORMATION

- A) The MSF agrees to pay Contractor an amount not to exceed \$XX.XX during the Term. This amount includes all embedded expenses.
- B) Payment under this Agreement shall be made by the MSF to Contractor upon receipt and approval by the Contract Manager of Contractor's billing statement stating that the work for which payment is requested has been appropriately performed. Contractor shall provide the Contract Manager with Contractor's billing statement on a monthly basis. **(Review as specific for each agreement.)**
- C) All billing statements must reflect actual work done. The specific details of billing statements and payments will be agreed upon between the Contract Manager and the Contractor after the Agreement has been signed and accepted by both the Contractor and the MSF. Payment of the final 15% of the Contract amount shall be made only after the satisfactory completion of the required work, including all reports, and the submission of the final invoice. **(Review as specific for each agreement.)**
- D) Changes in the budget will be allowed only upon prior review and written approval by the Contract Manager.
- E) Contractor's billing statement(s) may be subject to a final audit prior to the release of final payment.

IV. MSF CONTRACT MANAGER

Contractor should communicate with the following MSF representative or designee regarding this Agreement:

[Name]
[Business Unit]
Michigan Strategic Fund
300 N. Washington Square
Lansing, Michigan 48913

V. TERMS AND CONDITIONS

A) Contractor Duties

- 1) Contractor agrees to undertake, perform, and complete the services described in Exhibit A, which is incorporated herein by reference.
- 2) Within seven (7) business days of the last business day of each month, the Contractor will provide a progress report to the MSF Contract Manager. The progress report must contain a brief summary of the work accomplished during that month; the work to be accomplished during the subsequent month; and any problems, real or anticipated which should be brought to the attention of the MSF Contract Manager. Further, this report must provide notice of any significant deviation from previously agreed upon work plans.

B) Independent Contractor

Contractor will act as an independent contractor under this Agreement, and neither Contractor nor any employee or agent or contract personnel of Contractor is, or shall be deemed to be, an employee of the MSF due to this Agreement and the relationship between Contractor and MSF. In its capacity as an independent contractor, Contractor agrees to and represents the following:

- 1) Contractor will provide the services under this Agreement free from the direction or control of the MSF as to means, manners, and methods of performance;
- 2) Contractor has the right and does fully intend to perform services for third parties during the Term;
- 3) Contractor acknowledges that any work product developed by Contractor in performance of this Agreement shall be the sole property of the MSF and the MSF shall have the right to copyright or otherwise protect its rights in and ownership of the work product;
- 4) The services required by this Agreement shall be performed by Contractor, or Contractor's employees or contract personnel, and the MSF shall not hire, supervise, or pay any assistants to help Contractor;
- 5) Neither Contractor nor Contractor's employees or contract personnel shall receive any training from the MSF in the professional skills necessary to perform the services

required by this Agreement;

- 6) Neither Contractor nor Contractor's employees or contract personnel shall be required by the MSF to devote full time to the performance of the services required by this Agreement; and
- 7) Contractor does not receive the majority of its annual compensation from the MSF.

The Parties acknowledge and agree that the MSF is entering into this Agreement with reliance on the representations made by Contractor relative to its independent contractor status.

C) Permits and Licenses

Contractor declares that Contractor has complied with all federal, state and local laws requiring any business permits, certificates or licenses required to carry out the services to be performed under this Agreement, and Contractor will maintain those permits, certificates and/or licenses throughout the Term.

D) Materials

Contractor will furnish all materials, equipment and supplies used to provide the services required by this Agreement.

E) State and Federal Taxes

The MSF will not:

- 1) Withhold FICA (Social Security and Medicare taxes) from Contractor's payments or make FICA payments on Contractor's behalf; or
- 2) Make state or federal unemployment compensation contributions on Contractor's behalf, or withhold state, federal or local income tax from Contractor's payments.

Contractor shall pay all taxes incurred while performing services under this Agreement, including, but not limited to all applicable income taxes. If requested by the MSF, Contractor shall provide the MSF with proof that such payments have been made.

F) Fringe Benefits

Contractor understands that neither Contractor nor Contractor's employees or contract personnel are eligible to participate in any employee pension, health, vacation pay, sick pay, or other fringe benefit plan of the MSF.

G) Workers' Compensation

The MSF shall not obtain workers' compensation insurance on behalf of Contractor or Contractor's employees. If Contractor hires employees to perform any work under this Agreement, Contractor shall cover them with workers' compensation insurance and shall maintain such insurance during the Term. The MSF may, in its discretion, require Contractor to provide evidence of such coverage.

H) Unemployment Compensation

The MSF shall make no state or federal unemployment compensation payments on behalf of Contractor or Contractor's employees or personnel. Contractor will not be entitled to these benefits in connection with work performed under this Agreement. If Contractor files a petition for and receives unemployment compensation, the total amount of unemployment compensation awarded to and received by Contractor shall be deducted from and be an offset against the amount of compensation due and payable to Contractor by the MSF under this Agreement.

I) Access to Records

During the Term, and for seven (7) years after the Ending Date, Contractor shall maintain reasonable records, including evidence that the requested services actually were performed and the identity of all individuals paid for such services, and shall allow access to those records by the MSF or its authorized representative at any time during this period.

J) Termination

Either Party may terminate its obligations under this Agreement by giving the other Party thirty (30) calendar days prior written notice of such termination.

The MSF may immediately terminate this Agreement upon written notice to Contractor if Contractor materially breaches its obligations under this Agreement or engages in any conduct which the MSF, in its sole discretion, determines has or could have an adverse impact on the State of Michigan's (the "State") or the MSF's reputation or interests. In addition, the MSF may immediately terminate this Agreement upon written notice to Contractor, without further liability to the MSF or the State, its departments, agencies, and employees, if Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense relating to a State, public, or private contract or subcontract; or convicted of a criminal offense including, but not limited to, any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which, in the sole discretion of the MSF, reflects on Contractor's business integrity.

Contractor acknowledges that MSF's performance of its payment obligation is dependent upon the MSF Executive Committee's continued approval of funding and/or the MSF's continued receipt of State funding. In the event that the State Legislature, the State Government or any State official, public body corporate, commission, authority, body or employees, including the MSF Executive Committee: (a) takes any action which fails to provide, terminates or reduces the funding that is related to the source of funding for this Agreement; or (b) takes any action that is unrelated to the source of funding for this Agreement, but affects the MSF's ability to perform obligations under this Agreement, the MSF may terminate this Agreement by providing thirty (30) calendar days notice prior to the effective date of cancellation. In the event, however, that the action of the State Legislature, the State of Michigan or MSF's Executive Committee results in an immediate absence or termination of funding, this Agreement may be terminated effective immediately upon delivery

of notice to the Contractor. In the event of immediate termination of funding, the MSF will make payment through the effective date of termination for any undisputed services rendered and expenses incurred.

The MSF shall have no obligation to Contractor for any fees or other payments incurred in connection with this Agreement after the effective date of termination. Upon termination, all work product prepared or produced by Contractor pursuant to this Agreement shall be immediately delivered to the MSF. Payment for any undisputed services rendered and expenses incurred through the effective date of termination will then promptly be made by the MSF.

K) MSF Employees

Contractor will not hire any employee of the MSF to perform any services covered by this Agreement without prior written approval from the Chief Executive Officer of the MSF.

L) Confidential Information

Except as required by law, Contractor shall not use or disclose, either before, during or after the Term, any proprietary or confidential information, including, but not limited to, applications, business bids, business plans, economic development analyses, computer programs, databases and all materials furnished to Contractor by the MSF (collectively, "Confidential Information") without the prior written consent of the MSF. Confidential Information does not include information obtained by Contractor from third party sources; that is already in the possession of, or is independently developed by, Contractor; that becomes publicly available other than through breach of this Paragraph; or, is released with the prior written consent of the governmental entity or entities that provided the Confidential Information to Contractor. Contractor acknowledges that all information provided by the MSF in connection with Contractor's duties under this Agreement shall be treated as Confidential Information unless otherwise stated in this subsection.

M) Conflict of Interest

Except as has been disclosed to the MSF, Contractor affirms that neither the Contractor, nor its Affiliates or their employees has, shall have, or shall acquire any contractual, financial business or other interest, direct or indirect, that would conflict in any manner with Contractor's performance of its obligations under this Agreement or otherwise create the appearance of impropriety with respect to this Agreement.

Contractor further affirms that neither Contractor nor any affiliates or their employees has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or its affiliates or either's employees on behalf of the MSF would be influenced. Contractor shall not attempt to influence any MSF employee by the direct or indirect offer of anything of value. Contractor also affirms that neither Contractor, nor its Affiliates or their employees has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or its Affiliate, any fee, commission, percentage, brokerage fee, gift or any other consideration contingent upon or resulting from the execution of this Agreement.

In the event of change in either the interests or services under this Agreement, Contractor will

inform the MSF regarding possible conflicts of interest which may arise as a result of such change. Contractor agrees that conflicts of interest shall be resolved to the MSF's satisfaction or the MSF may terminate this Agreement. As used in this Paragraph, "conflict of interest" shall include, but not be limited to, conflicts of interest that are defined under the laws of the State of Michigan.

N) Representations of Contractor

Contractor affirms to the best of its knowledge that it or its owners:

- 1) Do not have any criminal convictions.
- 2) Are not subjects of any pending criminal investigation.
- 3) Are not subjects of any past, present or pending investigations by the Internal Revenue Service or any other federal or state taxing body or court.
- 4) Are not subjects of any past, pending or present litigation regarding its conduct.
- 5) Are not in material default or breach of any contract or agreement that it may have with the State of Michigan, the MSF or any other public body. Contractor further represents and warrants that it has not been a party to any contract with the State, the MSF or other public body that was terminated within the previous five (5) years due to the Contractor's failure to perform or otherwise breached an obligation of such contract.

O) State of Michigan Competitors

Any information or knowledge Contractor gains during the course of this Agreement concerning the economic development efforts of the State of Michigan, the MSF or the business conditions or business community in Michigan shall not be disclosed to any public or private party, sovereign authority or foreign government, during the Term and for a period of two (2) years after the later of the Ending Date, the effective date of termination of this Agreement or so long as any information remains confidential pursuant to any contract, law, treaty, resolution or other enforceable promise.

P) Irreparable Injury

Contractor acknowledges that if it breaches any of its obligations under Paragraphs L and O above, it will cause damages of an irreparable and continuing nature to the MSF, for which money damages alone will not provide adequate relief. Therefore, in addition to all appropriate monetary damages, the MSF is entitled to obtain injunctive relief, including, but not limited to, a temporary restraining order to prohibit the Contractor's continuing breach. The MSF shall have the right to obtain such relief without having to post any bond or other surety.

Q) Indemnification and Contractor Liability Insurance

Contractor shall indemnify, defend, and hold harmless the MSF, its Executive Committee, its Corporate Board of Directors, and its employees (the "Indemnified Parties") from any and all liability arising out of or in any way related to Contractor's performance under this Agreement, including any liability resulting from any acts of Contractor's employees or agents.

Contractor shall purchase and maintain such insurance to protect the Indemnified Parties from claims that might arise out of or as a result of Contractor's operations. Contractor will provide and maintain its own errors and omissions liability insurance for Contractor's indemnification obligation under this Agreement. The insurance shall be written for not less than One Million Dollars (\$1,000,000) of coverage, but Contractor's indemnification obligation is not limited to this amount.

R) Total Agreement

This Agreement, together with Exhibit A, contains the entire agreement between the Parties superseding any prior or concurrent agreements as to the services being provided, and no oral or written terms or conditions which are not contained in this Agreement shall be binding. This Agreement may not be changed except by written agreement signed by the Parties.

S) Assignment/Transfer/Subcontracting

Contractor shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the MSF. Contractor agrees that any of Contractor's future successors or subcontractors will be bound by the provisions of this Agreement, unless the MSF otherwise agrees in a specific written consent. The MSF reserves the right to approve subcontractors for this Agreement and to require Contractor to replace subcontractors who are found to be unacceptable.

T) Non-Discrimination and Unfair Labor Practices

In connection with this Agreement, Contractor shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101 *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101 *et seq.*, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment with respect to his or her hire, tenure, terms, conditions, privileges of employment, or any matter directly or indirectly related to employment because of his or her race, religion, color, national origin, age, gender, height, weight, marital status, or physical or mental disability unrelated to the individual's ability to perform the duties of a particular job or position. Contractor further agrees that every subcontract entered into in connection with this Agreement will contain a provision requiring nondiscrimination in employment, as required in this Agreement, binding upon each subcontractor.

Pursuant to 1980 PA 278 (the "Act"), MCL 423.321 *et seq.*, the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled by the United States National Labor Relations Board. Contractor, in relation to this Agreement, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears on this register. Pursuant to section 4 of the Act, the MSF may void this Agreement if, after the Starting Date, the name of the Contractor as an employer or the name of the subcontractor, manufacturer or supplier of Contractor appears on the register.

A breach of this Paragraph constitutes a material breach of this Agreement.

U) Jurisdiction

The laws of the State of Michigan shall govern this Agreement. The Parties shall make a good faith effort to resolve any controversies that arise regarding this Agreement. If a controversy cannot be resolved, the Parties agree that any legal actions concerning this Agreement shall be brought in the Ingham County Circuit Court in Ingham County, Michigan, USA. By signing this Agreement, Contractor acknowledges that it is subject to the jurisdiction of this court and agrees to service by first class or express delivery wherever Contractor resides, in or outside of the United States.

V) Compliance with Laws

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the services under this Agreement.

W) No Partnership or Agency Relationship

This Agreement does not create a partnership relationship. Further, neither Contractor nor Contractor's employees or other representatives shall hold themselves out to third parties as an agent or representative of MSF, nor shall they have any authority to take any action or enter into any agreement on behalf of MSF.

X) No Third Party Beneficiaries

There are no expressed or implied third party beneficiaries to this Agreement.

Y) Counterparts

This Agreement may be executed in one or more counterparts and by facsimile, electronic mail or .pdf, each of which shall constitute an original, and all of which together shall constitute one and the same instrument.

Z) Reimbursement

If this Agreement is terminated as a result of the misuse of funds as reasonably determined by the MSF, MSF shall have no further obligation to make any payments to Contractor. Furthermore, Contractor shall reimburse MSF for payments which were expended for purposes other than those described in this Agreement, as well as any funds which were previously disbursed under this Agreement but not yet expended by Contractor.

AA) Survival

The terms and conditions of sections III, V(B), V(E), V(F), V(G), V(H), V(I), V(L), V(O), V(P), V(Q), V(S), V(U), V(W), V(X) and V(Z) shall survive termination of this Agreement.

(remainder of page intentionally left blank)

The signatories below warrant that they are empowered to enter into this Agreement.

CONTRACTOR ACCEPTANCE:

CONTRACTOR

Dated: _____

Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund,
a Public Body Corporate

Dated: _____

Authorized Signer
Title

ATTACHMENT B

INDEPENDENT PRICE DETERMINATION AND PRICES HELD FIRM CERTIFICATION

INDEPENDENT PRICE DETERMINATION

By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

1. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Bidder or with any competitor; and
2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
3. No attempt has been made or will be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

Each person signing the proposal certifies that she/he:

- A) Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and will not participate) in any action contrary to 1, 2, and 3 above; or
- B) Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to 1, 2, and 3 above.

A proposal will not be considered for award if this Attachment B has been altered so as to delete or modify 1 or 3, above. If 2, above, has been modified or deleted, the proposal will not be considered for award unless the Bidder provides, with this Attachment B, a signed statement which sets forth, in detail, the circumstances of the disclosure and the MSF determines that such disclosure was not made for the purpose of restricting competition.

PRICES HELD FIRM

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted.

Signed _____

Date _____

MICHIGAN STRATEGIC FUND

RESOLUTION

2014-

AUTHORIZATION OF REQUEST FOR PROPOSALS FOR TRAVEL MICHIGAN TOURISM REPRESENTATIVE

WHEREAS, the Michigan Strategic Fund (“MSF”) desires to engage a firm to represent Travel Michigan and the State of Michigan for tourism promotion in the United Kingdom and Germany;

WHEREAS, under the Michigan Strategic Fund Act, MCL 125.2001 et seq. (“Act”), and in particular Section 88b of the Act, the MSF has the power to make grants, loans and investments, which includes promoting tourism, business development and business marketing, creating or retaining jobs, and increasing capital investment activity;

WHEREAS, Section 88b(6) of the Act provides that the MSF Board may select all vendors for all expenditures and for program awards by issuing a request for proposal or an alternative competitive process as determined by the MSF Board;

WHEREAS, subject to the control and direction of the MSF Board pursuant to a Memorandum of Understanding, the Michigan Economic Development Corporation (“MEDC”) provides certain administrative services to the MSF;

WHEREAS, to facilitate responsive evaluation, recommendations, and closings of awards to distribute funds the MEDC recommends that a Request for Proposals (“RFP”) be issued for firms to promote tourism for the MSF;

WHEREAS, the MEDC recommends that a RFP be issued for an entity to provide a representative for tourism promotion of Michigan in the United Kingdom (“United Kingdom Tourism RFP”);

WHEREAS, the MEDC recommends that a RFP be issued for an entity to provide a representative for tourism promotion of Michigan in Germany (“Germany Tourism RFP”);

WHEREAS, the MEDC recommends, and the MSF Board desires, to issue these two (2) RFP’s either separately or in combination;

WHEREAS, the MSF has reviewed the RFP forms, which establish a competitive proposal process for awarding grants and expenditures as provided above;

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the United Kingdom Tourism RFP and the Germany Tourism RFP:

David Lorenz, Industry Relations & International Marketing Manager, MEDC
Michelle Grinnell, Travel and Film Public Relations Manager, MEDC
Maria Mendez, Project Coordinator, MEDC

WHEREAS, the MSF desires to initiate the competitive proposal process to award expenditures for the promotion of tourism of Michigan.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the United Kingdom Tourism RFP and the Germany Tourism RFP and authorizes their issuance and appoints the JEC as set forth above; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the United Kingdom Tourism RFP and the Germany Tourism RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

MEMORANDUM

DATE: July 22, 2014
TO: MSF Board
FROM: Mike Flanagan, Director, Equity Programs - MEDC
RE: *SSBCI Small Business Mezzanine Program – Arctaris Michigan Partners Investment Recommendation and Contract Modification Request*

Request

MEDC staff requests that the MSF Board approve the following recommendation related to its current commitment in the Michigan Income & Principal-Protected Growth Fund (publicly known as Arctaris Michigan Partners, referred herein as “AMP” or “the Fund”), a fund awarded under the SSBCI Small Business Mezzanine Program (“SBMP”):

- Approval of an additional \$1 million commitment to AMP from the SBMP.

Background

On May 25, 2011, the MSF Board approved the Small Business Mezzanine Program (“SBMP” or “Program”) and its guidelines. The SBMP was created under, and funded by, the federal government’s State Small Business Credit Initiative (“SSBCI”). The primary objective of the SBMP is to provide growth-oriented second-stage Michigan companies with growth capital which are too high risk for senior lenders and too small for tradition mezzanine funds. This segment of the market has been identified as a high impact target for economic development dollars. The SBMP can achieve this objective by either investing into or alongside risk capital fund(s) with strategies aligned with the Program goals.

On January 23, 2013, the MSF Board approved a commitment of \$4.5 million from the SBMP to Arctaris Michigan Partners, a small business mezzanine fund designed to invest in Michigan-based growth-oriented companies. The MSF commitment was contingent on the Fund raising at least \$18 million in additional private capital, all of which must be invested in Michigan companies. To offset the geographic and market risks associated with this Fund, the MSF committed as a “Class B” investor, offering “first-loss protection” to other private “Class A” investors. This structure has been critical in the Fund’s capital raise. The Fund held a first-close in September, 2013 of \$22.5 million, reaching its initial goal. The Fund has continued to raise private funds since that time and has pending commitments, according to the Fund, which would bring the Fund to \$40 million.

However, many of the new and existing Class A investors have indicated concern with the decreasing impact of MSF’s first loss protection as the Fund grows. As new commitments are signed to the Fund, the percentage of the MSF’s \$4.5 million commitment relative to the total fund size goes down, resulting in less downside protection to spread across investors. The Fund has indicated that many prospective investors will only commit if the MSF percentage stays above 15%.

Under the current MSF commitment of \$4.5 million, and given the demand for a 15% minimum “first loss cushion” by Class A investors, if nothing else changes, the Fund would likely remain at a final close of \$25-30 million, potentially leaving a significant amount of private investment sidelined, and multiple Michigan companies going unfunded. As a result, the General Partner has requested the following from MEDC staff:

- Additional MSF commitment of \$1 million to Arctaris Michigan Partners (which is the remaining balance in the SSBCI Small Business Mezzanine Program).

A \$1 million follow-on investment should allow the Fund to reach a \$30-35 million total fund size, while maintaining the minimum first loss cushion. Note that the Fund has requested MSF follow-on investment exceeding \$1 million in order to bring on additional investors in excess of a \$60 million fund. But given MSF budget constraints and other organizational funding priorities, \$1 million is the maximum amount available currently.

MEDC staff has extensively evaluated this request and believes these changes are in the best interest of the MSF and State for the following reasons:

1. Possibility of an additional \$5+ million being invested in Michigan companies;
2. Signal to the market of prospective investors that the State wants to facilitate a long-term win-win which could prove valuable in fund raising for subsequent funds;
3. Increases the economic viability of the Fund.

Recommendations

MEDC staff recommends that the MSF Board approve all of the following:

1. An additional \$1 million commitment to Michigan Income & Principal-Protected Growth Fund (aka: Arctaris Michigan Partners) from the SSBCI Small Business Mezzanine Fund Program, which will be contingent on the Fund raising at least \$30 million total (including MSF);
2. Delegation of authority to the MSF Fund Manager, with assistance from MEDC staff, to negotiate and execute the final terms and conditions of this award and modification, and any necessary agreements.

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**STATE SMALL BUSINESS CREDIT INITIATIVE
SMALL BUSINESS MEZZANINE PROGRAM
MICHIGAN INCOME & PRINCIPAL-PROTECTED GROWTH FUND AWARD AMENDMENT**

WHEREAS, under the State Small Business Credit Initiative Act of 2010 (title III of the Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582 (the “SSBCI”), the United States Congress appropriated funds to the United States Department of Treasury (“US Treasury”) to be allocated and disbursed to states that have applied for and created programs in accordance with the SSBCI to increase the amount of capital made available by private lenders to small businesses (“SSBCI Programs”);

WHEREAS, at its May 25, 2011 meeting, the MSF Board approved (i) the creation of the Small Business Mezzanine Program (the “SBMP”) designed to facilitate financing of projects for commercial borrowers and (ii) the guidelines for the SBMP (“SBMP Guidelines”);

WHEREAS, On June 21, 2011, the US Department of Treasury approved the State of Michigan, through the MSF, to receive and disburse SSBCI funds within the SSBCI Programs created by the MSF;

WHEREAS, the SBMP Guidelines require that SBMP requests over \$1 million must be approved by the MSF Board;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for SSBCI Programs, including the SBMP;

WHEREAS, at its January 23, 2013 meeting, the MSF Board awarded Michigan Income & Principal-Protected Growth Fund (previously known as Arctaris Michigan Growth & Income Fund, L.P.) (“MIPPGF” or the “Fund”) up to \$4.5 million under the SBMP (the “MIPPGF Award”);

WHEREAS, the MSF and MIPPGF subsequently entered into a Limited Partnership Agreement (the “LPA”) and Side Letter Agreement (the “Letter Agreement”), each dated September 1, 2013, to effectuate the MIPPGF Award (the LPA and Letter Agreement, collectively, the “Transaction Documents”); and

WHEREAS, the MEDC recommends and the MSF desires to amend the Transaction Documents in accordance with the attached term sheet and to allocate an additional \$1,000,000 from the SBMP to MIPPGF (the “Amendment”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment; and

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions of, and sign, all transaction documents necessary to effectuate the Amendment.

Ayes:

Nays:

Recused:

July 22, 2014
Lansing, Michigan

Michigan Income & Principal-Protected Growth Fund
Amended Summary of Terms and Conditions of the Fund - July 22, 2014

The following is a summary of terms and conditions of Michigan Income & Principal-Protected Growth Fund. It is not and is not intended to be a complete description thereof.

General Terms

Limited Partnership:	Michigan Income & Principal-Protected Growth Fund
Type of Securities:	Michigan Income & Principal-Protected Growth Fund Class A Shares and Class B Shares.
Manager/General Partner:	Arctaris Michigan Partners, LLC
Limited Partners:	State Small Business Credit Initiative (SSBCI)/Michigan Strategic Fund (MSF) and such other investors as agreed upon.
Purpose:	The Fund will have both financial and economic development objectives.

The financial objective of the Fund will be to generate attractive financial returns by making senior debt, sub debt, equity, and equity-like (warrants, royalties, etc.) investments in post-revenue companies located in Michigan. Such portfolio investments of the Fund will predominantly consist of debt securities with a current pay component. The target annual internal rate of return for the Fund's investments will be 12%-15%.

The Fund's investments will primarily focus on strong growth potential (revenue and jobs) lower middle-market companies in Michigan with \$1.5 to \$25 million in revenues. Target transactions and the majority of transactions will range from \$500,000 to \$2 million for terms from generally three to five years. No single transaction shall exceed \$5 million. The Fund will not invest more than 10% of the targeted fund size in any portfolio company. The General Partner must receive written approval by the Class B shareholders for any transactions that may deviate from these parameters.

The economic development goals of the Fund will be consistent with the goals and requirements of the State Small Business Credit Initiative (SSBCI) and the Michigan Strategic Fund (MSF) and will include the creation of jobs

Exhibit A

and economic opportunity for the residents of Michigan, as well as increased tax revenue for the state of Michigan and its subdivisions.

Michigan Investments:

The Fund will invest only in Michigan based companies, as defined by the MSF, and only in Michigan based projects.

SSBCI/MSF Requirements:

The Fund will comply with all SSBCI and MSF requirements, which include among others, that the Fund shall not invest in companies with more than 750 employees globally, shall not invest in projects that include passive real estate, shall not participate in loan(s) greater than \$20 million, and shall require the Fund and all portfolio companies to sign all appropriate representations and warranties, including but not limited to all SSBCI warranties.

Fund Formation

Committed Capital:

The Fund will target \$25,000,000 to \$100,000,000 in total capitalization comprising a \$20,500,000 to \$70,500,000 investment in Class A Shares (the "Class A Investor Commitments") and a \$4,500,000 investment from the MSF in Class B Shares.

General Partner Commitment:

The General Partner shall be required to invest in the Fund an amount equal to at least 1% of the size of the Fund, with such investment being on the same terms and conditions as the other Class A investors in the Fund. The General Partner may also be required by the MSF to agree to pay its pro-rata share of the overhead expenses of the Fund.

SSBCI/MSF Commitment:

The SSBCI/MSF has approved a commitment up to \$4,500,000 in the form of Class B Shares (the "Class B Investment Commitment"). The SSBCI/MSF commitment shall not at any time make up more than twenty percent (20%) of the Fund.

Amended Committed Capital

The General partner shall receive another \$1,000,000 in SSBCI/MSF investment in the form of Class B Shares, for a total SSBCI/MSF investment of \$5,500,000.

Minimum Fund Size:

The Fund and its General Partner must subscribe at least \$22,500,000 in investor commitments in order to conduct a first close, no later than April 30, 2013. Should

Exhibit A

the Fund fail to meet this minimum, all SSBCI/MSF commitments will be terminated.

Closing Dates: First Closing is anticipated by January 31, 2013. Final Closing is anticipated by October 31, 2015.

Eligible Class A Investors: Accredited Investors

Eligible Class B Investors: Accredited Investors, including the MSF/SSBCI

Fund Operation

Commitment Period: The commitment of the investors to provide funds will expire at the earlier of (i) the date when all the Class A Investor Commitments and the Class B Investor Commitments (the Class A Investor Commitments and the Class B Investor Commitments are collectively referred to herein as the "Investor Commitments") have been invested, or (ii) the fifth anniversary of the initial closing (the "Commitment Period"). At the end of the Commitments Period, the investors will have no further obligation to provide funds except to (a) cover expenses, liabilities and obligations of the Fund; (b) complete investments by the Fund in transactions that are in process as of the end of the Commitments Period; and (c) follow-on investments in existing portfolio company investments.

Distributions:

1. Fund distributions shall proceed as follows: First, the Fund may distribute coupon payments to investors at its discretion for a period of three years. During this 3 year period, the coupon will be paid to Class A and B shareholders. Any returns in excess of the coupon may be reinvested by the fund. Any coupon received by Class B shareholders and their pro-rata share of excess returns above the coupon distribution during the first five years will be reinvested in the fund in the form on additional investment in Class B shares.
2. Second, at the end of the three year period, the Fund will distribute 100% of all returns in excess of management fees to Class A shareholders on a pro-rata basis until all distributions, including coupons,

Exhibit A

have returned 100% of Class A and B shareholders principal investment.

3. Third, returns, over and above principal, shall be distributed 80% to the Limited Partners pro-rata, and, 20% to General Partner pro-rata.
4. Lastly, Class B Investors shall bear seventy-five percent (75%) and Class A Investors shall bear twenty-five percent (25%) of any losses incurred by the Fund, until at any point, an amount equal to or greater than the capital contributed by Class B Investors has been exhausted. Thereafter, Class A Investors shall bear 100% of losses. Any shortfall in coupon payments or distributions incurred by Class B Investors as a result of its loss position must be caught up as funds are available.

Reinvestment of Capital:

Excess income above a coupon can be reinvested into new loans.

Management Fees:

A management fee of two percent (2%) of committed capital will be paid by both Class A and Class B Investors to the fund manager pro-rata. The management fee will be based on assets under management if AUM exceeds committed capital.

Investor Reporting:

The Fund will hold an annual meeting of the investors to review and discuss the Fund's portfolio company investment activities. Quarterly reporting will also be provided to the MSF.

The Fund will establish a 6 person advisory board and hold a monthly meeting of this advisory board to review and discuss the Fund portfolio company investment activities. This advisory board shall have 3 members appointed by the Michigan Economic Development Corporation and 3 members of the Fund's management.

The Fund and the General Partner shall be required to require that all Fund portfolio companies provide performance metrics to the Fund and the MSF as required by MSF and SSBCI Acts and guidelines, and to require all portfolio companies to comply with the MSF and SSBCI Acts and guidelines.

Exhibit A

The Fund will provide investment level and portfolio level impact reports, relative to the economic development and financial impacts of individual portfolio company investments, as well as the Fund's portfolio as a whole.

The Fund shall be required to cause an audit of its annual financial statements to be made by an independent certified public accountant and provided to the MSF.

Removal of Management:

Management may be removed from their respective positions, with Cause, upon the vote of a majority of the Class A and Class B shareholders. As used herein, the term "Cause" shall include malfeasance, fraud, gross negligence, and failure to conform to the investment guidelines and policies of the fund. Management may be removed without Cause only upon a unanimous vote of the Class A and Class B shareholders.

Key Person Event

The General Partner shall give the Limited Partners prompt written notice in the event that Jonathan Tower (the "*Departed Executive*") ceases to be involved with the affairs of the Partnership for any reason rendering the Departed Executive permanently unable to perform his duties and obligations to the Partnership, the General Partner or its affiliates for a period of at least ninety (90) consecutive days (a "*Key Person Event*").

Conflicts of Interest, Other Business Activities:

The Fund's management, staff and consultants will be required to execute standard and customary conflict of interest, non-disclosure and non-compete agreements, prior to their engagement and will be subject to a background check.



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board Members

From: Mike Gietzen, Development Finance Manager

Subject: Magna Exteriors and Interiors USA, Inc. DBA Magna Interior Trim Components (“Company” or “Applicant”)
Amendment to Approved Michigan Business Development Program Agreement

Request

The amendment request is to restructure Michigan Business Development Program to the Applicant which was an \$822,000 Performance-based grant for the project that involved the creation of 274 Qualified New Jobs, and a capital investment of up to \$3,639,100 located in China Township and Benzonia Township by increasing the size of the project to the creation of 443 Qualified New Jobs which will increase the performance based grant to \$1,329,000.

Background

Magna Exteriors and Interiors USA, Inc. DBA Magna Interior Trim Components (Magna Interior Trim) is a subsidiary of Magna International, Inc. Magna International, Inc. and its subsidiaries design, develop, and manufacture automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles, primarily for sale to the car and light truck OEMs.

In 2010 Magna Interior Trim purchased the assets and business of Continental Plastics Co. an automotive interior components parts supplier with facilities in China Township (4662 Puttygut Road China Township, Michigan 48054) and Benzonia Township (2532 Benzie Highway Benzonia, Michigan 49616).

In January 2014 Magna Interior Trim had acquired two new contracts to supply door trim molded parts and sub components, consoles, door molded parts, and subassemblies. Since the January MBDP approval the company has acquired an additional contract which has resulted in job creation numbers higher than originally anticipated in both facilities increasing the original 274 QNJs to 443. In order to meet the contract requirements the company will also need to ramp up hiring at a faster rate. The original project ramp up had the 274 jobs being created by March of 2016 but as of the end of June 2014 the company has already created 274 QNJs and plans to create another 169 employees by December of 2014.

Magna International, Inc. and its subsidiaries have received incentives from the MSF in the past.

Dieomatic Inc. DBA P&F Systems was awarded a \$690,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on September 28, 2012.

Dieomatic Inc. DBA Cosma Casting Michigan was awarded a \$1,600,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on January 23, 2013.

Michigan Economic Development Corporation

Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems was awarded a \$1,200,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on September 27, 2012.

Magna Seating of America, Inc. was awarded a \$732,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on March 26, 2012.

Norplas Industries, Inc. was awarded a \$2,000,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on January 23, 2013.

Additionally, Magna Exteriors and Interiors USA, Inc. was awarded a job creation MEGA Tax Credit for its Howell, Michigan facility on June 14, 2011.

The Applicant plans to expand existing operation in China Township and Benzonia Township making a \$3,639,100 investment and creating 274 jobs related to the Project.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in China Township and Benzonia Township. Both of the townships have offered a “staff, financial, or economic commitment to the project” in the form of property tax abatements. China Township is in support of a Public Act 198 for five-years on personal property. Benzonia Township has offered support of a Public Act 198.
- c) The Applicant has demonstrated a need for the funding through competition from sites in Tennessee, Ohio, and South Carolina. Magna International, Inc. has operations in these three states and they provided competing incentive offers. The flexibility of the timing on the disbursement schedule under the MBDP program made the Michigan site competitive for the development and manufacturing phases of the project.
- d) The Applicant plans to create 443 Qualified New Jobs above a statewide base employment level of 515.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: out of state competition from sites in Ohio, South Carolina, and Tennessee, the project has strong links to Michigan suppliers.

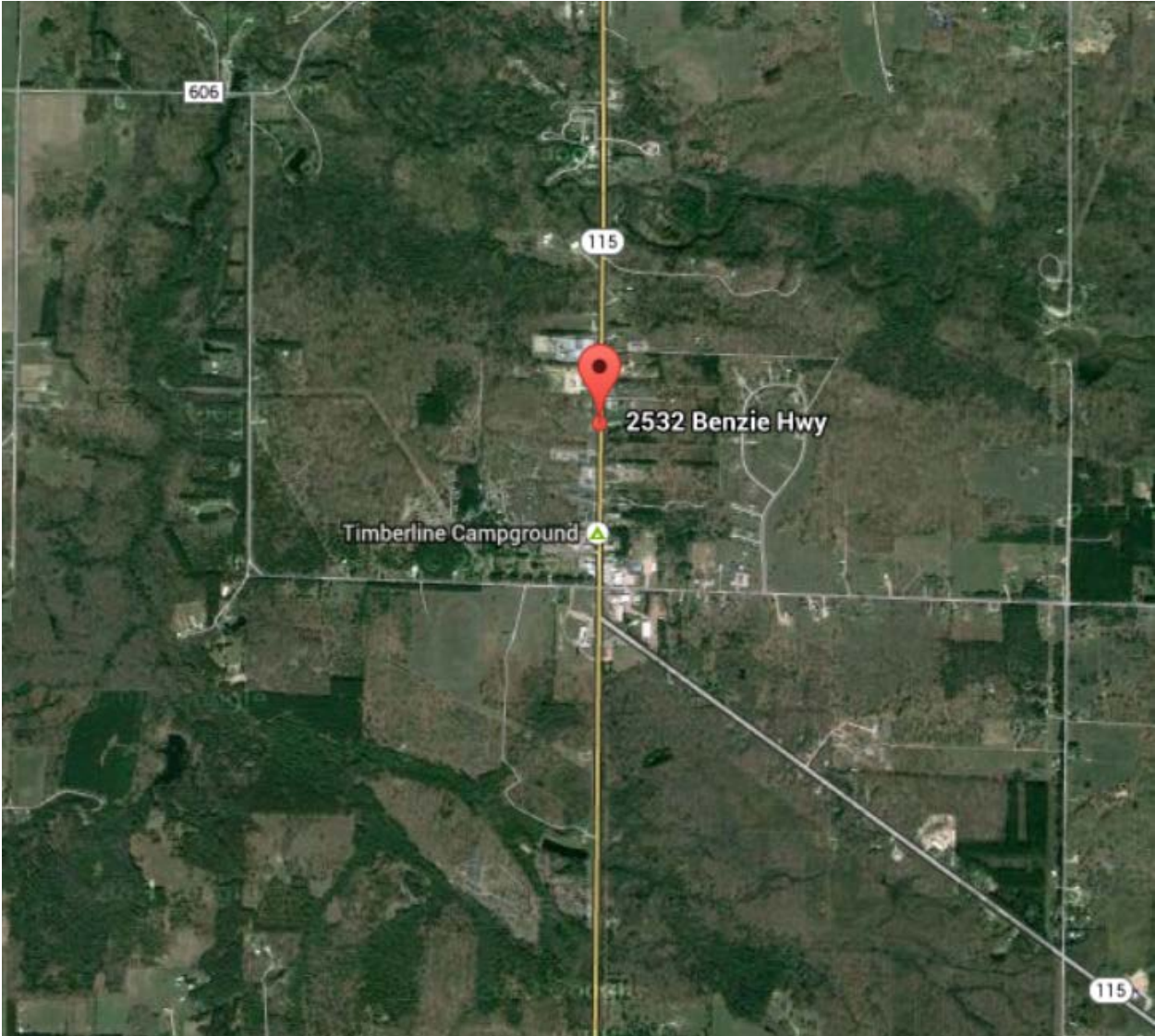
Recommendation

MEDC Staff recommends (the following, collectively, “Recommendation”):

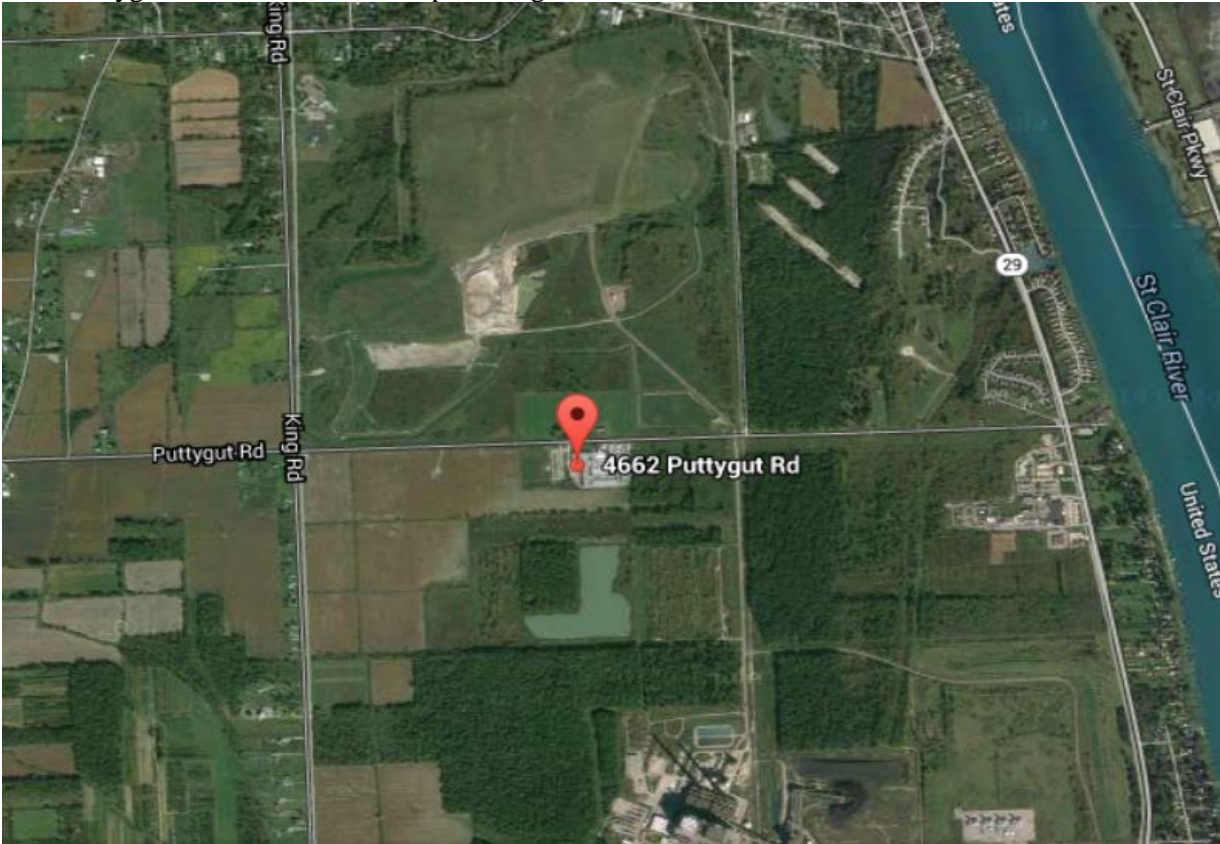
- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - a. Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days;
 - b. MSF Fund Manager, in coordination with MEDC staff, can negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

Magna Exteriors and Interiors USA, Inc.

2523 Benzie Highway, China Township, Michigan 49616



4662 Puttygut Road, China Township, Michigan 48054





**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet**

The following is a summary of the highlights of the amendment and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP Incentive Amendment is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 7/8/2014

Company Name: Magna Exterior and Interiors USA, Inc. DBA Magna Interior Trim Components ("Company" or "Applicant")

Company Address: 39600 Lewis Drive
Novi, Michigan 48377

Project Address ("Project"): 4662 Puttygut Road
China Township, Michigan 48377

2532 Benzie Highway
Benzonia, Michigan 49616

MBDP Incentive Type: Performance Based Grant

Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):

- **Maximum Amount of MBDP Incentive:** Up to \$822,000 ("MBDP Incentive Award")
- **Base Employment Level** 515
- **Total Qualified New Job Creation:** 274
(above Base Employment Level)
- **Company Investment:** Up to \$3,639,100 for machinery & equipment, or any combination thereof, for the Project.
- **Municipality supporting the Project:** China Township and Benzonia Township
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
 - **Disbursement Milestone 1:** Up to \$684,000 Upon demonstrated creation of 228 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2015.

- **Disbursement Milestone 2:** Up to \$138,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 46 additional Qualified New Jobs (for a total of 274 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2016.
- **Term of Agreement:** Execution of Agreement to March 31, 2018.

Proposed MBDP Incentive Amendment:

- **Maximum Amount of MBDP Incentive:** Up to \$1,329,000 ("MBDP Incentive Award")
- **Total Qualified New Job Creation:** 443 Increase the Qualified New Job Creation from (above Base Employment Level) 274 to 443.
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
 - **Disbursement Milestone 1:** Up to \$822,000 Upon demonstrated creation of 274 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than August 31, 2014.
 - **Disbursement Milestone 2:** Up to \$507,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 169 additional Qualified New Jobs (for a total of 443 Qualified New Jobs) above the Base Employment Level, by no later than March 1, 2015.
- **Term of Agreement:** Execution of Agreement to March 1, 2017.

Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory municipality support, if applicable (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Amendment containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. **If the MEDC does not receive the signed Term Sheet from the Company by July 11, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.**

Magna Exteriors and Interiors USA, Inc.

By:



Printed Name:

JANICE M. THOMAS

Its:

MANAGER, GOVERNMENT AFFAIRS

Dated:

07-09-2014

Acknowledged as received by:

Michigan Economic Development Corporation

By:



Printed Name:

Michael Gietzen

DFM

Dated:

7/9/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO MAGNA EXTERIORS AND INTERIORS USA, INC. DBA MAGNA INTERIOR TRIM COMPONENTS

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Trust Fund programs;

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, (ii) adopted the guidelines for the MBDP (“Guidelines”), and (iii) approved the MSF Fund Manager to negotiate the final terms and conditions of the written agreements to be used to memorialize MBDP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, the MSF Delegates approved an \$822,000 Michigan Business Development Program Performance based grant on January 29, 2014 for the expansion of two facilities in China Township and Benzonia, Michigan. The job creation and capital investment is as follows: China Township plans on investing \$2,588,500 with the creation of 100 jobs. The Benzonia facility plans on investing \$1,050,600 with a creation of 174 new jobs. The total investment for this project at both site totals \$3,639,100 and a total job creation of 274 employees. (the “Project”);

WHEREAS, the Company is expanding the project scope in China Township and Benzonia Township, by creating additional jobs;

WHEREAS, Magna Exteriors and Interiors USA, Inc. (“Company”) has requested an amendment to increase its performance based MBDP grant by 443 for a total grant amount of up to \$1,329,000, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended to the MSF Advisory Committee that the MSF approve the Company’s Grant Amendment Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“MBDP Award Recommendation”); and

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Amendment Recommendation.

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager, in coordination with MEDC staff, to negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board Members

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *H.A. Automotive Systems Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Request

This is request from the Applicant for a \$2,250,000 Performance-based grant. This project involves the creation of 368 Qualified New Jobs, and a capital investment of up to \$28.8 million in the City of Troy, Oakland County.

Background

The Applicant is a subsidiary of Shanghai Changhui Industry Development Company, Ltd. (“Changhui”), an automotive lighting components supplier established in 1994 and headquartered in Shanghai China. Changhui manufactures automotive and motorcycle lamps, conducts technology development, technology consulting and engages in import and export services. Changhui is a primary supplier to Shanghai Koito Automotive Lamp Co, Shanghai VW, Shanghai GM as well as Guangzhou Toyota.

The Applicant was established in 2014 as the first North American subsidiary for Changhui. The Applicant, along with their parent, have secured new contracts to supply North American automotive OEM’s which has spurred the need to establish a presence in North America. As a result of this new work, the Applicant will purchase a building in the City of Troy to create a headquarters and manufacturing facility for their North American business. The new facility will also house testing labs to conduct research and development activities on their line of products.

The Applicant has not received any incentives from the MSF in the past.

The Applicant plans to purchase a building located at 1300 Coolidge Road, and establish a North American headquarters, engineering and manufacturing operation in the City of Troy, make investments and create jobs related to electric lamp bulb and component manufacturing.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that will locate and will operate in Michigan.
- b) The project will be located in the City of Troy. The city has offered a “staff, financial, or economic commitment to the project” in the form of a PA 198 property tax abatement related to the project. The city will recommend approval up to a 12 year PA 198 based on the proposed new personal property investment which has a value of approximately \$200,000.
- a) The Applicant has demonstrated a need for the funding. The Applicant has indicated that their product only requires a single location for manufacturing that needs to serve the U.S. as well as

Michigan Economic Development Corporation

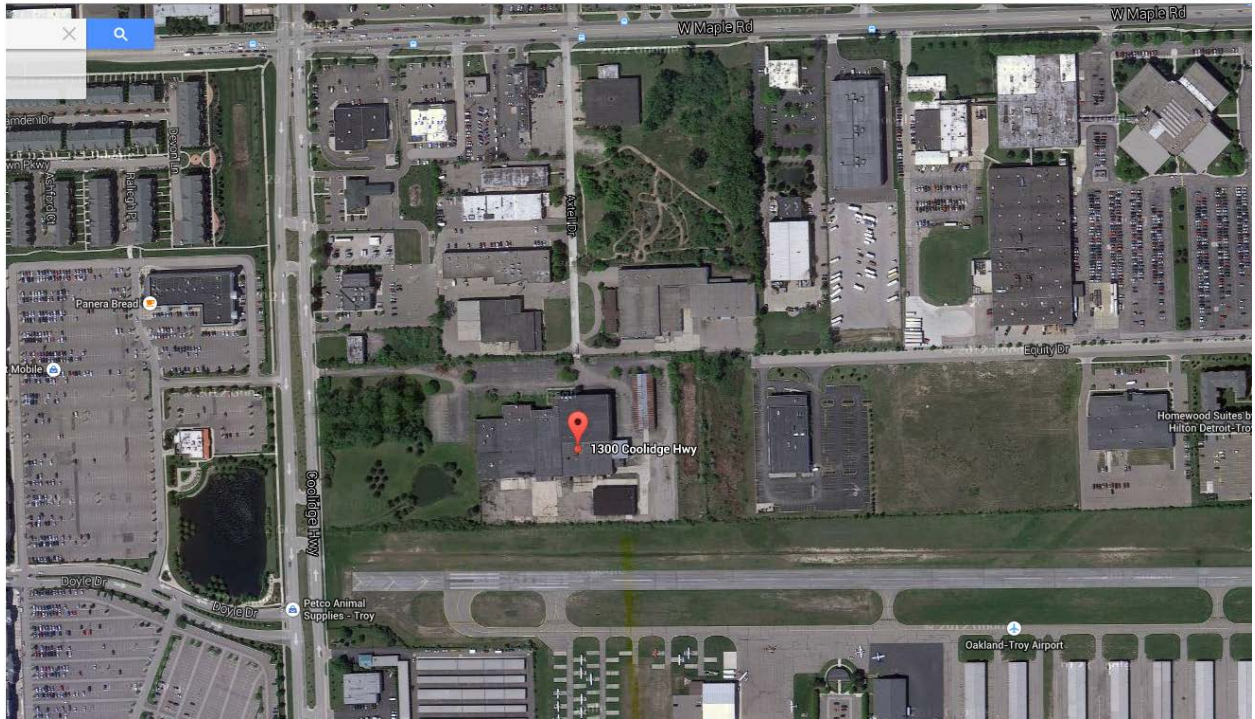
Mexico. The Applicant evaluated multiple southern states based on overall lower labor costs and proximity to customers, Texas was considered for its proximity to Mexico, and finally, the Applicant considered the State of Missouri due to proximity to customers and the state provided an attractive incentive package for the project.

- b) The Applicant plans to create 368 Qualified New Jobs above a statewide base employment level of 0.
- c) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the Applicant indicates that investment will begin in 2014, job creation is expected to commence in 2015, the project will result in the re-use of an existing building, the project involves a large private capital investment, there was considerable out of state competition and competitive incentive offers provided, and the project results in a positive ROI for Michigan.

Recommendation

MEDC Staff recommends (the following, collectively, "Recommendation"):

- d) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, "MBDP Proposal");
- e) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing ("Available Funding"), satisfactory completion of due diligence, (collectively, "Due Diligence"), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - a. Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days;
 - b. MSF Fund Manager, in coordination with MEDC staff, can negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.



H.A. Automotive Systems, Inc.



**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet**

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund (“MSF”) under the Michigan Business Development Program (“MBDP”). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation (“MEDC”) to the MSF.

Date: 7/8/2014

- 1. Company Name:** H.A. Automotive Systems, Inc. (“Company” or “Applicant”)

- 2. Company Address (“Project”):** 1300 Coolidge Highway
Troy, Michigan 48083

- 3. MBDP Incentive Type:** Performance Based Grant

- 4. Maximum Amount of MBDP Incentive:** Up to \$2,250,000 (“MBDP Incentive Award”)

- 5. Base Employment Level** 0 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement (“Agreement”) between the MSF and the Company.

- 6. Total Qualified New Job Creation:** 368 The minimum number of total Qualified New Jobs the Company shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be
(above Base Employment Level)

Michigan Economic Development Corporation

300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org

created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award

- 7. **Company Investment:** \$28,800,000 for the purchase of a building, building renovations, machinery and equipment, office machinery, furniture and fixtures, computers, *or any combination thereof, for the Project.*

- 8. **Municipality supporting the Project:** City of Troy
 - a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: PA 198 property tax related to the Project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

- 9. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
 - a. **Disbursement Milestone 1:** Up to \$370,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2015.

 - b. **Disbursement Milestone 2:** Up to \$305,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 100 Qualified New Jobs) above the Base Employment Level, by no later than March 30, 2017.

 - c. **Disbursement Milestone 3:** Up to \$305,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 150 Qualified New Jobs) above the Base Employment Level, by no later than March 30, 2018.

- | | | |
|-------------------------------------|-----------------|--|
| d. Disbursement Milestone 4: | Up to \$560,000 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, Milestone 3 and upon demonstrated creation of 90 additional Qualified New Jobs (for a total of 240 Qualified New Jobs) above the Base Employment Level, by no later than March 30, 2019. |
| e. Disbursement Milestone 5: | Up to \$710,000 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and upon demonstrated creation of 128 additional Qualified New Jobs (for a total of 368 Qualified New Jobs) above the Base Employment Level, by no later than March 30, 2020. |

10. Term of Agreement: Execution of Agreement to March 20, 2022

11. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

12. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project; and the educational attainment of the employees hired.


13. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.


If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by July 8, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

H.A. Automotive Systems, Inc.

By: 
Printed Name: Kangyuan Chen
Its: President
Dated: 7/8/2014

Acknowledged as received by:

Michigan Economic Development Corporation

By: 
Printed Name: Marcia Gebarowski
Its: Snr Dev't Finance Mgr
Dated: July 8, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
H.A. AUTOMOTIVE SYSTEMS, INCORPORATED**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Trust Fund programs;

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, (ii) adopted the guidelines for the MBDP (“Guidelines”), and (iii) approved the MSF Fund Manager to negotiate the final terms and conditions of the written agreements to be used to memorialize MBDP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, H.A. Automotive Systems, Inc. (“Company”) has requested a performance based MBDP grant of up to \$2,250,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Award Recommendation.

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager, in coordination with MEDC staff, to negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board

From: Marcia Gebarowski, Senior Development Finance Manager
Dan Wells, Senior Program Specialist, Brownfield

Subject: Challenge Manufacturing Company, LLC
Request for Approval of an Act 381 Work Plan and a Michigan Business
Development Program Performance-Based Grant

Request

Challenge Manufacturing Company, LLC (the “Applicant”) requests use of the Brownfield Act 381 Program for the project located at 2100 South Opdyke Road, Pontiac, Oakland County and the Michigan Business Development Program (“MBDP”) for their project located at 6375 West Grand River, Lansing, Clinton County.

The Oakland County Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (“Work Plan”) request for the approval of local and school tax capture for eligible activities in the amount of \$2,932,256 on behalf the project located in Pontiac. Capital investment is expected to be approximately \$50,000,000 and the project is expected to create a minimum of 400 manufacturing jobs. The term of the brownfield plan is expected to be over 18 years.

The Applicant is also requesting approval of a performance-based grant in the amount of \$2,300,000 to build a new manufacturing facility at 6375 West Grand River, Lansing. The Applicant anticipates that the project will result in \$65,500,000 in total capital investment in the Watertown Township, Clinton County and the creation of 420 jobs.

Background

The Applicant, founded in 1981, is leading Tier 1 manufacturer of engineered metal stampings and modular assemblies for the automotive industry. The Applicant, headquartered in Walker, Michigan, operates four facilities in West Michigan with over 2,000 employees.

The Applicant plans to construct a 400,000-450,000 square foot assembly plant at the Pontiac site once brownfield conditions on the site have been alleviated. Eligible activities that will be undertaken to alleviate brownfield conditions and complete the project include site demolition to remove existing concrete in order to prepare the site for redevelopment; site preparation activities including land balancing/grading, geotechnical engineering, temporary erosion control, and temporary facilities.

The Applicant was approved for a \$2.5 million MBDP grant at the May 27, 2014 MSF Board meeting for their new project in the City of Pontiac. This project included a commitment for both MBDP and consideration of MSF eligible activities under Act 381 which would be approved by the board at a later date. The Pontiac project also included a commitment from Community Ventures. Finally, the Applicant was approved for a \$1 million BDP grant in March, 2013 to expand manufacturing operations in Holland, Ottawa County and Walker, Kent County

As a result of new contracts awarded to them, the Applicant needs to establish new manufacturing operations. The Applicant plans to acquire approximately 33 acres and construct a 430,000 square foot facility at 6375 W. Grand River in Watertown Township, Clinton County.

The following detail is provided in Appendix, as follows:

- Appendix A: Statutory requirements for the Act 381 Work Plan for the Pontiac project and project map;
- Appendix B: MBDP statutory requirements and project map; and
- Appendix C: Summary of the MBDP Terms for the Watertown Township project.

Recommendation

MEDC Staff recommends (the following, collectively, “Recommendation”):

- a) Approval of the MBDP Proposal as outlined in the attached term sheet in Appendix C (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days;
 - MSF Fund Manager, in coordination with MEDC staff, can negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents;
- c) Approval of local and school tax capture for the Act 381 eligible activities totaling \$2,932,256 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,374,642.

APPENDIX A

PROPERTY ELIGIBILITY

The project is located within the boundaries of the City of Pontiac, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) as of June 25, 2014. The property is the subject of a Brownfield Plan, duly approved by the County of Oakland on June 11, 2014 and concurred with by the City of Pontiac on June 18, 2014.

STATUTORY CRITERIA UNDER ACT 381

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

The public will benefit through the revitalization and reactivation of the site and surrounding area with the presence of a new manufacturing facility that will provide several hundred new jobs to the city and significantly increase the property taxes generated from the project.

b) Jobs Created (Excluding Construction and other Indirect Jobs):

This project is expected to create approximately 400 new, full-time manufacturing jobs with an average wage of \$19 per hour.

c) Area of High Unemployment:

The City of Pontiac unadjusted jobless rate was 17.9% in May of 2014. This compares to the statewide seasonally adjusted average of 7.3% in May of 2014.

d) Level and Extent of Contamination Alleviated:

Subsurface assessment results at the property identified various constituents in soil and groundwater above MDEQ Part 201 Generic Residential Cleanup Criteria and Screening Levels. Contamination is due to the historical use of the property as a manufacturing operation which included bulk petroleum storage in above and underground storage tanks and paint-related chemicals.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

The project is not qualifying as functionally obsolete or blighted.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:

State participation in the brownfield work plan is important to offset the costs associated with the redevelopment of the vacant former manufacturing site. The environmental costs associated with this redevelopment are \$941,917 and the non-environmental costs associated with abating the brownfield conditions are \$2,932,256.

g) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the work plan is financially and economically sound.

i) Other Factors Considered:

No additional factors need to be considered for this project.

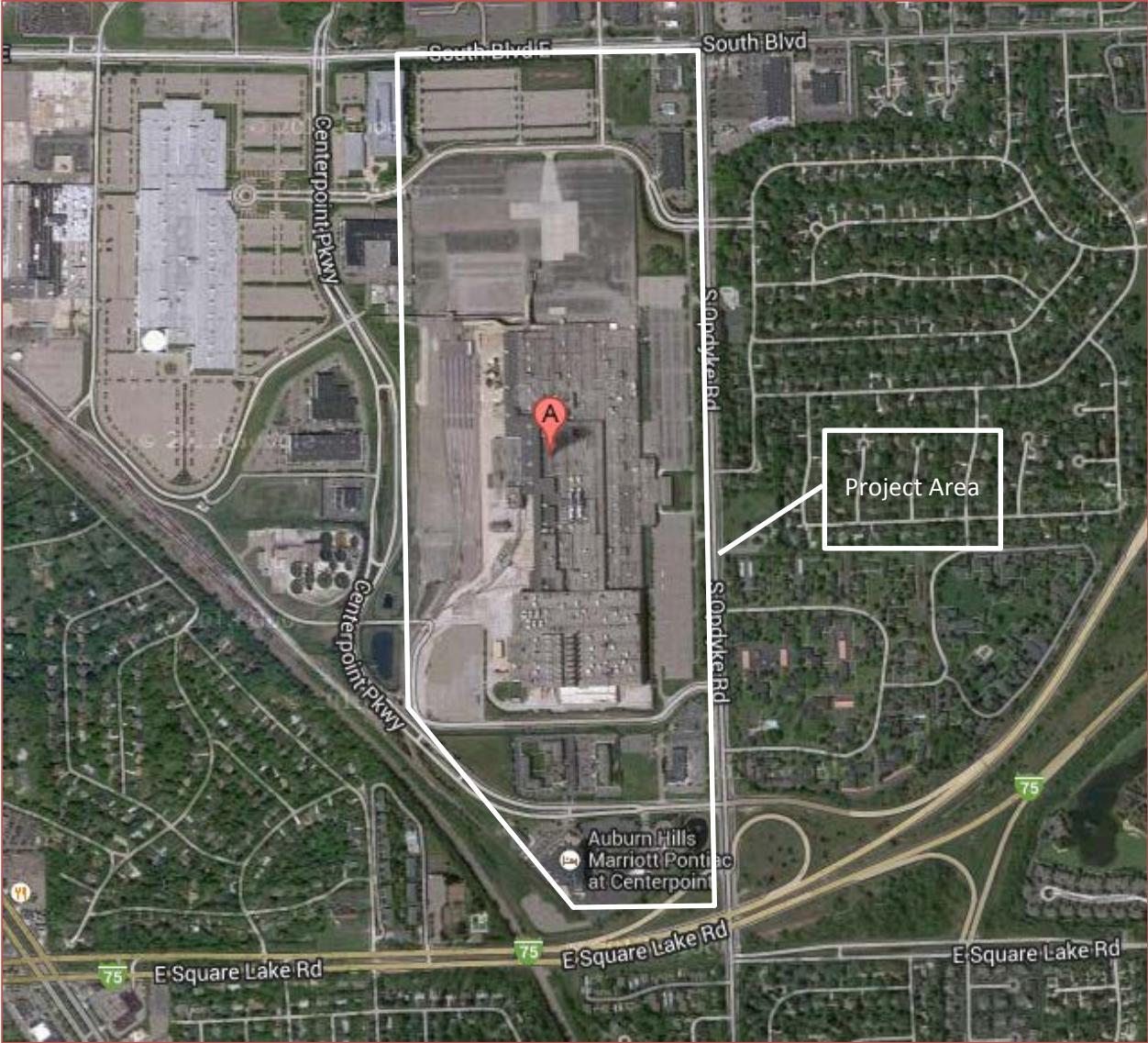
Act 381 TIF: There are 51.1906 non-homestead mills available for capture, with school millage equaling 24 mills (46.88%) and local millage equaling 27.1906 mills (53.12%). The requested tax capture for eligible activities breaks down as follows:

School tax capture (46.88%)	\$ 1,374,642
Local tax capture (53.12%)	<u>\$ 1,557,614</u>
TOTAL	\$ 2,932,256

COST OF ELIGIBLE ACTIVITIES

Demolition	\$ 590,000
Site Preparation	<u>+ 1,951,092</u>
Sub-Total	\$ 2,541,092
Contingency (15%)	<u>+ 381,164</u>
Sub-Total	\$ 2,922,256
Brownfield/Work Plan Preparation	<u>+ 10,000</u>
TOTAL	\$ 2,932,256

MAP OF PROJECT AREA ACT 381 WORKPLAN



APPENDIX B

MBDP PROGRAM AND ITS GUIDELINES

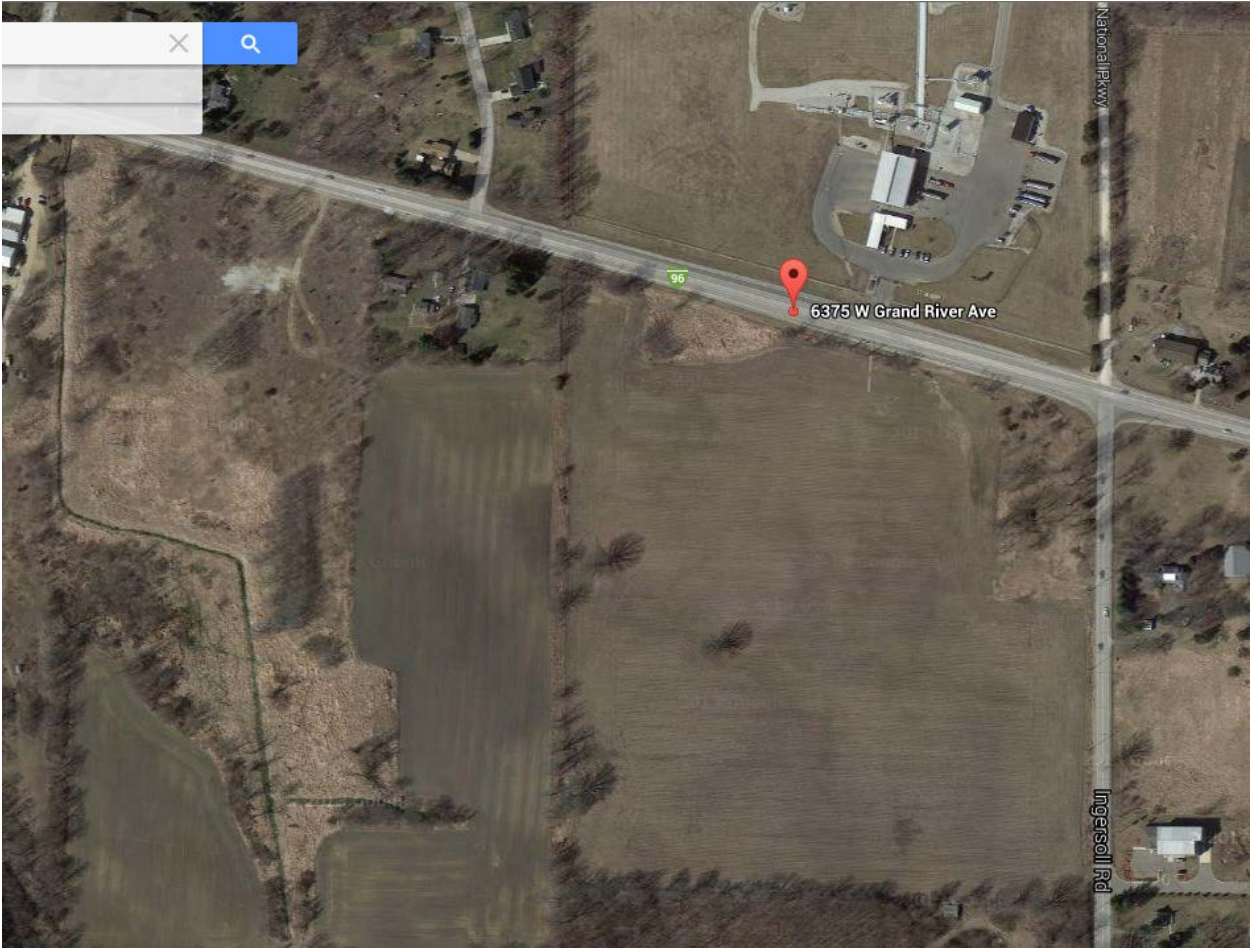
On December 21, 2011, the MSF Board approved the Michigan Business Development Program (MBDP) and its guidelines.

SOURCE OF INFORMATION

It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MBDP guidelines, the information provided by the applicant and to manage the MSF's investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

- a) The Applicant is a "Qualified Business", as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in Charter Township of Watertown. The Township has offered a "staff, financial, or economic commitment to the project" in the form of a PA 198 property tax abatement.
- c) The Applicant has demonstrated a need for the funding. To make the project work for Michigan, the Company will have higher capital costs to locate at the Watertown Township site including investments in land and new facility infrastructure. The project site will require utilities such as sewer lines to be extended to the site as well. The Company also evaluated greenfield sites with public infrastructure available in Tennessee and Missouri.
- d) The Applicant plans to create 420 Qualified New Jobs above a statewide base employment level of 2,050.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The project will result in a large private investment in Michigan, the Company's investment at the project site will build the infrastructure base to the surrounding area acting as a catalyst for additional business development, the project involves a large number of new jobs to the Lansing region and to the state, there was out of state competition from Missouri and Tennessee for the jobs and investment, and the project results in a positive return on the state's investment.

MAP OF PROJECT AREA MBDP GRANT





MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Grant - Term Sheet

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 7/9/2014

1. **Company Name:** Challenge Mfg Company, LLC ("Company" or "Applicant")
2. **Company Address:** 3079 Three Mile Road NW
Walker, Michigan 49534
3. **Project Address ("Project"):** 6375 W. Grand River
Lansing, Michigan 48906
4. **MBDP Incentive Type:** Performance Based Grant
5. **Maximum Amount of MBDP Incentive:** Up to \$2,300,000 ("MBDP Incentive Award")
6. **Base Employment Level** 2,050 The number of jobs currently maintained in Michigan by the Company and Challenge Mfg. Holdings, LLC based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
7. **Total Qualified New Job Creation:** 420 The minimum number of total Qualified New Jobs the Company and Challenge Mfg. Holdings, LLC shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes
(above Base Employment Level)

are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award

- 8. **Company Investment:** \$65,500,000 *in land costs, new building construction, machinery and equipment, furniture and fixtures, computers, other personal property, or any combination thereof, for the Project.*
- 9. **Municipality supporting the Project:** Watertown Township, Clinton County

- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: a property tax abatement related to the project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

- a. **Disbursement Milestone 1:** Up to \$750,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 30, 2016.
- b. **Disbursement Milestone 2:** Up to \$750,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 100 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2016.
- c. **Disbursement Milestone 3:** Up to \$100,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base

Employment Level, by no later than March 30, 2017.

d. Disbursement Milestone 4: Up to \$350,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3 and upon demonstration creation of 85 additional Qualified New Jobs (for a total of 335 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2017.

e. Disbursement Milestone 5: Up to \$350,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and upon demonstrated creation of 85 additional Qualified New Jobs (for a total of 420 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.

11. Term of Agreement: Execution of Agreement to December 31, 2019

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project; the educational attainment of the employees hired; the number of new patents, copyrights, or trademarks applied for and issued to the Company; the number of licensing agreements by the Company and the number of such licensing agreements entered into by the Company with Michigan based firms; and any products commercialized by the Company.

14. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC,

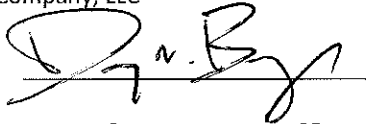
the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by July 10, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Challenge Mfg Company, LLC

By:



Printed Name: Douglas N. Bradley

Its: Vice President

Dated: July 9, 2014

Michigan Economic Development Corporation

By:



Printed Name: Marcia Gebarowski

Its: Senior. Dev't Finance Mgr

Dated: July 9, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
CHALLENGE MFG COMPANY, LLC**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Trust Fund programs;

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, (ii) adopted the guidelines for the MBDP (“Guidelines”), and (iii) approved the MSF Fund Manager to negotiate the final terms and conditions of the written agreements to be used to memorialize MBDP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, Challenge Mfg Company, LLC (“Company”) has requested a performance based MBDP grant of up to \$2,300,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Award Recommendation.

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager, in coordination with MEDC staff, to negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

**RESOLUTION 2014-
MICHIGAN STRATEGIC FUND**

**County of Oakland Brownfield Redevelopment Authority
Challenge Manufacturing Redevelopment Project
City of Pontiac**

At the meeting of the Michigan Strategic Fund (“MSF”) held on July 22, 2014 in Lansing, Michigan.

WHEREAS, Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

WHEREAS, 2002 PA 727 amended 1996 PA 381, MCL 125.2651 et seq, to empower local brownfield redevelopment authorities to request the MEGA Board to approve a brownfield project work plan and, thereby, capture taxes levied for school operating purposes for the project;

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the MSF;

WHEREAS, captured school operating tax revenues may be used under 1996 PA 381 as amended, for infrastructure improvements that directly benefit eligible property, for lead or asbestos abatement, and for structure demolition and site preparation that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the County of Oakland Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 2100 S. Opdyke Road within the City of Pontiac, known as Challenge Manufacturing Project (the “Project”);

WHEREAS, the City of Pontiac is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and review costs and f) interest as provided under 2007 PA 204 and;

WHEREAS, the Authority is requesting MSF approval to capture additional taxes levied for school operating purposes to provide for the reimbursement of the cost of eligible activities on an eligible property; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 46.88% to 53.12% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation and demolition as

presented in the revised Work Plan dated June 24, 2014. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$2,922,256 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$10,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,374,642.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the County as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

BE IT FURTHER RESOLVED, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

July 22, 2014
Lansing, Michigan



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board Members

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: YanFeng USA Automotive Trim Systems, Inc. (“Company” or “Applicant”)
Standard MEGA Tax Credit Amendment

Request

This is a request from the Applicant for an amendment to its existing Standard MEGA Tax Credit to increase the maximum eligible qualified new jobs to secure growth at its facility in Harrison Charter Township as well as warehousing and distribution facility in the City of Warren. This project involves the creation of 519 Qualified New Jobs and a capital investment of up to \$56.2 million in the Charter Township of Harrison, Macomb County.

Background

The Company has been operating their first North American location in Warren, Michigan since May of 2010. The company is engaged in the manufacturing, welding, and assembling automotive components and providing delivery services for U.S. Main Auto OEM’s. The main business of the company includes door panel manufacturing, assembly and sequencing.

On October 26, 2010, the MEGA Board approved a seven year 75 percent Standard MEGA Tax Credit (Resolution 2010-172) for the Company to expand their manufacturing and assembly of automotive components, and to purchase a building in the Charter Township of Harrison. The Standard MEGA Tax Credit is for a maximum of 131 Qualified New Jobs with a Base Employment Level of 18. The Charter Township of Harrison provided a PA 198 tax abatement in support of this project. The Company has successfully collected their credit beginning in 2012 and have hired over 200 employees.

Project Description

The Company was awarded multiple new contracts to manufacture center consoles, door panels and instrument panels for several automotive OEM’s. This new work will double the company’s production volume in North America between 2016 and 2017. The Company plans to add manufacturing capacity at their current facility located at 42150 Executive Dr. in Harrison Township. The expansion will require the Company to purchase their existing manufacturing facility and to construct an addition of both office and manufacturing space and create 519 new jobs in Harrison Township. The average weekly wage for the newly created positions is expected to be approximately \$789.

Business Case

In 2013 the Company opened a new 240,000 sq/ft manufacturing facility in Riverside, Missouri. The Company has excess space at this facility to put the new contract work there at a lower cost relative to Michigan because of the existing capacity. The Company will be investing heavily in real property improvements to create the space needed to place the work at their Harrison Township facility.

Michigan Economic Development Corporation

Other State and Local Support

Macomb County and Harrison Charter Township are very supportive of the project. Harrison Township anticipates approval of a property tax abatement for real and/or personal property related to the project.

Recommendation

MEDC Staff recommends the following amendments to the Standard MEGA Tax Credit (Resolution 2010-172):

- a) Increase the number of Qualified New Jobs from 131 to 650 over the Company’s Base Employment Level of 18 beginning tax year 2013;
- b) Amend the Project Description to include City of Warren, Macomb County as a location eligible for the Company to create Qualified New Jobs.



MICHIGAN STRATEGIC FUND

Resolution 2014-

**YanFeng USA Automotive Trim Systems, Inc.
Standard Credit (Amendment #1)**

WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority (“MEGA”) under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended, with the authority to authorize tax credits under the Michigan Business Tax Act, 2007 PA 36, as amended;

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations, or other funds of the MEGA to the Michigan Strategic Fund (“MSF”);

WHEREAS, in Resolution 2010-172 adopted on October 26, 2010, the MEGA Board authorized a Tax Credit for YanFeng USA Automotive Trim Systems, Inc. (the “Company”) of 75 percent for a period of seven consecutive years, beginning no later than the Company’s tax year ending December 31, 2012 to expand its manufacturing, assembly and delivery of automotive components, purchase a facility, and create jobs in the Charter Township of Harrison, Macomb County (the “Project”);

WHEREAS, the Company is expanding the project scope in the Charter Township of Harrison, Macomb County, and in the City of Warren, Macomb County by growing their operations and creating additional jobs;

WHEREAS, the Company requests that the Tax Credit and Agreement be amended to (the following, collectively, “Amendment”):

- (i) Increase the number of Qualified New Jobs from 131 to 650 over the Company’s Base Employment Level of 18 beginning Company’s tax year ending 2013;
- (ii) Revise the Project Description to include City of Warren, Macomb County, as a location eligible for Company to create Qualified New Jobs;

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the Amendment to the Standard Tax Credit by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment is approved; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2010-172, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

July 22, 2014
Lansing, Michigan



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board

From: Joshua Hundt, Director – Business Incentives
Lenore Costa, Program Specialist, Community Development Block Grant (CDBG)
Christine Whitz, Manager, CDBG Program

Subject: Brembo North American, Inc. Job Training Project
Calhoun County
Request for Approval of \$1,500,000 Community Development Block Grant Funds

**Brembo North America, Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request
Standard MEGA Tax Credit Amendment**

Request

Brembo North America, Inc. and Calhoun County request the approval of a Community Development Block grant (“CDBG”) for on the job training in the amount of \$1,500,000.

The Applicant is also requesting approval of a Michigan Business Development Program (“MBDP”) performance-based grant in the amount of \$2,000,000.

Additionally, the Applicant is requesting approval of an amendment to its existing Standard MEGA Tax Credit to extend the length of the credit and to increase the maximum eligible qualified new jobs.

The Applicant anticipates that the project will result in \$78,428,000 in total capital investment in the Albion Township, Calhoun County and the creation of 254 jobs.

Background

Brembo North America, Inc. is the largest wholly owned subsidiary of Brembo S.P.A, a world leader of brake systems for automotive vehicles. Brembo North America, Inc. was incorporated in 1988. The Company manufactures and distributes brake systems to automotive original equipment manufacturers, professional racing teams, other performance customers, and through the automotive aftermarket. The Company’s customers in North America include all the major automotive original equipment manufacturers, manufacturers, and racing teams.

The Company currently has manufacturing facilities in Michigan, New Jersey, Monterrey, Mexico, engineering offices in Mooresville, North Carolina and Los Angeles, California, and has its North American headquarters and research and development center in Plymouth, Michigan.

The Applicant has received incentives from the MSF in the past. In June 2009, as amended in 2012, the Company was awarded a 10 year Standard and Retention MEGA Tax Credit. The company was successful with the project associated with this tax credit and has received benefit on the tax credit through tax year 2012.

The Company was also awarded an Economic Development Job Training Grant in 2008, which has been successful closed.

The Company plans to purchase property and construct an industrial facility of approximately 300,000 square feet to house an 80,000 ton grey iron sand cast foundry to produce brake rotor castings in Albion Township, Michigan.

The following detail is provided in Appendix, as follows:

- Appendix A: CDBG Program Requirements and Screening Guidelines;
- Appendix B: MBDP Program Requirements; and
- Appendix C: Summary of the MBDP Terms for the project.

Recommendation

MEDC Staff recommends (the following, collectively, “Recommendation”):

- a) Approval of the MBDP Proposal as outlined in the attached term sheet in Appendix C (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days;
 - MSF Fund Manager, in coordination with MEDC staff, can negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents;
- c) Approval of a CDBG job training grant agreement, in the amount of \$1,500,000 be authorized for Calhoun County for the Brembo North America, Inc. expansion project;
- d) Approval of the following amendments to the Company’s Standard and Retention MEGA Tax Credit:
 - Extend the length of the Standard MEGA Credit from 10 consecutive tax years ending on December 31, 2019 to 12 consecutive tax years ending on December 31, 2021.
 - Increase the maximum qualified new jobs on the Standard MEGA Credit from 218 qualified new jobs to 368 qualified new jobs for the tax years 2013 and 2014.
 - Increase the maximum qualified new jobs on the Standard MEGA Credit from 318 qualified new jobs to 622 qualified new jobs for the tax years 2015 through 2021.

APPENDIX A – CDBG PROGRAM REQUIREMENTS AND SCREENING GUIDELINES

Program Requirements

The project was evaluated utilizing the CDBG requirements. It has been determined that the project meets the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**
This project qualifies for CDBG funding as the project activities are expected to result in the creation of 169 full time equivalent positions over the next two years. The business has agreed that at least 87 of the 169 positions will be held by low to moderate income persons. The project meets a national objective by providing benefit to at least 51 percent low and moderate income persons. The CDBG cost per job is \$8,876, with a minimum wage of \$12.00 per hour.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a) (17) of Title I of the Housing and Community Development Act of 1974, as amended.

CDBG Screening Guidelines

The project was evaluated utilizing the CDBG guidelines. It has been determined that the project meets the following standards to qualify as an eligible project under the CDBG program:

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project would create added value to the local community by bringing in tax revenue, job creation and additional business to local and state suppliers.
- **Minimum Leverage Ratio:** The private leverage contribution, to be provided by Brembo North America, Inc., will equal a minimum of \$79,928,651, which results in a leverage ratio of approximately 53:1 of the CDBG grant.

The MEDC staff has concluded that the project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.

The execution of the grant agreement will be contingent on the receipt and approval of the final Part 1 Application, Part 2 Application, Terms Letter, Environmental Review, and Financial Viability and Background Check, evidencing that the applicant has completed the application process and to assure viability of the project.

APPENDIX B – MBDP Program Considerations

MBDP PROGRAM AND ITS GUIDELINES

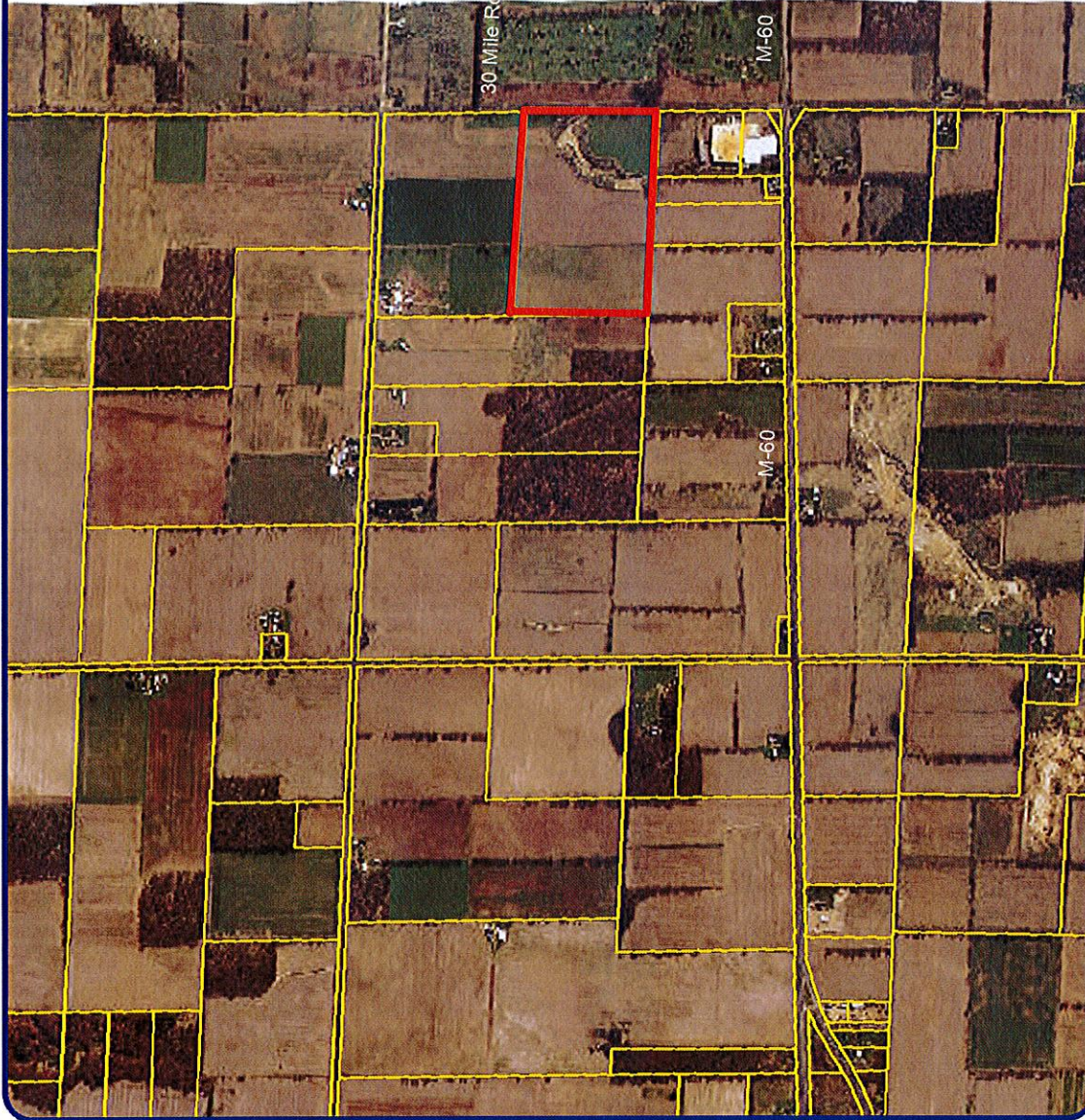
On December 21, 2011, the MSF Board approved the Michigan Business Development Program (MBDP) and its guidelines.

SOURCE OF INFORMATION

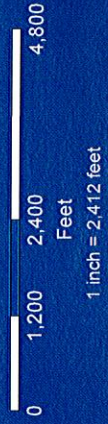
It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MBDP guidelines, the information provided by the applicant and to manage the MSF's investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in Albion Township and Plymouth Township. Albion Township has offered a “staff, financial, or economic commitment to the project” in the form of a PA 198 property tax abatement.
- c) The Applicant has demonstrated a need for the funding. The Company also considered locations in Alabama, Mississippi, and Monterrey, Mexico for this project. These locations were considered based on customer location and predicted new business generation over the next five to twenty years. Economic development agencies in these areas provided competitive incentive offers related to the project.
- d) The Applicant plans to create 254 Qualified New Jobs above a statewide base employment level of 477.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The project will result in a large private investment in Michigan, which is expected to commence in the fall of 2014. The project had significant out of state competition from sites in Alabama, Mississippi, and Monterrey, Mexico. Additionally, the project has a projected net positive return for Michigan.

Brembo NA Homer, Inc. Foundry Site Map



Map Produced Using the
Calhoun County, Michigan
Internet Mapping Portal



MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the Calhoun County. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended.

Date: 7/7/2014



**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet**

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 7/9/2014

- 1. Company Name:** Brembo North America, Inc. ("Company" or "Applicant")

- 2. Company Address:** 47765 Halyard Drive
Plymouth, Michigan 48170

- 3. Project Address ("Project"):** Address TBD
Albion Township, Michigan

47765 Halyard Drive
Plymouth, Michigan 48170

- 4. MBDP Incentive Type:** Performance Based Grant

- 5. Maximum Amount of MBDP Incentive:** Up to \$2,000,000 ("MBDP Incentive Award")

- 6. Base Employment Level** 477 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

- 7. Total Qualified New Job Creation:** 254 The minimum number of total Qualified New Jobs (above Base Employment Level) the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each

Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award

- 8. **Company Investment:** \$78,428,651 in land costs, building construction, machinery & equipment, computers, pollution control equipment, special tooling, or any combination thereof, for the Project.

- 9. **Municipality supporting the Project:** Albion Township
 - a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide a property tax abatement in support of the Project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

- 10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
 - a. **Disbursement Milestone 1:** Up to \$1,500,000 Upon demonstrated creation of 169 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2017.

 - b. **Disbursement Milestone 2:** Up to \$500,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 85 additional Qualified New Jobs (for a total of 254 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2018.

- 11. **Term of Agreement:** Date of the Execution of Agreement through March 31, 2020

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF under certain conditions, including if the Company moves 25% or more of their employees out of Michigan, and a proportional repayment if the Company fails to maintain the Base Employment Level in Michigan or the number of Qualified New Jobs incentivized under this award. The Agreement will contain a cure period provision.

13. Reporting Requirements:

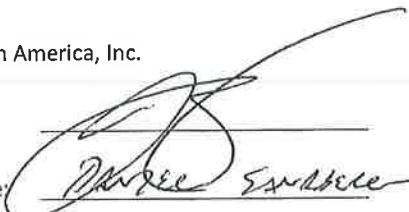
Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual Incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new Jobs and the actual number of new jobs created as a result of the Project; the educational attainment of the employees hired.

14. Public Announcements:

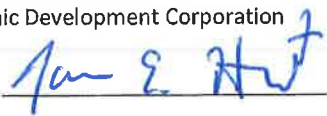
The Company or the MSF shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive, unless prior authorized and coordinated with the other party.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by July 11, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Brembo North America, Inc.
By: 
Printed Name: David Esposito
Its: MSF CEO
Dated: 7/14/14

Acknowledged as received by:

Michigan Economic Development Corporation
By: 
Printed Name: Joshua E Hundt
Its: Director - Business Incentives
Dated: 7/11/14

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
BREMBO NORTH AMERICA, INC.**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Trust Fund programs;

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, (ii) adopted the guidelines for the MBDP (“Guidelines”), and (iii) approved the MSF Fund Manager to negotiate the final terms and conditions of the written agreements to be used to memorialize MBDP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, Brembo North America, Inc. (“Company”) has requested a performance based MBDP grant of up to \$2,000,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Award Recommendation.

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager, in coordination with MEDC staff, to negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**Brembo North America, Inc.
Standard and Retention Credit (Amendment #5)**

WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority (“MEGA”) under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended, with the authority to authorize tax credits under the Michigan Business Tax Act, 2007 PA 36, as amended (“Tax Credit”);

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations, or other funds of the MEGA to the Michigan Strategic Fund (“MSF”);

WHEREAS, the MEGA Board adopted Resolution 2008-57 on June 17, 2008, authorizing a Tax Credit in connection with Qualified New Jobs and Qualified Retained Jobs to Brembo North America Homer, Inc. to retain jobs and make investment at its facilities for the production of various components for aftermarket vehicles in Albion Township, Calhoun County and in the City of Novi, Oakland County (the “Project”);

WHEREAS, by Resolution 2010-012, the MEGA Board transferred the Tax Credit to Brembo North America, Inc. (the “Company”);

WHEREAS, by resolution 2012-117, the MSF increased the Standard Tax Credit authorized for Qualified New Jobs from 218 to 318 for the Company’s tax years ending December 31, 2015 through December 31, 2019; and

WHEREAS, the Company requests that the Tax Credit and Agreement be amended to (the following, collectively, “Amendment”):

- (i) Extend the length of the Standard MEGA Credit from 10 consecutive tax years ending on December 31, 2019 to 12 consecutive tax years ending on December 31, 2021.
- (ii) Increase the maximum qualified new jobs on the Standard MEGA Credit from 218 qualified new jobs to 368 qualified new jobs for the tax years 2013 and 2014.
- (iii) Increase the maximum qualified new jobs on the Standard MEGA Credit from 318 qualified new jobs to 622 qualified new jobs for the tax years 2015 through 2021.

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the Amendment to the Standard Credit by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment is approved; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2008-57, as amended, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014- _____

APPROVAL OF COUNTY OF CALHOUN BREMBO NORTH AMERICA, INC. JOB TRAINING PROJECT

WHEREAS, Executive Order 1999-1, issued pursuant to Article V of the Michigan Constitution of 1963 and the laws of the State of Michigan, consolidated the State's economic development functions and programs and their accompanying powers in the Michigan Strategic Fund ("MSF");

WHEREAS, Executive Order 1999-1 transferred from the Michigan Jobs Commission to the MSF all authority, powers, duties, functions, grants, and responsibilities, including the functions of budgeting, procurement, personnel, and management related functions, of the Community Development Block Grant ("CDBG") program.

WHEREAS, the CDBG program has policies, criteria, and parameters which are enumerated in the 2013 Program Guidelines, as amended (the "Criteria") and the 2013 Application Guide (the "Guide"). The MSF by Resolution 2013-054 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2013-080 guidelines for grants;

WHEREAS, the County of Calhoun (the "Community") has submitted a partial application for approval requesting funding to be used to fund the Brembo North America, Inc. Job Training Project (the "Project");

WHEREAS, the CDBG program staff reviewed the proposed Project in light of the Criteria, Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, will create jobs and at least 51% of the newly created jobs will be held by persons of low and moderate income; and

WHEREAS, staff recommends that a grant agreement be authorized and entered into with the Community for funds from the CDBG program for the reasons set forth in this Resolution;

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$1,500,000 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$1,500,000 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds;

BE IT FURTHER RESOLVED, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution. Execution of the grant agreement is contingent upon receipt and approval of the Part 1 Application, Part 2 Application, Terms Letter, Environmental Review, and Financial Viability and Background Check. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the proposed Project; and

BE IT FURTHER RESOLVED, if the Community fails to execute and return the grant agreement to staff within 180 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void. Based upon a showing of good cause, staff may extend the time period for executing and returning a grant agreement for an additional 90 days.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board Members

From: Joshua Hundt, Director – Business Incentives
Amy Deprez, Managing Director – Development Finance

Subject: General Motors, LLC and GM Subsystems Manufacturing LLC
(“Company” or “Applicant”)
Global Retention MEGA Tax Credit Amendment
Plug-In Battery Pack Credit Amendment

Request

This is a request from the Applicant for an amendment to its existing Retention MEGA Tax Credit to increase the maximum eligible qualified retained jobs, add an affiliate entity, and modify the repayment provision. This project involves the creation of 1,750 new jobs and a capital investment of up to \$800 million in Michigan. Additionally, this is a request from the Applicant for an amendment to its existing Plug-in Battery Pack Credit to allow for carry forward language to be included in the agreement for battery pack units not claimed in year two to be added to the total number produced in year three.

Background

General Motors Corporation was founded in 1908, and manufactures and markets automobiles, automotive systems, engines, heavy duty automatic transmissions, component parts and locomotives worldwide. In 2009, the former General Motors Corporation filed bankruptcy, resulting in the reorganization of its North American operations. Under a court approved transaction General Motors Corporation transferred substantially all of its operating assets to General Motors Company and its operating company General Motors, LLC.

On June 25, 2009, the Michigan Economic Growth Authority (MEGA) Board approved a Global Retention MEGA tax credit that included all existing Retention credits, as well as the opportunity to keep the Orion facility in Michigan. The Board approved up to a 100 percent retention employment tax credit for up to 20,000 retained employees. At that time, the project encompassed 17 facilities. The credit was later amended as follows:

- November 17, 2009: The credit was amended to include GM’s headquarters at the Detroit Renaissance Center, with certain provisions included.
- October 26, 2010: The credit was amended to support the proposed addition of Hybrid Electric Vehicle battery and vehicle engineering and development operation at the existing battery development center located at the Warren Tech Center.
- September 27, 2012: The credit was amended to support the proposed creation of 3,000 jobs related to investments in Michigan, including the establishment of an IT Development Center that was located at the GM Technical Center in Warren.

Michigan Economic Development Corporation

On February 17, 2009, the MEGA Board approved a Plug-In Battery Pack Credit to support an in-house battery module and pack assembly facility. The credit was approved for a total of 70,000 battery pack units over three consecutive years beginning in 2011.

Project Description

Since the amendment to the MEGA Credit in 2012, General Motors, LLC has continued to grow in Michigan. General Motors is considering further investment in Michigan that may result in the creation of 1,750 additional jobs in the State of Michigan and up to \$800 million in additional new investment by the Company. These figures are in excess of the 33,000 jobs currently being retained and up to \$2.8 billion in investment in Michigan as a result of the credit.

The \$800 million in new investment will be the result of upgrading various facilities in Michigan in anticipation of future vehicle platforms and programs. The 1,750 additional new jobs will be the result of the consolidation of various engineering functions from outside of Michigan to a site in Michigan.

Business Case

The proposed Michigan sites for new investment and job creation are in competition for this work from alternate Company locations throughout North America. The investment and jobs related to this project provide the opportunity for further expansions in Michigan as well as a potential impact on Michigan suppliers. Additionally, this amendment will provide further stabilization for General Motors in Michigan.

Other State and Local Support

Various property tax abatements have been approved in support of the Company's investments across Michigan.

Recommendation

Based on the factors described above, MEDC staff recommends the following amendments Global Retention MEGA tax credit (Credit Number: 595):

- a) Increase the maximum retained jobs by 1,750, allowing for up to 34,750 retained jobs to be covered under this credit.
- b) Increase the maximum number of jobs at the GM Technical Center in Warren that are allowed to be used toward the credit calculation from 5,000 to 6,750.
- c) Amend the repayment language in the Agreement for the two year maintenance period (years 21 and 22) to be calculated at 5% of the credit claimed in the twentieth year.
- d) Amend Agreement to allow GM Subsystems Manufacturing employees as eligible for purposes of calculating the MEGA Global tax credit, provided the GM Subsystems Manufacturing employees are not located at the Brownstown Township facility or counted under any other MEGA tax credit for that tax year.
- e) Set the effective date of these amendments as July 22, 2014.

MEDC staff also recommends the following amendment to GM Subsystems Manufacturing LLC's Plug-In Battery Pack Credit:

- a) Amend the Agreement to allow for carry forward language to be included in Section 3.0(a)(3), allowing for units not claimed in year 2 to be added to the total number produced in year 3.

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

General Motors LLC Global Retention Credit (Amendment #5)

WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority (“MEGA”) under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended, with the authority to authorize tax credits under the Michigan Business Tax Act, 2007 PA 36, as amended;

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations, or other funds of the MEGA to the Michigan Strategic Fund (“MSF”);

WHEREAS, the MEGA Board adopted Resolution 2009-116 on June 25, 2009, authorizing a Tax Credit in connection with Retained Jobs to General Motors Corporation for a 100 percent credit for a period of twenty years, beginning no later than the Company’s tax year ending December 31, 2011;

WHEREAS, by Resolution 2009-201, the MEGA Board transferred the Tax Credit to General Motors LLC (the “Company”);

WHEREAS, by Resolution 2010-178, the MEGA Board amended the project sites to allow for any facility in Michigan, except for GM Technical Center, however allowing the Battery Lab and the Manufacturing Validation Center within the GM Technical Center; increased the required number of employees, including GM full-time employees, shared services and contract employees, located at the Detroit Renaissance Center from 2,000 to 4,000 employees; and increased the maximum credit allowed for the Detroit Renaissance Center portion of the credit to \$75,000,000;

WHEREAS, by Resolution 2012-118, the MSF authorized increasing the Retention Tax Credit authorized for Retained Jobs from 30,000 to 33,000; amended the agreement to require, for reporting purposes, annual submission of employment information, instead of quarterly submission of employment information; amended the maximum credit for the Detroit Renaissance Center from \$75 million to \$125 million over the life of the credit; amends the agreement to remove the exception for the Battery Research and Testing Lab and the Manufacturing Validation Center at the GM Technical Center in Warren, and allow for the inclusion of up to 5,000 retained jobs at the GM Technical Center in Warren; and amended the repayment provision for relocation to 100% repayment for a relocation that occurs on or before the end of the fourth year of the credit and a rolling 50% repayment of the three previous years of the credit for a relocation that occurs after the fourth year and within 24 months after the end of the twentieth year of the credit;

WHEREAS, the Company is proposing new investment and job creation at sites across Michigan related to the consolidation of engineering functions to Michigan from outside of Michigan and facility upgrades in anticipation of future vehicle platforms and programs;

WHEREAS, the Company requests that the Tax Credit and Agreement be amended to (the following, collectively, “Amendment”):

- (i) Increase the maximum retained jobs by 1,750, allowing for up to 34,750 retained jobs to be covered under this credit.
- (ii) Increase the maximum number of jobs at the GM Technical Center in Warren that are allowed to be used toward the credit calculation from 5,000 to 6,750.
- (iii) Amend the repayment language in the Agreement for the two year maintenance period (years 21 and 22) to be calculated at 5% of the credit claimed in the twentieth year.
- (iv) Amend Agreement to allow GM Subsystems Manufacturing employees as eligible for purposes of calculating the MEGA Global tax credit, provided the GM Subsystems Manufacturing employees are not located at the Brownstown Township facility or counted under any other MEGA tax credit for that tax year.

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the Amendment to the Standard Tax Credit by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment is approved, effective July 22, 2014, provided that the Company increases and maintains the number of new full-time jobs, and/or relocation of full-time jobs from outside of Michigan, to the Company by 1,750 above the current employment level of employment as of June 30, 2014 at the GM Technical Center in Warren; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-116, as amended, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

July 22, 2014
Lansing, Michigan

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**GM Subsystems Manufacturing LLC
Plug-In Battery Pack Credit (Amendment #4)**

WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority (“MEGA”) under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended, with the authority to authorize tax credits under the Michigan Business Tax Act, 2007 PA 36, as amended (“Tax Credit”);

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations, or other funds of the MEGA to the Michigan Strategic Fund (“MSF”);

WHEREAS, the MEGA Board adopted Resolution 2009-37 on February 17, 2009, authorizing a Tax Credit to General Motors Corporation in connection with manufacturing plug-in traction batteries;

WHEREAS, by Resolution 2009-074, the MEGA transferred the Tax Credit to GM Subsystems Manufacturing LLC (“Company”);

WHEREAS, by Resolution 2012-120, the MSF amended the repayment provision of the Tax Credit agreement by removing the 50% repayment provision for a relocation that occurs within 36 months after the end of the term of the credit;

WHEREAS, the Company requests that the Tax Credit and Agreement be amended to (the following, collectively, “Amendment”):

- (i) Amend the agreement to allow for carry forward language to be included in the agreement allowing for units not claimed in year 2 to be added to the total number produced in year 3. The 70,000 maximum number of units remains unchanged.

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MEGA, and recommends approval of the Amendment to the Tax Credit by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment is approved; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-037, as amended, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board Members

From: Joshua Hundt, Director, Business Incentives
Trevor Friedeberg, Development Finance Manager

Subject: *Suniva, Inc. (“Company” or “Applicant”)*
Michigan Business Development Program Performance-based Grant Request

Request

This is request from the Applicant for a \$2.5 million Performance-based grant. This project involves the creation of 350 Qualified New Jobs, and a capital investment of up to \$12.5 million in Saginaw Township and Saginaw County.

Background

Suniva, Inc., incorporated in 2007, is the only US based high-efficiency monocrystalline solar cell manufacturer. Suniva spun out of DOE-sponsored research into photovoltaic development at Georgia Tech in 1992. Suniva uses its intellectual property, patents and design methodology to produce solar cells that achieve the highest conversion efficiency at low cost.

Incentive assistance will allow the Company to overcome cost barriers that exist in Michigan and help the Company bring cell manufacturing to Saginaw County, Michigan.

The Applicant has received incentives from the MSF in the past. In 2011 the Company was awarded a High Tech MEGA credit to locate in Saginaw County. That project did not move forward with that particular project and no MEGA credit was awarded.

The Applicant plans to create a new state-of-the-art manufacturing facility in Saginaw Township, make investments and create jobs related to Semiconductor and Related Device Manufacturing.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that will locate and operate in Michigan.
- b) The project will be located in Saginaw Township. Saginaw Township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement on real and/or personal property.
- c) The Applicant has demonstrated a need for the funding. Competing site incentives are very competitive. Mississippi has offered a free building that will take little to no upgrades to start production. Georgia has offered competitive incentives and is also the location of the Company headquarters.
- d) The Applicant plans to create 350 Qualified New Jobs above a statewide base employment level of 0.

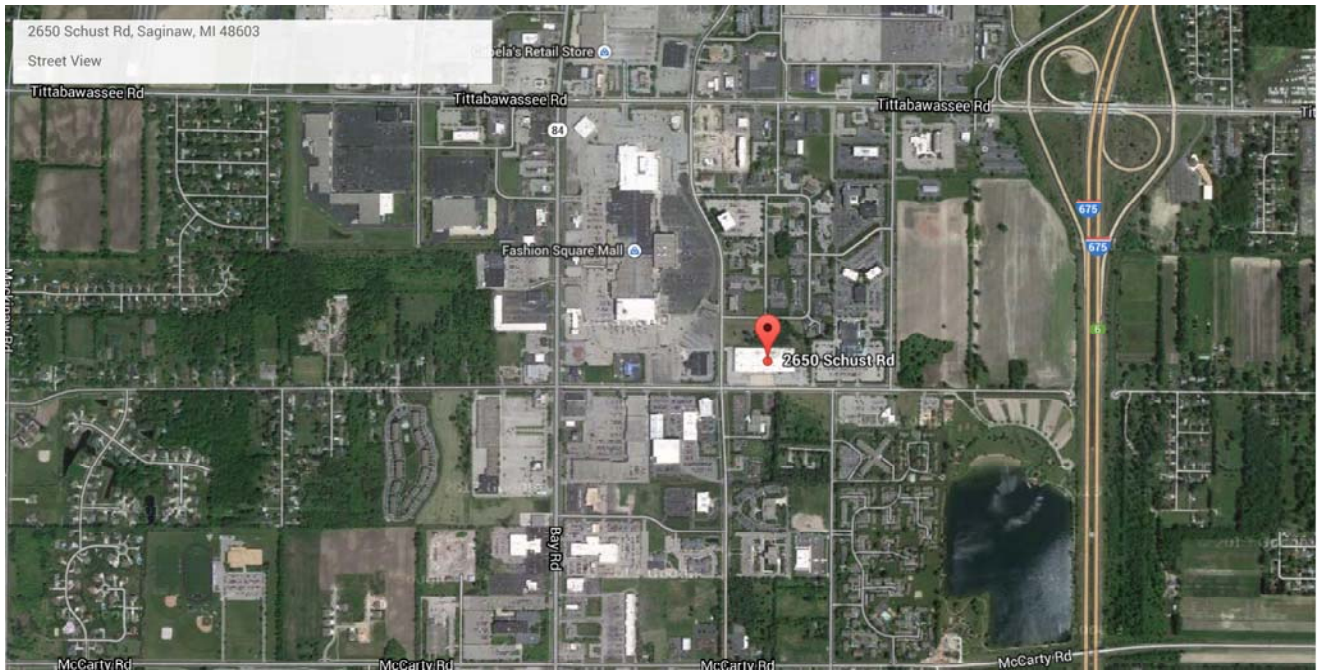
Michigan Economic Development Corporation

- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project is not a retail project; the project is not a retention project; involves out-of-state competition; has a net positive return to Michigan; reuse of an existing facility; prospect of near-term job creation with the potential of 100 new jobs by the end of 2014; the project has strong links to Michigan suppliers.

Recommendation

MEDC Staff recommends (the following, collectively, “Recommendation”):

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - a. Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days;
 - b. MSF Fund Manager, in coordination with MEDC staff, can negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.





**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet**

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 7/8/2014

1. **Company Name:** Suniva, Inc. ("Company" or "Applicant")
2. **Company Address:** 5675 Peachtree Industrial Blvd
Norcross, Georgia 30092
3. **Project Address ("Project"):** 3650 Schust Road
Saginaw Township, Michigan 48603
4. **MBDP Incentive Type:** Performance Based Grant
5. **Maximum Amount of MBDP Incentive:** Up to \$2,500,000 ("MBDP Incentive Award")
6. **Base Employment Level** 0 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
7. **Total Qualified New Job Creation:** 350 The minimum number of total Qualified New Jobs the Company shall be required to create in Saginaw County (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required),
(above Base Employment Level)

and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award

8. **Company Investment:** \$12,225,000 in Annual Lease Costs, Leasehold Improvements, Machinery and Equipment, Furniture and Fixtures, Computers, Special Tooling, or any combination thereof, for the Project.

9. **Municipality supporting the Project:** Saginaw Township

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: tax abatements on real and/or personal property related to the project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

a. **Disbursement Milestone 1:** Up to \$250,000 Upon demonstrated verification of a fully executed lease of not less than 5 years by no later than September 30, 2014.

b. **Disbursement Milestone 2:** Up to \$500,000 Upon completion of Disbursement Milestone 1, and upon demonstrated verification the Company has transferred equipment and placed it in operational use at their newly leased facility, described in Disbursement Milestone 1, in Michigan. To receive disbursement, the MEDC will require a first and senior lien on all equipment at the facility (subject to potential subordination to liens related to existing bank financing). The equipment must have a forced liquidation value of \$2.5 million, or more, as determined at the sole and absolute discretion of the Michigan Strategic Fund. The conditions of this Disbursement Milestone must be met

by no later than December 31, 2014.

- c. Disbursement Milestone 3:** Up to \$75,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level, by no later than March 31, 2015.
- d. Disbursement Milestone 4:** Up to \$75,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 50 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2015.
- e. Disbursement Milestone 5:** Up to 150,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 100 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2015.
- f. Disbursement Milestone 6:** Up to \$700,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and Disbursement Milestone 5, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2016.
- g. Disbursement Milestone 7:** Up to \$750,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, Disbursement Milestone 5, and Disbursement Milestone 6, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 350 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2017.

11. Term of Agreement: Execution of Agreement to April 30, 2019

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project; the educational attainment of the employees hired; the number of new patents, copyrights, or trademarks applied for and issued to the Company; the number of licensing agreements by the Company and the number of such licensing agreements entered into by the Company with Michigan based firms; and any products commercialized by the Company.

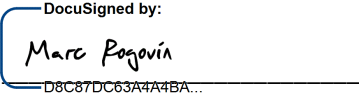
14. Public Announcements:

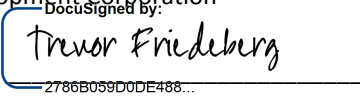
The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by Wednesday, July 9th, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Suniva, Inc.
By: 
Printed Name: Marc Rogovin
Its: CPO
Dated: 7/14/2014

Michigan Economic Development Corporation
By: 
Printed Name: Trevor Friedeberg
Its: Development Finance Manager
Dated: 7/14/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
SUNIVA, INC.**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Trust Fund programs;

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, (ii) adopted the guidelines for the MBDP (“Guidelines”), and (iii) approved the MSF Fund Manager to negotiate the final terms and conditions of the written agreements to be used to memorialize MBDP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, Suniva, Inc. (“Company”) has requested a performance based MBDP grant of up to \$2.5 million (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended to the MSF Advisory Committee that the MSF approve the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“MBDP Award Recommendation”); and

WHEREAS, the MSF Advisory Committee has indicated its support of the MBDP Award Recommendation.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Award Recommendation.

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager, in coordination with MEDC staff, to negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 29, 2014



MEMORANDUM

Date: December 22, 2014
To: Michigan Strategic Fund Board
From: Amy E. Lux, Renaissance Zone Program Specialist
Subject: *Hamilton Street Development, LLC
Renaissance Zone Program – Time Extension, Transfer, Amendment*

Action

Hamilton Street Development, LLC (the “Company”) requests and Michigan Economic Development Corporation (“MEDC”) Staff recommends that the Michigan Strategic Fund (“MSF”) Board approve a resolution to:

1. Transfer the current Renaissance Zone Time Extension designation from SSP Associates, P.C. (“SSP Associates”) to the Company;
2. Amend the original granting MSF Resolution 2011-059 to remove conditions 1 and 3, requiring SSP Associates to adhere to several development deadlines;
3. Approve an additional eight-year time extension, bringing the new expiration date to the end of 2029; and
4. Authorize the MSF Fund Manager to enter in to the New Agreement, defined within, with the Company on the MSF’s behalf, required to be executed by September 30, 2014.

Background

SSP Associates received a seven-year time extension for a riverfront portion of the City of Saginaw Renaissance Zone to support its project to build a condominium complex with some commercial space along the Saginaw River in the “Old Town” area of the city (the “Project”).

However, due to market conditions, SSP Associates did not believe the project would be successful unless purchasers of the condominiums could be assured of a full 15-year Renaissance Zone time extension. With the authority to extend renaissance zones having expired in the Renaissance Zone Act, Public Act 376 of 1996, as amended (the “Act”), SSP Associates sought and received a special amendment to the Act granting the MSF the authority to extend the duration of this particular renaissance zone to bring it to a full 15-year time extension. The underlying City of Saginaw Renaissance Zone is set to expire at the conclusion of 2014; with a full 15-year time extension, the project site would not expire until the conclusion of 2029. The additional time extension has been approved by both the City of Saginaw and the County of Saginaw.

While pursuing the legislative amendment, the Project was delayed and various deadlines within the associated Renaissance Zone Development Agreement (the “Original Agreement”) and the original granting MSF Resolution 2011-059 (the “Granting Resolution”) have passed. In addition, SSP Associates has formed the Company, a wholly-owned subsidiary, to own the land and manage the development of the Project. In addition, the Project itself has been refined into a multi-phase project with a more definite development plan than was contemplated in the Original Agreement. For these reasons, a transfer of the Renaissance Zone time extension designation from SSP Associates to the Company and an amendment to the Granting Resolution is necessary for compliance purposes.

Also, in order to update the Project milestones and correct compliance issues, the MEDC is requesting authority for the MSF Fund Manager to enter in to a renegotiated amended and restated development agreement (the “New Agreement”). The New Agreement will reflect the changes in the term of the Renaissance Zone, as well as alterations to the project capital investment milestones to track the progression

of the multiple phases of the Project. The job creation milestone in the Original Agreement mistakenly required the creation of 12 new full-time jobs; however, because this is a real estate development project, the Company, as the project developer, has no plans to create any direct jobs on the site for the life of the renaissance zone and therefore, the milestone is removed in the New Agreement.

In addition, the New Agreement limits the remedies of the MSF to revoke to those condominiums that are unsold or unfinished. This will allow buyers to purchase the condominiums with a reliance on a full term of Renaissance Zone benefits, giving the project its best chance at success and avoiding penalizing buyers if the Company fails to comply with the terms of the New Agreement. The MSF would still retain the authority to revoke or reduce the term of any portion of the Renaissance Zone not sold to a condominium buyer, if the Company becomes noncompliant.

Recommendation

MEDC Staff recommend that the MSF Board approve a resolution to:

1. Transfer the current Renaissance Zone Time Extension designation from SSP Associates to the Company;
2. Amend the original granting MSF Resolution 2011-059 to remove conditions 1 and 3;
3. Approve an additional eight-year time extension; and
4. Authorize the MSF Fund Manager to enter in to the New Agreement with the Company on the MSF's behalf, required to be executed by September 30, 2014.

MICHIGAN STRATEGIC FUND

RESOLUTION

2014-

**RENAISSANCE ZONE TIME EXTENSION, TRANSFER, AND DEVELOPMENT
AGREEMENT AMENDMENT: Hamilton Street Development, LLC**

WHEREAS, Section 4(7) of the Michigan Renaissance Zone Act (the “Act”) 1996 PA 376, as amended, authorized the Michigan Strategic Fund (“MSF”) to extend the duration of the renaissance zone status for one or more portions of an existing renaissance zone for a period of time not to exceed fifteen (15) years, provided that the extension will increase capital investment or job creation and the affected county consents to the extension;

WHEREAS, on April 27, 2011, via Resolution 2011-059 (the “Granting Resolution”), the MSF Board approved the City of Saginaw’s Application on behalf of SSP Associates, Inc. (“SSP Associates”) for a time extension for seven (7) years to the renaissance zone designation for property parcels 16 0221 00000 and 16 0191 00000 located within the Central Business District Subzone in the City of Saginaw Renaissance Zone (the “Property”), subject to several conditions;

WHEREAS, a Renaissance Zone Development Agreement was executed between SSP Associates, the City of Saginaw, and the MSF, outlining rights and responsibilities various job creation and capital investment requirements (the “Original Agreement”);

WHEREAS, Section 4(8) of the Act authorizes the MSF Board to extend the duration of renaissance zone status for an additional eight (8) years for a previous renaissance zone time extension that is located in a county with a population of more than 190,000 and less than 240,000 according to the most recent decennial census, so long as the qualified local governmental unit resubmits an application to the MSF before June 30, 2014, the extension shall increase capital investment or job creation in this state, and the owner and project developer are in compliance with the written agreement;

WHEREAS, the Property is located within Saginaw County, which meets the population restrictions in the Act, and the Application indicates that the extension will create jobs or increase capital investment within the state;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and has reviewed the Time Extension Application (the “Application”) submitted by the City of Saginaw prior to June 30, 2014 to request the additional time extension, to propose amendments to the Original Agreement and the Granting Resolution, and to transfer the Renaissance Zone time extension designation from SSP Associates to a related entity, Hamilton Street Development, LLC (the “Company”);

WHEREAS, the City of Saginaw and the County of Saginaw have provided their consent to the additional time extension and the transfer of the renaissance zone designation; and

WHEREAS, the MEDC, on behalf of the MSF, has negotiated with the Company an amended and restated renaissance zone development agreement in order to resolve compliance issues with the Original Agreement;

WHEREAS, the MEDC recommends the MSF Board revoke Conditions 1 and 3 in the Granting Resolution; and

WHEREAS, the MEDC recommends that the MSF Board approves the transfer of the renaissance zone time extension designation from SSP Associates to the Company;

WHEREAS, the MEDC recommends the MSF Board approve the Application for another time extension for an additional eight (8) years to the remaining seven (7) year time extension designation for a term of fifteen (15) years for the Property, beginning December 31, 2014 for property tax purposes and January 1, 2015 for all other purposes, and expiring December 30, 2029 for property tax purposes and December 31, 2029 for all other purposes, subject to the following conditions:

1. On or before September 30, 2014, an amended and restated renaissance zone development agreement is executed between the Company, the City of Saginaw, and the MSF that incorporates the terms described in this Resolution; and
2. On or before December 31, 2014, the Company shall purchase the Property from the City of Saginaw, and upon the transfer of ownership the City of Saginaw shall be released from its liabilities and responsibilities under the amended and restated renaissance zone development agreement.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board revokes Conditions 1 and 3 in the Granting Resolution;

BE IT FURTHER RESOLVED, that the MSF Board approves the transfer of the renaissance zone time extension designation from SSP Associates to the Company;

BE IT FURTHER RESOLVED, that the MSF Board approves the Application for a time extension for an additional eight (8) years added to the remaining seven (7) year time extension designation for a fifteen (15) year term for the Property beginning December 31, 2014 for property tax purposes and January 1, 2015 for all other purposes, and expiring December 30, 2029 for property tax purposes and December 31, 2029 for all other purposes, subject to the following conditions:

1. On or before September 30, 2014, an amended and restated renaissance zone development agreement is executed between the Company, the City of Saginaw, and the MSF that incorporates the terms described in this Resolution;
2. On or before December 31, 2014, the Company shall purchase the Property from the City of Saginaw, and upon the transfer of ownership the City of Saginaw shall be released from its liabilities and responsibilities under the amended and restated renaissance zone development agreement;

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager to take any action necessary to effectuate the terms of this Resolution; and

BE IT FURTHER RESOLVED, that, except as provided in this Resolution, the terms of the Agreement shall remain unchanged and in full effect.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund Board

From: Christopher Cook, Business Capital Relationship Manager

Subject: *Private Activity Bond – Bond Authorizing
Middleville Tool & Die Co. / Middleton Enterprises, L.L.C.
Manufacturing - \$6,300,000.00 – New*

Request:

Middleville Tool & Die Co. (“Middleville”) and Middleton Enterprises, L.L.C. (“Middleton”) are requesting private activity bond financing to invest in new machinery, equipment, and office furnishings as well as add an additional 53,000 sq/ft to their current manufacturing facility located in Yankee Springs Township within Barry County.

The project commenced in March of 2014 and is anticipated to be completed by March of 2015 (with certain equipment purchases to follow over the next two to three years). Upon completion, the project is estimated to create a total of approximately 35 new full-time jobs through 2016.

Background:

Middleville is a family owned business created in 1966 that manufactures stamped tubular products for the appliance, office, and automotive industries. Middleton is the real estate and building holding company in relation to Middleville.

In 1998, the MSF issued \$4,000,000 in tax-exempt bonds for Middleville to support the expansion and relocation of the business to its current location, through building an approximately 51,000 sq/ft new building. Presently, Middleville employs 161 people and is open 3 shifts to support building tooling and metal stamping/assemblies for its customers. Middleville indicates it has become an industry leader in the design and manufacturing of stamped tubular products for the appliance, office and automotive industries.

Middleville spent \$51,000 dollars to define and detail the completed design of the new expansion, which will adjoin their current facility, and will add 53,000 sq/ft. Building investments of \$3.544 million and renovation expense of \$197,500 will be needed to expand the current facility to the north. Additionally, investments in machinery, equipment and office furnishings will total \$2.8

million over the next 3 years commencing from March, 2014. Job creation is estimated at 35 jobs through 2016.

Plans of Finance:

Middleville and Middleton indicate that the bonds will be purchased by Macatawa Bank, for its own account. At the time of application, Macatawa Bank has offered to privately purchase all of the bonds contingent upon completion of its underwriting and due diligence and approval of satisfactory documentation. On these terms, Middleville and Middleton will realize interest cost savings of approximately \$78,750 in the first year alone as compared to the estimated cost of traditional financing, and would realize a savings of approximately \$650,000 to \$700,000 in total.

It should also be noted that Middleville received an additional \$350,000 through the MEDC's Community Development Block Grant (CDBG) program for on-the-job-training.

Recommendation:

Based upon a determination by Warner Norcross & Judd LLP, and the State of Michigan Attorney General's office that the project complies with state and federal law requirements for tax exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in the amount not to exceed the amount of \$6,300,000.



Google earth



RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN
STRATEGIC FUND LIMITED OBLIGATION REVENUE BONDS (MIDDLEVILLE
TOOL AND DIE PROJECT),
SERIES 2014 (THE "BONDS")

Resolution 2014-

Background

A. The Michigan Strategic Fund (the "Fund") is authorized by 1984 PA 270, as amended (the "Act"), to issue bonds for the purpose of making loans to pay the costs of a project (as defined in the Act).

B. Middleville Tool & Die Co., a Michigan corporation ("MTD"), and Middleton Enterprises, L.L.C., a Michigan limited liability company ("ME" and, collectively with MTD, the "Obligor"), have requested a loan from the Fund to assist the Obligor in (i) financing and refinancing the costs of constructing an addition to ME's manufacturing facility located in the Township of Yankee Springs, Barry County, Michigan (the "Addition"), and acquiring and installing machinery, equipment, and furnishings for the Addition (collectively, the "Project"); and (ii) paying all or a portion of the costs of issuing such bonds. The Project will be collectively owned and operated by the Obligor and used for MTD's tooling and stamping fabrication operations.

C. The Obligor has requested the Fund to issue the Bonds in a principal amount not to exceed \$6,300,000 pursuant to this resolution (the "Resolution") and a Bond Purchase and Loan Agreement dated as of August 1, 2014 (the "Loan Agreement"), between the Fund, the Obligor, and Macatawa Bank, as lender (the "Lender") for the purpose of financing or refinancing the Project and paying all or a portion of the costs of issuance for the Bonds.

D. Payment of the principal, premium, if any, and interest on the Bonds will be secured by the liens and other security interests granted by the Obligor to the Lender.

E. The Lender has agreed to purchase the Bonds on the terms and conditions set forth in the Loan Agreement.

NOW, THEREFORE, Be It Resolved by the Board of the Fund:

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loan requested by the Obligor, the issuance of the Bonds is authorized.

The terms of the Bonds shall be substantially in the form contained in the Loan Agreement, with the changes permitted or required by action of the Fund or the Loan Agreement. The Bonds shall bear the manual or facsimile signature of a

member of the Fund's Board of Directors (a "Member") or of a person authorized by Board Resolution to sign Bond documents on behalf of the Fund (an "Authorized Officer"), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds.

The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be a limited obligation of the Fund payable solely from the revenues derived from the Loan Agreement and otherwise as provided in the Loan Agreement.

SECTION 2. Approval, Execution, and Delivery of Documents. The forms of the following documents, on file with the staff of the Fund and on which has been endorsed by the staff of the Fund the date of adoption of this Resolution, are approved:

a. Loan Agreement

Any Member and Authorized Officer are authorized to execute and deliver the Loan Agreement, in substantially the form approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 3. Completion of Document Terms. The following terms of the Bonds shall be approved by the Member executing the Loan Agreement (as conclusively evidenced by his or her execution of the Loan Agreement):

- a. The maximum principal amount of the Bonds shall not exceed \$6,300,000;
- b. The final maturity of the Bonds, which shall be not later than July 31, 2044; and
- c. The interest rate for the Bonds, which shall not be more than the lesser of (i) the maximum non-usurious interest rate permitted by applicable law, and (ii) 25% per annum.

SECTION 4. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds by the Lender:

- a. an approving opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the "Attorney General");

- b. an approving opinion of counsel to the Obligor and necessary certificates and representations of the Obligor acceptable to the Fund, the Attorney General, and bond counsel;
- c. an approving opinion of the Attorney General; and
- d. an investment letter in form and substance acceptable to the Attorney General from the Lender.

Upon receipt, the proceeds of the Bonds to be used to finance the Project shall be paid over to the Obligor to be credited in accordance with the Loan Agreement.

SECTION 5. Designation of Certain Parties. Macatawa Bank's acceptance of duties as Lender shall be evidenced by its execution of the Loan Agreement.

SECTION 6. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the Loan Agreement, or as may be necessary to effectuate the valid issuance, sale, and delivery of the Bonds as tax-exempt bonds and otherwise as contemplated by the documents.

SECTION 7. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before August 25, 2014, the authority granted by this Resolution shall lapse.

Adopted.

Ayes:

Nays:

July 22, 2014 Meeting
Lansing, Michigan



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (MSF) Board

From: Stacy Esbrook, Community Assistance Team – Region 10
Dan Wells, Senior Program Specialist, Brownfield

Subject: City of Detroit Brownfield Redevelopment Authority
Community Incentive Program — Act 381 Work Plan, and
Large Brownfield MBT Credit Amendment Approval
Woodward Offices, LLC
3800 Woodward Avenue Project

Requests

The City of Detroit Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$8,033,979.

Woodward Offices, LLC also requests the following amendments be made to the 3800 Woodward Avenue Project originally approved by the MEGA Board on June 10, 2011: addition of a qualified taxpayer, Midtown Project LLC; request to multiphase the project; and request for an additional five years to complete the project.

Background

The project was originally approved as an MBT Brownfield credit project to redevelop approximately five acres of property located at 3800 and 3750 Woodward Avenue in the City of Detroit, on June 10, 2011, without a Work Plan request. The project included the demolition of the existing twelve story Professional Plaza (A.K.A. “Hammer and Nail”) building, associated two story offices, and surface parking on the 4.7 acre site and replace them with a six story medical office building, a four story retail center and 1,000 car parking ramp. The original qualified taxpayer was unable to carry out the proposed project due to the recession. The property is currently owned by Midtown Project, LLC.

Under the new Work Plan request, eligible activities including demolition, lead and asbestos abatement, site preparation and infrastructure improvements will be carried out across the site, with the infrastructure costs related to a private 648 car parking ramp (reimbursement capped under the Work Plan at \$4 million).

The eligible investment under the Brownfield MBT credit project still includes the same two building elements and a parking ramp, but the medical office building included in Phase I is now a five story, approximately 195,000 square foot, medical office building that will include first floor retail space. A separate four story mixed-use commercial building fronting Woodward Avenue will also be constructed. Site improvements related to both projects are included in the investment. The parking ramp has been downsized to 648 spaces. The costs related to the parking ramp will include any costs above the \$4 million covered under the TIF (eligible investment estimated at about \$3.9 million).

Woodward Offices, LLC
2000 Town Center, Suite 2370
Southfield Michigan, 48075

Contact: Mr. Gary Novara, Managing Member

	<u>Previous Approval</u>	<u>Amendment</u>
Project Eligible Investment:	\$50,000,000	\$50,000,000
Requested Credit Amount:	\$10,000,000	\$10,000,000
Requested Credit Percentage:	20%	20%

The project is a multi-phase project and will be completed in two (2) phases as described below:

Phase I – Construction of the five story medical office building plus a portion of the contingency related to new construction, eligible investment related to the parking ramp (restricted to the portion of costs above the \$4 million in TIF approved under the Work Plan), and associated site improvements with an eligible investment of up to \$44,850,000, and;

Phase II – Construction of a four story retail building with an eligible investment of up to \$5,150,000.

Eligible investment costs under Phase I will be restricted to \$44,850,000 in order to reserve \$5,150,000 in eligible investment for Phase II. The project will be completed in two construction phases. The demolition of the two story accessory building, construction of the parking deck and five story medical office building will be completed during the first phase. The second phase will demolish the twelve story tower and will construct the new four story, modern commercial building.

In addition, an investment entity has been looking at the twelve story building for possible renovation, but this possibility is speculative, and it is more likely that it will be subject to demolition and new construction as contemplated under this request.

Approximately 30 permanent full-time jobs related to the medical field are anticipated to be created by Phase I portion of the project at an average annual salary of \$45,000. In addition, 160 jobs will be relocated from other offices, and they will have similar salaries. The retail portion will create 70-95 part-time jobs, and the offices will allow for 25-50 additional part-time positions. The average wage for the new positions will be \$22 per hour. The total capital investment for the entire project will be approximately \$73 million.

Property Eligibility

The project is located within the boundaries of the City of Detroit, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on June 13, 2014. The property is also the subject of an amended Brownfield Plan, duly approved by the City of Detroit on June 4, 2014.

Other State and Local Assistance to the Project

No other incentives have been requested for the completion of the project.

Tax Capture Breakdown

There are 85.7619 non-homestead mills available for capture, with school millage equaling 24 mills (27.99%) and local millage equaling 61.7619 mills (72.01%). The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (27.99%)	\$2,248,711
Local tax capture (72.01%)	<u>\$5,785,268</u>
TOTAL	\$8,033,979

Cost of MSF Eligible Activities

Demolition	\$ 1,174,500
Infrastructure Improvements	4,000,000
Site Preparation	+ 636,600
Sub-Total	<u>\$5,811,100</u>
Contingency (15%)	+ 871,665
Sub-Total	<u>\$6,682,765</u>
Interest (<5%)	+1,341,214
Sub-Total	<u>\$8,023,979</u>
Brownfield/Work Plan Preparation	+ 10,000
TOTAL	\$8,033,979

Cost of Eligible Investments By Phase

Phase I

Site Improvements	\$ 2,146,475
New Construction & Contingency (Capped)	42,369,013
Machinery Equipment & Fixtures	+ 334,512
Phase I Total	\$ 44,850,000

Phase II

New Construction	\$ 5,150,000
Phase II Total	\$ 5,150,000

Total Cost of Eligible Investments

Site Improvements	\$ 2,146,475
New Construction	+ 47,519,013
TOTAL	\$ 50,000,000

Recommendation

The MEDC recommends approval of the request by City of Detroit Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$8,033,979 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$2,248,711.

The MEDC recommends the approval of the requested amendments to: add qualified taxpayers, Midtown Project LLC; request to multiphase the project to two (2) phases; and add an additional five years to complete the project by June 10, 2021.

KEY STATUTORY CRITERIA

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

The City of Detroit will benefit from the redevelopment of 3800 and 3750 Woodward Avenue by removing functionally obsolete buildings and constructing state of the art medical facilities and a large parking deck in an area going through revitalization. The project will add to the walkability of the Midtown district by redesigning the existing site and will add needed foot-traffic for the surrounding retail and restaurant businesses. In addition, the project will increase the tax-base for the City, after the eligible activities are reimbursed, by increasing the value of the property.

b) Jobs Created (Excluding Construction and other Indirect Jobs):

This project is expected to create approximately 30 new, full-time jobs in the medical field and retain approximately 160 full time jobs. An additional 95-145 part-time retail jobs will be created, as well as 300 construction jobs and 285 indirect jobs.

c) Area of High Unemployment:

The City of Detroit unadjusted jobless rate was 14.6% in May 2014. This compares to the statewide seasonally adjusted average of 7.3% in May 2014.

d) Level and Extent of Contamination Alleviated:

Environmental investigations conducted on the Property have identified soil impacted with Benzo(a)pyrene and arsenic above the Part 201 Generic Residential Cleanup Criteria Direct Contact (DC). These soils will generally remain in-place; any soil that must be removed as part of redevelopment will be tested and taken to appropriate disposal facilities. In addition, asbestos present on the site will be appropriately abated.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

Even though the project is not qualifying blighted, the project will remove two buildings from the Woodward Avenue landscape that could easily meet the definition.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:

The Brownfield TIF is primarily needed to assist with the high cost of constructing a parking deck. Brownfield TIF will also assist with the demolition of the existing structures. Without the TIF, project cash flows will be very low and would not make the project feasible.

g) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project as there is high demand for the office space vacated by this project in the area.

h) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the work plan is financially and economically sound.

i) Other Factors Considered:

No additional factors need to be considered for this project.

MAP OF PROJECT AREA AND PROPOSED PROJECT RENDERING



**RESOLUTION 2014-
MICHIGAN STRATEGIC FUND**

**City of Detroit Brownfield Redevelopment Authority
3800 Woodward Avenue Project
City of Detroit**

At the meeting of the Michigan Strategic Fund (“MSF”) held on July 22, 2014 in Lansing, Michigan.

WHEREAS, Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

WHEREAS, 2002 PA 727 amended 1996 PA 381, MCL 125.2651 et seq, to empower local brownfield redevelopment authorities to request the MEGA Board to approve a brownfield project work plan and, thereby, capture taxes levied for school operating purposes for the project;

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the MSF;

WHEREAS, captured school operating tax revenues may be used under 1996 PA 381 as amended, for infrastructure improvements that directly benefit eligible property, for lead or asbestos abatement, and for structure demolition and site preparation that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 3800 and 3750 Woodward Avenue within the City of Detroit, known as 3800 Woodward Avenue Project (the “Project”);

WHEREAS, the City of Detroit is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and review costs and f) interest as provided under 2007 PA 204 and;

WHEREAS, the Authority is requesting MSF approval to capture additional taxes levied for school operating purposes to provide for the reimbursement of the cost of eligible activities on an eligible property; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 27.99% to 72.01% ratio currently existing between school and local taxes

for non-homestead properties, to reimburse the cost of site preparation, demolition, asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated March 12, 2014 and amended July 8, 2014. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$6,682,765 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$1,341,214 in interest, and a maximum of \$10,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$2,248,711.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City of Detroit as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

BE IT FURTHER RESOLVED, that the MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$1,341,214 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

July 22, 2014
Lansing, Michigan

MICHIGAN STRATEGIC FUND

Resolution 2014 –

**Woodward Offices, LLC
Brownfield Redevelopment MBT Credit – Amendment #1
City of Detroit**

At the meeting of the Michigan Strategic Fund (“MSF”) held on July 22, 2014 in Lansing, Michigan.

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) Board is authorized by Public Act 24 of 1995, as amended to approve and amend projects for brownfield redevelopment tax credits authorized by Section 437 of the Michigan Business Tax Act, PA 36 of 2007, as amended (the “Act”) or by former section 38(g) of the Michigan Single Business Tax Act PA 228 of 1975;

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the MSF;

WHEREAS, by Resolution 2010-219 on December 14, 2010, the MEGA Board awarded a Brownfield MBT Tax Credit to Woodward Offices, LLC (the “Applicant”) to make eligible investment up to \$50,000,000 at an eligible property in the City of Detroit (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, the Applicant has submitted a request to amend the Project to add a second phase to the Project, increase the completion of the the project by five years, and to add Midtown Project, LLC as a qualified taxpayer to the Project; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board provided that the tax credit remain capped at \$10,000,000.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project by adding Midtown Project, LLC as an additional qualified taxpayer to the Project.

BE IT FURTHER RESOLVED, that the Project is amended by adding as second phase to the Project as follows:

Phase I – Construction of a five story medical office building, a parking ramp, and site improvements.

Phase II – Construction of a four story retail building and site improvements.

BE IT FURTHER RESOLVED, that the Project is amended extending the date of completion by five years to June 10, 2021.

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2010-219 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014

MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (MSF) Board

From: Daniel Leonard, Community Assistance Team Specialist
Lisa Green, Program Specialist, Community Development Block Grant (CDBG)
Christine Whitz, Manager, CDBG Program
Dan Wells, Senior Program Specialist, Brownfield

Subject: Uptown Development TC, LLC - Blight Elimination Project
County of Grand Traverse
Request for Approval of \$880,000 Community Development Block Grant Funds

**Grand Traverse County Brownfield Redevelopment Authority
Request for Approval of Community Incentive Program — Act 381 Work Plan**

Requests

The County of Grand Traverse is requesting \$880,000 in total CDBG funds to remediate blight of environmentally contaminated properties needed for the Uptown Development TC, LLC Blight Elimination project located in Grand Traverse County, Michigan. The total grant funds will be for two separate grants in the amount of \$352,846 and \$527,154.

The County of Grand Traverse Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$1,977,160.

Background

The project consists of the redevelopment of roughly 0.70 acres of property located at 133 and 141 West State Street in Traverse City where each of the subject properties have been underutilized for the past 20 years. The property is owned by Uptown Development TC, LLC, and through its agent/developer Midtown Development, Inc. proposes to redevelop the site into 13 unique multi-story condominium units, including five “live work”, mixed-use units along the frontage of Pine and West State Street. Total improved square footage of the development is anticipated to create roughly 45,000 new square feet of taxable property with the community. The project will also increase public access to the Boardman River by establishing a public right-of-way with stairs and a boardwalk along the river.

Midtown Development, Inc. (Midtown) is based in Traverse City, Michigan and has decades of experience as a leading community builder with an extensive portfolio in downtown residential condominium development. Midtown understands the movement to return to urban living and concentrates on meeting the objectives of efficient and smart land use by building higher density projects close to public infrastructure and utilizing green building techniques to provide energy efficient, environmentally sensible structures.

This redevelopment project integrates design elements, environmental cleanup, and economic development to further the goals of the City of Traverse City, Grand Traverse County, the Michigan

Department of Environmental Quality (MDEQ) and the Michigan Economic Development Corporation (MEDC).

CDBG funded activities will aid the redevelopment of the site by eliminating determinable signs of blight including outdated site features and a significant amount of subsurface urban fill throughout the majority of the subject site. CDBG activities include site demolition, lead and asbestos abatement, clearing and grubbing, excavation and removal of contaminated soils and the placement of new engineered fill to stabilize the site for construction of residential mixed-use condominiums.

Eligible activities that will be undertaken to alleviate Brownfield conditions on the property and complete the project under the work plan include extensive site preparation activities such as geotechnical engineering, land balancing, relocation of existing utilities, unstable soil removal, soil filling and compaction, addition of retaining walls, special foundations for new structures, and temporary security and erosion controls. Eligible infrastructure improvements include new curbs, gutters and approaches, sidewalks, streetscaping efforts including landscaping, the burial of electrical utilities onsite and across the Boardman River, and low impact design (LID) onsite storm water management systems including green roofs and engineered rain gardens.

Approximately 12 permanent full-time professional jobs are anticipated to be created by the live-work portion of the project at an average annual salary of \$60,000. The total capital investment will be approximately \$11.8 million.

Attachments:

- Appendix A: CDBG Program Requirements and Screening Guidelines
- Appendix B: Community Incentive Program - Act 381 Work Plan Program Requirements and Key Statutory Criteria
- Appendix C: Map of Subject Property

Recommendation

MEDC Staff recommends the following:

- Approval of 2 (two) CDBG blight elimination grant agreements in the amount of \$352,846 and \$527,154 to be authorized for the County of Grand Traverse for the Uptown Redevelopment TC, LLC Blight Elimination Project.
- Approval of the request by County of Grand Traverse Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$1,741,661.

APPENDIX A – CDBG PROGRAM REQUIREMENTS AND SCREENING GUIDELINES

Program Requirements

The project was evaluated utilizing the CDBG requirements. It has been determined that the project meets the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**
This project qualifies for CDBG funding as the project meets the definition of blight as defined in the Brownfield Redevelopment Financing Act 381 of 1996, MCL 125.2652 (e)(i-iv) and (vii). The project meets a national objective by eliminating or preventing slums and blight on a spot basis.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a) (4) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

The project was evaluated utilizing the CDBG guidelines. It has been determined that the project meets the following standards to qualify as an eligible project under the CDBG program:

- **Economic Impact:**
The economic impact of this project was evaluated. It has been determined that the proposed project is:
 - Located in a highly visible location
 - Located in a DDA or other like districts
 - The community has a full-time downtown development professional or community staff member able to administer the project
 - The Community has an adopted downtown development plan
- **Minimum Local Participation:** The County of Grand Traverse will not make a contribution to the CDBG funded blight elimination project, but will contribute approximately \$2,700,000 on the redevelopment portion of the project. See Appendix B for other State and Local assistance associated with the Project.
- **Minimum Leverage Ratio:** The private leverage contribution, to be provided by Uptown Development TC, LLC is \$461,693 and \$243,400 separately; which results in a leverage ratio of less than 1:1 of the CDBG for each grant amount.
- **Financial Viability and Background Check:** The business receiving the benefit from this project has completed a background check with no concerns and has been determined to be financially viable.

Implementation of the project is based around the environmental clean-up actions necessary to stabilize the site for new construction and remove the blighted nature of the property itself. To address usage of CDBG dollars specific to blight removal efforts, the MEDC staff choose to accommodate the development schedule of the property to mimic timing of each development phase as to not interfere with any construction efforts happening throughout the site.

The subject property is scheduled to be broken out into a few strategic phases based upon the existing committed sales of units to date. Working with the development team, it was suggested that a disturbance of the entire site all at once, under one grant, would jeopardize the development schedule of the project due to accessibility of the site, management of site conditions and timing of when key structural elements of the project needed to be installed. It was staff's recommendation to divide the blight removal efforts into phases to better address site conditions related to the units currently committed to buyers without causing undue delay with access and or usage conflicts of the entire site being disturbed.

The MEDC staff has concluded that the project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.

**APPENDIX B – COMMUNITY INCETIVE PROGRAM - ACT 381WORK PLAN
REQUIREMENTS**

Property Eligibility

The project is located within the boundaries of the City of Traverse City, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on September 26, 2013. The property is the subject of a Brownfield Plan approved by the County of Grand Traverse on September 25, 2013, and concurred with by the City of Grand Traverse on September 16, 2013.

Other State and Local Assistance to the Project

The Uptown redevelopment project will also gain financial assistance from DEQ environmental tax increment financing, grants and loans totaling \$3,750,668. The Downtown Development Authority will contribute \$2,702,500 in infrastructure improvements.

Tax Capture Breakdown

There are 51.0058 non-homestead mills available for capture, with school millage equaling 24 mills (47.05%) and local millage equaling 27.0058 mills (52.95%). The capture of school taxes is impacted by the fact that approximately 80% of the taxable value of the project is subject to homestead exemption since it is live-work. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (47.05%)	\$ 930,254
Local tax capture (52.95%)	<u>\$1,046,906</u>
TOTAL	\$1,977,160

Cost of MSF Eligible Activities

Asbestos Abatement	\$ 1,900
Infrastructure Improvements	550,009
Site Preparation	<u>+ 838,396</u>
Sub-Total	\$1,390,305
Contingency (15%)	<u>+ 208,546</u>
Sub-Total	\$1,598,851
Interest (2.5%)	<u>+ 388,309</u>
Sub-Total	\$1,987,160
Brownfield/Work Plan Preparation	<u>+ 10,000</u>
TOTAL	\$1,977,160

Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$930,254.

KEY STATUTORY CRITERIA

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

This development will increase urban density in Traverse City by creating new residences and office space downtown. It will also promote a walkable community as well as increase public access and usage of the Boardman River. Concentration of activity onsite brings additional jobs and housing that can help reduce urban sprawl. Dense urban environment benefits the community through more efficient delivery of goods and services within both the public and private sectors.

b) Jobs Created (Excluding Construction and other Indirect Jobs):

This project is expected to create approximately 12 new, full-time jobs which are anticipated to be related to professional services such as legal counsel, financial planning, consulting practice, etc.

c) Area of High Unemployment:

The City of Traverse City unadjusted jobless rate was 6.8% in May of 2014.

d) Level and Extent of Contamination Alleviated:

Environmental investigations have determined that tetrachloroethylene, silver, lead, mercury, and gasoline related volatile and semi-volatile compounds are located in the soils and groundwater on the site. Environmental response activities on the site will eliminate most of these hazardous materials, and due care activities will ensure that pathways are reduced below levels hazardous to human health.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

Blighted buildings that exist on the site will be demolished.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:

The costs to eliminate contamination and blighted site conditions including the environmental and non-environmental activities and additional infrastructure necessary to support the site are estimated to be \$6.5 million. These costs would not be on a greenfield property.

g) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the Work Plan is financially and economically sound.

i) Other Factors Considered:

No additional factors need to be considered for this project.

APPENDIX C – MAP OF SUBJECT PROPERTY AND PROJECT CONCEPT



UPTOWN - RIVERFRONT LIVING
PRELIMINARY CONCEPT SKETCH
PHASE I 5/14/2013

**RESOLUTION 2014-
MICHIGAN STRATEGIC FUND**

**County of Grand Traverse Brownfield Redevelopment Authority
Uptown Redevelopment Project
Traverse City**

At the meeting of the Michigan Strategic Fund (“MSF”) held on July 22, 2014 in Lansing, Michigan.

WHEREAS, Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

WHEREAS, 2002 PA 727 amended 1996 PA 381, MCL 125.2651 et seq, to empower local brownfield redevelopment authorities to request the MEGA Board to approve a brownfield project work plan and, thereby, capture taxes levied for school operating purposes for the project;

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the MSF;

WHEREAS, captured school operating tax revenues may be used under 1996 PA 381 as amended, for infrastructure improvements that directly benefit eligible property, for lead or asbestos abatement, and for structure demolition and site preparation that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the County of Grand Traverse Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 133 and 141 West State Street within Traverse City, known as the Uptown Redevelopment Project (the “Project”);

WHEREAS, Traverse City is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and review costs and f) interest as provided under 2007 PA 204 and;

WHEREAS, the Authority is requesting MSF approval to capture additional taxes levied for school operating purposes to provide for the reimbursement of the cost of eligible activities on an eligible property; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 47.05% to 52.95% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, asbestos abatement

and infrastructure improvements as presented in the revised Work Plan dated June 26, 2014. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$1,598,851 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$388,309 in interest, and a maximum of \$10,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$930,254.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the County of Grand Traverse as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

BE IT FURTHER RESOLVED, that the MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$388,309 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

July 22, 2014
Lansing, Michigan

MICHIGAN STRATEGIC FUND

RESOLUTION 2014- _____

APPROVAL OF COUNTY OF GRAND TRAVERSE BLIGHT ELIMINATION PROJECTS

WHEREAS, Executive Order 1999-1, issued pursuant to Article V of the Michigan Constitution of 1963 and the laws of the State of Michigan, consolidated the State's economic development functions and programs and their accompanying powers in the Michigan Strategic Fund (the "MSF");

WHEREAS, Executive Order 1999-1 transferred from the Michigan Jobs Commission to the MSF all authority, powers, duties, functions, grants, and responsibilities, including the functions of budgeting, procurement, personnel, and management related functions, of the Community Development Block Grant (the "CDBG") program;

WHEREAS, the CDBG program has policies, criteria, and parameters which are enumerated in the 2013 Consolidated Plan (the "Criteria") authorized by Resolution 2013-054, and the 2013 Application Guide (the "Guide") authorized by Resolution 2013-080. Included in those Criteria and Guide are guidelines for Blight Elimination grants;

WHEREAS, the County of Grand Traverse (the "Community") has submitted a complete application for approval requesting funding to be used to fund the Uptown Development TC, LLC Blight Elimination Project (the "Project");

WHEREAS, CDBG program staff reviewed the proposed Project in light of the Criteria, Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, and will eliminate specific conditions of blight or physical decay on a spot basis not located in a designated slum or blighted area; and

WHEREAS, staff recommends that two grant agreements be authorized and entered into with the Community for funds from the CDBG program for the reasons set forth in this Resolution;

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes two grants to the Community, in the amount of \$352,846 and \$527,154, not to exceed a total of \$880,000 for the payment or reimbursement of costs associated with the Project, and, allocates \$880,000 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds; and

BE IT FURTHER RESOLVED, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the proposed Project; and

BE IT FURTHER RESOLVED, if the Community fails to execute and return the grant agreement to staff within 180 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void.

Ayes:

Nayes:

Recused:

Lansing, Michigan
July 22, 2014

MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (MSF) Board

From: Deborah Stuart, Director, Community Incentive Programs

Subject: Urgent Need- Deep Freeze Response
Request for Approval of up to \$6,000,000 in Community Development Block Grant (CDBG) funds

Request

MEDC staff requests approval to set aside up to \$6,000,000 in CDBG funds for eligible projects impacted by the extreme cold last winter.

Background

The winter of 2013/2014 included extremely cold temperatures and deep frost levels causing widespread damage to water and sewer mains and many roads. This is now referred to as the “Deep Freeze.” In response to the Deep Freeze, Governor Snyder has declared a “State of Emergency” for eight counties (Charlevoix, Cheboygan, Chippewa, Emmet, Gogebic, Luce, Mackinac, and Marquette). Estimates for damage are nearing \$15,000,000 and will continue to increase as the ground thaws in these regions. Although communities are seeking Federal Emergency Management Assistance (FEMA) funding, the FEMA funding approval may be delayed for over a year and will likely only cover a portion of the actual costs.

The MEDC has received numerous requests from communities seeking assistance and it is clear that past projects approved by the MEDC and MSF are likely in jeopardy if basic infrastructure is not repaired quickly. In addition, with MEDC being at the forefront of holistic community development, we believe these unexpected costs will set back our northern communities for years. In response to these concerns, the MEDC would like to announce a competitive round of CDBG funding to assist communities impacted by the Deep Freeze. Although the MSF has approved a delegation of authority for grant awards up to one million dollars and no individual project awards will exceed that amount, staff would like the MSF to approve the total set aside as it exceeds the delegation amount.

Eligible communities must be declared by either the State or local jurisdiction a “State of Emergency” due to the damage caused by the Deep Freeze. The communities must be non-entitlement, must document that they are not able to fund the activities with other funding, and must have hard infrastructure repairs (water, sewer, and/or road work related to water/sewer) that occurred after November 1, 2013. Applicants will also be required to have a minimum match of 15% and, if they are eligible, continue the process to seek FEMA funding. Staff is coordinating with the Emergency Management and Homeland Security Division of the Michigan State Police to assure we are not impacting their request process. Applicants will be prioritized based on their match contribution, whether they have a traditional downtown, and the impact the improvements will have on the entire community.

Program Requirements

The projects will be evaluated utilizing the CDBG requirements. It has been determined that the projects must meet the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**

In order to qualify for CBDG funding, communities must provide information qualifying their projects as Urgent Need. In addition, if the populations of communities or program areas are comprised of at least 51 percent low and moderate income persons as determined by census data provided by the U.S. Department of Housing and Urban Development or an income survey, we will convert the project to qualify based on the benefit to Low and Moderate Income Persons.

- **Eligible Activity:**

All of the projects that will be considered must involve eligible activities identified in Section 105(a)(2) of Title I of the Housing and Community Development Act of 1974, as amended.

Recommendation

MEDC Staff recommends the following:

The MSF authorizes no more than \$6,000,000 be used for infrastructure repair due to the damage caused by the Deep Freeze.

The Fund Manager and Chairman, in coordination with MEDC Staff, are authorized to approve funding for specific applicants and execute CDBG Agreements as provided in the previously adopted delegation of authority (Resolution 2013-187).

MICHIGAN STRATEGIC FUND

RESOLUTION 2014- _____

2015 DEEP FREEZE GRANTS

WHEREAS, Executive Order 1999-1, issued pursuant to Article V of the Michigan Constitution of 1963 and the laws of the State of Michigan, consolidated the State's economic development functions and programs and their accompanying powers in the Michigan Strategic Fund ("MSF");

WHEREAS, Executive Order 1999-1 transferred from the Michigan Jobs Commission to the MSF all authority, powers, duties, functions, grants, and responsibilities, including the functions of budgeting, procurement, personnel, and management related functions, of the Community Development Block Grant ("CDBG") program.

WHEREAS, the CDBG program has policies, criteria, and parameters which are enumerated in the 2014 Program Guidelines, as amended (the "Criteria") and the 2014 Application Guide (the "Guide"). The MSF by Resolution 2014-51 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2014-083 guidelines for grants;

WHEREAS, the winter of 2013/2014 included extremely cold temperatures and deep frost levels causing widespread damage to water and sewer mains and many roads, resulting in an Urgent Need by Michigan communities for additional infrastructure funding (the "Deep Freeze");

WHEREAS, MEDC staff is recommending the use of CDBG funding as an appropriate resource for infrastructure repairs for the communities impacted; and

WHEREAS, the CDBG program staff will review any presented applications and proposed Projects in light of the Criteria, Guide and HUD regulations and will assure the Project is eligible for funding, are not speculative in nature, are economically sound, are ready to proceed, and meet urgent need requirements or at least 51% of the project beneficiaries are low and moderate income persons.

NOW, THEREFORE, BE IT RESOLVED, that the MSF allocates \$6,000,000 from the Michigan CDBG program for the purpose of funding the Communities' proposed projects related to the Deep Freeze contingent upon the MSF's continued receipt of CDBG funds, and availability of adequate funds; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President and the MSF Fund Manager to approve Deep Freeze grants in accordance with the delegation of authority approved by Resolution 2013-187.

Ayes:

Nayes:

Recused:

Lansing, Michigan
July 22, 2014

MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (MSF) Board

From: Deborah Stuart, Director, Community Incentive Programs

Subject: Community Development Block Grant (CDBG) Program
Request to Amend Michigan State Housing Development Authority (MSHDA) / MSF
Memordum of Understanding

Request

MEDC staff requests approval of the attached First Amendment and Restatement of Memorandum of Understanding (“Amendment”) executed in 2013 for the 2013 Program Year. The terms of this Amendment shall be implemented beginning with the 2014 Program Year which started on July 1, 2014.

Background

The U.S. Department of Housing and Urban Development (“HUD”) allocates Community Development Block Grant (“CDBG”) funding to the State of Michigan, through the MSF, for further distribution to eligible Units of General Local Government (“UGLG”) to carry out State approved activities.

The State’s responsibilities include ensuring the State’s and their Grantee’s compliance with the statute, HUD regulations, and the State’s Consolidated Plan. On March 25, 2014, the MSF approved the 2014 Consolidated Plan for the CDBG Program that was also approved by HUD for implementation (Resolution 2014-051). Within the approved Consolidated Plan, the MSF allowed for up to 25 percent of the State of Michigan’s CDBG project allocation to be used for approved housing related activities implemented by the Michigan State Housing Development Authority (“MSHDA”), on behalf of the MSF. The MSF approved a similar allocation plan within the 2013 Consolidated Plan on March 27, 2013.

The attached Amendment specifies appropriate roles between the two entities and outlines responsibilities related to this funding source for Program Year 2014 (July 1, 2014- June 30, 2015). Staff believe the items outlined in the Amendment will address HUD’s requirements and allow for appropriate oversight of the funding.

Since the MSF has approved MSHDA spending 25% of the CDBG allocation in previous agreements, staff is requesting confirmation of delegated authority to the Community Development Pipeline CDBG Committee (“CDP Committee”) for up to 25% of the CDBG project allocation for housing projects. If the funding is not utilized by MSHDA, as outlined in the Amendment, it will follow the MSF approval process. The delegation is consistent with past agreements, but this Amendment will assure the additional oversight of the CDP Committee. Please note that language regarding the initial distribution of funds has been changed since the briefing calls.

Recommendation

MEDC Staff recommends that the MSF do the following:

- Authorize the MSF President to execute the attached Amendment between the MSHDA and the MSF related to CDBG Funds.
- Delegate authority to the CDP Committee to approve MSHDA housing projects utilizing its allocation of the State of Michigan’s CDBG funds.

FIRST AMENDMENT AND RESTATEMENT OF MEMORANDUM OF UNDERSTANDING COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

The overall goals of the community development block grant program (“CDBG”) can be achieved in a more efficient and cost effective manner when the entities that allocate CDBG funds collaborate. Below are the parameters by which the Michigan State Housing Development Authority (“MSHDA”) and the Michigan Strategic Fund (“MSF”) will collaborate regarding the use of CDBG funds awarded to the State of Michigan by the United States Department of Housing and Urban Development (“HUD”) consistent with the five-year Michigan Consolidated Plan for Housing and Development and subsequent annual action plans (“Con Plan”). The Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for CDBG activities. The new program structure shall be a collaborative management approach between the agencies.

This First Amendment and Restatement of Memorandum of Understanding (“Memorandum” or “MOU”) amends and restates the Memorandum of Understanding executed in 2013 for the 2013 Program Year, is effective as of the last date acknowledged and is agreed to by the MSHDA Executive Director (“MSHDA ED”) and the MSF President. The terms of this Memorandum shall be implemented beginning with the 2014 Program Year which starts on July 1, 2014. However, the collaboration may begin meeting immediately to begin creating a collegial environment, developing collaborative community development and place base principles and standardized processes and procedures, and establishing funding priorities and goals consistent with the Con Plan. If the terms of this Memorandum conflict with the Interagency Subrecipient Agreements (“ISAs”) between the MSF and MSHDA for the 2012 Program Year and all prior years the terms of the ISAs shall control. If the terms of this MOU conflict with the Con Plan, the terms of the Con Plan shall control.

Community Development Pipeline Meetings

1. The MEDC has Community Development Pipeline (“CDP”) meetings on a scheduled basis to discuss and review community projects, including the use of CDBG funds for projects.
2. The CDP meetings will be expanded to include two staff members from MSHDA designated by the MSHDA ED along with two staff members from the MEDC designated by the MSF President. The four designated members will be referred to as the CDP CDBG Committee. Each staff member designated by the MSHDA ED and MSF President, respectively, shall be identified and participate in the CDP meetings at the pleasure of their respective designating authority. Additional non-voting staff members may participate in the meeting for presentation and discussion of the project(s).
3. All proposed projects with adequate details must be made available on Salesforce at least 24 hours before the CDP meeting. The submitting entity will be required to provide the detail outlined in the CDP Meeting Protocol document adopted by the Committee, as defined below.
4. The designated members will be selected based on (i) knowledge of the CDBG program; (ii) commitment to creating and operating a collegial environment; and (iii) commitment to increasing efficiencies and sharing of resources and personnel to reduce duplication of efforts in furtherance of CDBG goals. A designated member may be replaced upon notice to the other designating authority.

CDP CDBG Committee (“Committee”) Responsibilities

1. Housing Projects will not be taken to the MSF Board for approval, rather MEDC staff shall delegate authority to the Committee to approve and authorize annual financing for Housing Projects in an amount not to exceed 25% of the 2014 Program Year allocation (the “MSHDA

Allocation”). CDBG funds will only be subgranted to MSHDA to administer housing projects that are recommended and supported by the Committee (“Housing Projects”). MSHDA will be able to access an initial distribution of 25% of the allocation, \$1,882,660, upon the MSF’s receipt of the 2014 Program Year allocation from HUD. Once the initial distribution is made, MSHDA will be able to access the remaining 2014 allocation dollars, on the last day of the month between September 2014 and June 2015, in increments of 1/9th if the MSHDA Program Year expenditure ratio (total unexpended funds in Salesforce for 2013 Program Year and prior program years divided by the 2013 allocation of \$7,650,230 plus the 25% distribution and each increment thereafter) is less than 2.5.

Beginning September 30, 2014, for each subsequent month that MSHDA’s expenditure ratio exceeds 2.5 on the last day of the month, the MSHDA Allocation shall be reduced by 1/9th of the remaining amount. (For example, if as of September 30th MSHDA has not reached 2.5, a reduction of 1/9th of the MSHDA Allocation will occur on October 1st. If on October 31st MSHDA has not reached 2.5, a reduction of 1/9th of the MSHDA allocation will occur on November 1st.) MSHDA projects may only be approved by the Committee if MSHDA is in full compliance as set forth in Exhibit B. All compliance recommendations made during any MSF audit will also be incorporated into this MOU by amendment. However, the Committee must agree that such compliance recommendations are significant enough to impact the distribution of funds, otherwise as long as MSHDA is demonstrating progress towards the resolution of audit recommendations no allocation sanctions will be imposed. In the event consensus is not obtained on areas of compliance, the Committee shall refer the matter to the MSF President for resolution.

2. CDBG grant funds may only be used for community development and Housing Projects based on consensus of all four designated members of the Committee.
3. In the event such consensus is not obtained or areas of concern are identified, the Committee will refer the matter to the MSHDA ED and the MSF President for final recommendation and resolution.
4. Once a community development or Housing Project is approved by the Committee, MSHDA or the MEDC will lead the approved project based upon which entity is providing the most funding in total to the approved project, unless the Committee decides otherwise. Once it is determined which entity is leading a project, the CDBG funds to be contributed by the non-leading entity shall be transferred from their allocation to the leading entities allocation.
5. By March 1st of each year, the Committee will recommend housing and community Con Plan changes applicable to the CDBG program for the following Program Year to the MSHDA ED and MSF President for approval by the MSF.
6. Both MEDC and MSHDA staff members have participated in a “lean process” exercise (“LEAN”) facilitated by lean process experts from the Michigan Manufacturing and Technology Center. The LEAN evaluation provided recommendations or takeaways on streamlining the joint project process. The Committee approved recommendations or takeaways will be implemented by both MEDC and MSHDA within an agreed upon specific timeline.

Subgranting CDBG Funds

1. Upon the approval of the Committee to use CDBG funds for a Housing Project, the following information will be added to Exhibit A for each Housing Project: name, location, amount, project description and other items as may be agreed to by the Committee. The parties agree that Exhibit A, which will be updated by the MSHDA Committee members as projects are approved by the Committee, will serve as the subgrant list for CDBG housing projects.

EXHIBIT A

Grantee Name	Project Location	Grant Amount	Project Description	Approval Date

EXHIBIT B

I. MSF RESPONSIBILITIES

- A. Provide MSHDA, in a timely manner, all pertinent information needed for proper administration of Housing Projects grants as received from HUD or other sources;
- B. Seek proper legislative appropriation of Michigan CDBG funds from the State of Michigan; and
- C. Provide MSHDA all necessary documents, written materials, information, and data required for preparation of the federally-required Consolidated Plan, Annual Action Plan, and the Comprehensive Annual Performance and Evaluation Report within forty-five (45) calendar days of MSHDA's written request.

II. MSHDA RESPONSIBILITIES

- A. MSHDA must follow the identified timelines to ensure the MSF can remain in compliance with HUD requirements. These include the following reporting procedures and requirements:
 - 1. MSHDA shall ensure that Small Cities or Salesforce and IDIS are internally reconciled for all committed funds on a monthly basis with timely information and status updates. Data requirements for Salesforce will be the same as required for Small Cities, and will be expanded to payment requests starting December 1, 2013;
 - 2. All payment requests shall be submitted by MSHDA within ninety (90) days of the end of the month during which they were incurred by MSHDA, including administrative and technical assistance reimbursements, or they shall not be paid. Regardless, all payment requests incurred before September 30th, must be submitted on or before the immediately following October 31st, due to end of the year reporting, or they shall not be paid;
 - 3. MSHDA shall close projects within six (6) months of their final draw or the receipt of the program audit that covers the final year of the grant, whichever occurs first. If additional time is needed to close a project, then in advance of the expiration of this six (6) month period MSHDA may request in writing an extension for up to three (3) additional months by submission of the justification for the requested extension. MSHDA may also submit a request for additional time to meet a national objective on a case by case basis. The MSF shall grant or deny the request in writing within five (5) business days;
 - 4. Monthly standing meetings shall be scheduled for MSHDA to meet as needed with MSF staff regarding the status of approved Housing Projects, letter of credit ratio and others area of compliance; and
 - 5. Submit a fully completed and updated Monthly Compliance Report, attached as Exhibit C, within five (5) business days following the last day of the month. In the event the Monthly Compliance Report has error and/or omissions, MSHDA shall correct those within five (5) business days of being notified. Any additions or

amendments to the report requirement require Community Development Pipeline Committee approval.

- B. MSHDA facilitates MSF compliance with HUD requirements by performing the following:
1. Solicit and receive Housing Project applications from eligible applicants, in accordance with the then current approved Michigan CDBG Consolidated Plan and Annual Action Plan;
 2. Prepare Michigan CDBG grant agreements for CDP approved Housing Project grant recipients to be executed by MSHDA's Executive Director or a designee of the Executive Director. MSHDA may cancel and/or recapture such grants, as may be necessary, and may reallocate funds from such cancellations for other eligible Housing Projects approved by the Committee for FY13 awards and for all prior years the terms of the ISAs shall control;
 3. Properly manage awarded Housing Project grants and review and monitor all grants for compliance with applicable law, rules, regulations, and program requirements from grant award to project closeout, including, but not limited to, final audits. MSHDA is responsible for repayment, on any MSHDA CDBG grant, of any costs that are disallowed or must be repaid based upon a final HUD determination. If disallowed costs on any MSHDA CDBG grant are taken out of the annual CDBG allocation, then MSHDA's pass-thru and corresponding technical assistance and administration funds provided under this Agreement will be reduced by an equivalent amount;
 4. Execute all CDP approved amendments to Housing Project grant agreements, including grant increases and decreases, changes in approved budget items, extensions in the duration of the agreements, changes in project scope including new activities or alterations of existing approved activities that do not increase the grant amount, and due dates for reports and audits; All extensions, scope changes, and grant increases must be approved by the Committee. Authorize the disbursement of Michigan CDBG funds to Housing Project grant recipients and maintain appropriate financial records and source documents for review by the MSF and HUD;
 5. Review audit reports, as required under the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, from Housing Project grant recipients, review and take appropriate and timely action associated with audit findings and questioned costs, and take all other appropriate actions to ensure a timely formal close out of Housing Project grants;
 6. Provide to the MSF, the audit report required under the Single Audit Act Amendments of 1996 and OMB Circular A-133; and
 7. Assure that authorized MSF representatives will have access to all books, accounts, records, reports, files, and other papers, things, or property as needed in order to make audits, examinations, excerpts and transcripts; each contract or subcontract also shall provide for such access to relevant data and records pertaining to the development and implementation of the Housing Projects that have been approved.

EXHIBIT C

Monthly Compliance Report



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund (“MSF”) Board

From: Deborah Stuart, Director, Community Incentive Programs

Subject: Brownfield Program- Memorandum of Understandings
Department of Environmental Quality (“DEQ”) and the MSF;
Michigan Economic Development Corporation (“MEDC”) and the MSF

Request

MEDC staff requests approval of the attached Memorandum of Understanding between the DEQ and MSF (“DEQ MOU” or Attachment A).

MEDC staff also requests approval of the attached Memorandum of Understanding between the MSF and Michigan Economic Development Corporation (“MEDC”) (“MEDC MOU” or Attachment B).

Background

Under the amendment of the Brownfield Redevelopment Financing Act 381 in 2012 (Act 67 of 2012), the Michigan Department of Treasury collects funds generated via three mills of the State Education Tax on all Brownfield projects approved after January 1, 2013. These funds are placed into the Brownfield Redevelopment Fund (“BRF”), which is a revolving fund used to fund grant and loan programs to carry out eligible activities on eligible Brownfield properties, as well as pay administrative costs of the DEQ and MSF for administering their environmental and non-environmental programs respectively. The BRF is to be allocated at a minimum of 85% for grant and loan programs, and at a maximum of 15% for administration costs by DEQ and MSF.

The DEQ MOU has been developed to clarify the allocation of funds generated by the BRF, and defines the roles and responsibilities of the DEQ and MSF. In addition, the DEQ MOU specifies the responsibilities of reporting obligations by MSF via MEDC, which has assumed the responsibility of collecting data related all Brownfield tax increment financing and reporting the information to the legislature, a role formerly assumed by Treasury. DEQ has agreed that the administrative portion of the BRF will go to reimbursing the MEDC costs of reporting obligations prior to use for DEQ administrative costs, with any remaining administrative funds going to DEQ.

The MEDC MOU has been developed to outline the administrative responsibilities of the MEDC to implement the requirements of the MSF under the Brownfield Redevelopment Financing Act 381 in 2012 (Act 67 of 2012).

Recommendation

MEDC Staff recommends that the MSF do the following:

1. Authorize the MSF Fund Manager to execute the attached DEQ MOU (Attachment A).
2. Authorize the MSF Fund Manager to execute the attached MEDC MOU (Attachment B)

Attachment A

MEMORANDUM OF UNDERSTANDING BETWEEN

The Michigan Strategic Fund AND The Michigan Department of Environmental Quality

This Memorandum of Understanding (“MOU”) is entered into as of **DATE, 2014** between the Michigan Strategic Fund (“MSF”) and Michigan Department of Environmental Quality (“DEQ”) to set forth the parties’ duties, functions and responsibilities with respect to the administration of portions of the Brownfield Redevelopment Financing Act (“Brownfield Program”) pursuant to the Act 381 of 1996, as amended, M.C.L. 125.2651 through 125.2672 (“the Act”), and any program established there under, and state laws.

It is the intent of the parties that the DEQ and MSF will work together to ensure that administrative services are conducted in such a way as to maximize economic benefit to the State of Michigan. Pursuant to this MOU, the MEDC, under the direction and control of the MSF Board shall provide administrative services associated with the Brownfield Program, including annual reporting obligations under M.C.L. 125.2666(3-4) (collectively referred to as “Brownfield Reporting Obligations”) and the non-environmental portion of the Brownfield Redevelopment Fund (“BRF”) pursuant to M.C.L. 125.2658a. The DEQ will administer the environmental portion of the BRF.

I. PURPOSE

The purpose of this MOU is to:

- A. Allocate the administrative and non-administrative dollars under the BRF to the DEQ and MSF; and
- B. Specify the responsibilities under, and reimbursement for administrative costs in performing, the Brownfield Reporting Obligations.

II. INVESTMENTS UNDER THE BROWNFIELD REDEVELOPMENT FUND

Pursuant to M.C.L. 125.2658a, administrative costs for DEQ and MSF are drawn from the BRF on an annual basis, not to exceed 15% of the BRF. The remainder of the BRF will be used for establishing a grant and loan program for the costs of eligible activities on eligible property.

- A. The administrative portion of the BRF shall be distributed on an annual basis amongst the parties in the following priority:
 - i. The MSF shall be fully reimbursed for documented administrative services and associated expenses incurred in connection with developing and maintaining an online portal system to meet the Brownfield Reporting Obligations out of BRF funds to the extent BRF funds are available;
 - ii. The MSF and DEQ shall be fully reimbursed for administration costs associated with reporting including maintenance of BRA contacts and ensuring BRA compliance with reporting requirements. On an annual basis, the MSF and DEQ will discuss and approve any administrative costs connection with the Brownfield Reporting Obligations. To the extent the MSF or DEQ fails to receive full reimbursement for the costs to administer the Brownfield

Reporting Obligations in any one year, the unpaid costs will be carried forward to the following year and added to administrative costs seeking reimbursement through the BRF; and

- iii. The remainder of the administrative portion of the BRF, if any remaining in each year, is to be split equally between MSF and DEQ, but with the ability for the parties to mutually agree to amend the ratio of funds split between the parties on an annual basis. Any request for funds beyond an equal split by MSF or DEQ will be requested on an annual basis via invoice. The invoice by the MSF will clearly delineate between costs directly associated with the Brownfield Reporting Obligations and other administrative costs.
- B. Subsequent to the uses described in (II.A), the BRF shall fund grant and loan programs by MSF and DEQ, and will be split equally between the parties annually to implement Act 381 (MSF and DEQ), and part 196 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19601 to 324.19616 (DEQ only).
- i. The MSF shall create a grant and loan program for MSF approved eligible activities under the Act;
 - ii. The DEQ shall carry out the obligations of Act 381 according to section XXX for a Brownfield grant and loan program; and
 - iii. The parties have the ability to mutually agree to amend the ratio of funds split between the parties on an annual basis.

III. MSF RESPONSIBILITIES

The MSF agrees to:

- A. Develop and maintain an online portal system for all Brownfield Redevelopment Authorities to report their annual activities; maintain the portal infrastructure; maintain a BRA contact list; notify BRA contacts of reporting deadlines; collect and compile reported data into an annual draft report to submit to the DEQ for comment, integrate DEQ comments into the draft report, and present a final joint MSF/DEQ report to the legislature, per M.C.L. 125.2666(4);
- B. Create and operate a grant and loan program to provide grants and loans to fund eligible activities that require MSF approval under the Act;
- C. Coordinate an annual meeting between MSF and DEQ in order to plan for the upcoming year allocation of BRF monies and discuss any other issues as deemed necessary;
- D. Provide to DEQ on an annual basis an invoice of costs incurred for the administration of the Act 381 program and all Brownfield Reporting Obligations; and
- E. Provide to DEQ a monthly report regarding non-compliance issues related to Brownfield Reporting Obligations.

IV. DEQ RESPONSIBILITIES

The DEQ agrees to:

- A. Operate a grant and loan program for the costs of eligible activities requiring DEQ approval;
- B. As provided under M.C.L. 125.2658a, yield in a timely manner, not to exceed 60 days from invoicing, the necessary proceeds of the BRF to MSF to reimburse the costs for establishing an online reporting system, and the annual costs for maintaining the system and generating the annual legislative report until costs are paid;

- C. Cooperate in any audit of the MSF by the Auditor General in programs and expenditures related to this MOU;
- D. Use best efforts to achieve Brownfield Reporting Obligations for eligible activities requiring DEQ approval;
- E. Provide support to MSF as necessary in order to insure that the annual report to the legislature is accurate and timely; and
- F. Maintain the Agency 761, d23 Fund #0788 to serve as the holding of BRF monies received from Treasury under M.C.L. 125.2658a.

V. MSF AND DEQ JOINT RESPONSIBILITIES

- A. Develop an evaluation program that will determine the effectiveness in resolving environmental and non-environmental issues on Brownfield property, and create an annual report to the legislature that will demonstrate the effectiveness in resolving those issues utilizing BRF monies;
- B. Share files as necessary for audit; and
- C. Ensure compliance with the requirements of the Act, and DEQ and MSF policy and procedural guidance related to project reporting and support.

VI. DURATION OF MOU

This MOU shall continue in effect through and until five years from execution, unless the parties mutually agree to terminate it sooner in writing.

- A. If the DEQ or the MSF wishes to terminate the agreement, it requires one year written notice in advance of the end of the fiscal year, and termination will occur at the end of the fiscal year; and
- B. If either party terminates the MOU, the MSF shall be compensated for the costs of establishing the program used to fulfill the Brownfield Reporting Obligations up to the end of the termination of the agreement.

VII. SURVIVABILITY

Section II(A) and Sections IV(B), IV(C), IV(D), IV(E), and IV (F) survive termination of this MOU for a period of three years.

VIII. MODIFICATION OF AGREEMENT

The MSF and DEQ agree that this MOU may be amended, in writing, by the parties. The modification must be signed by the representative of each party or his/her authorized designee.

The signatories below warrant that they are empowered to enter into this Agreement

MICHIGAN STRATEGIC FUND

A Public Body Corporate and Politic of the State of Michigan

Dated: _____

By:

MSF Fund Manger

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

An Agency of the State of Michigan

Dated: _____

By:

TITLE

Attachment B

MEMORANDUM OF UNDERSTANDING BETWEEN

The Michigan Strategic Fund AND Michigan Economic Development Corporation

This Memorandum of Understanding (“MOU”) is entered into as of **DATE, 2014** between the Michigan Strategic Fund (“MSF”) and Michigan Economic Development Corporation (“MEDC”) to set forth the parties’ duties, functions and responsibilities with respect to the administration of portions of the Brownfield Redevelopment Financing Act (“Brownfield Program”) pursuant to the Act 381 of 1996, as amended, M.C.L. 125.2651 through 125.2672, and any program established there under, and state laws.

Pursuant to this MOU, the MEDC, under the direction and control of the MSF Board shall provide administrative services associated with the Brownfield Program, including annual reporting obligations under MCL125.2666(3)&(4) (collectively referred to as “Brownfield Reporting Obligations”) and the non-environmental portion of the Brownfield redevelopment fund pursuant to MCL125.2658a (“BRF”). It is the intent of the parties that the MSF and the MEDC will work together to ensure that administrative services are conducted in such a way as to maximize economic benefit to the State of Michigan. The MSF shall retain ultimate control and direction over the non-environmental Brownfield Program and related activities.

I. PURPOSE

The purpose of this MOU is two-fold:

1. Specify the responsibilities and arrangement for the Brownfield Reporting Obligations, including the identification of responsible parties and actions, as well as an agreement for allocating and reimbursing administrative costs in performing the Reporting Obligations.
2. Allocate the administrative and non-administrative dollars under the BRF to the MEDC.

II. MSF RESPONSIBILITIES

The MSF agrees to:

- A. Pursuant to M.C.L. 125.2658a, administrative costs for MDEQ and MSF are drawn from the Brownfield Redevelopment Fund (“BRF”);
- B. Pursuant to MSF **Resolution XXX** and its declared intent at the **DATE**, 2014 MSF Board Meeting, the MSF engages the MEDC to provide administrative services to the MSF for the Brownfield Program, including Reporting Obligations and the BRF;
- C. In consideration for those services as provided above, the MSF to the extent that BRF funds are available shall reimburse the MEDC for administrative services and associated expenses provided in connection with the Brownfield Reporting Obligations and other administrative services out of BRF funds received from the MDEQ . Expenses subject to reimbursement may not exceed that allowable by state and federal law.

III. MEDC Responsibilities

The MEDC Agrees to following on the Reporting Obligations and the BRF:

- A. Administer daily operations of the Brownfield Reporting Obligations and the BRF including maintenance of the online reporting portal, processing of data input by BRAs, and provide guidance to BRA representatives in their reporting activities as necessary.
- B. Prepare and present program process, program applications, program standards, guidelines, templates, or any other forms to implement the BRF grant and loan program, and which shall be approved by the board of the MSF;
- C. Ensure compliance with all requirements of the Brownfield Reporting Obligations under MCL 125.2666(3)(a-k), and the BRF enabling legislation under MCL 125.2658a, all applicable state laws and regulations in connection therewith, and any MSF resolutions addressing the Brownfield Reporting Obligations;
- D. Prepare and present program reports on an annual basis to the MSF Board, and as requested, and prepare any additional reports required by enabling legislation, MSF resolutions, or law.
- E. Maintain appropriate records and source documents for all Brownfield Reporting Obligations and provide copies of such on an annual basis;
- F. Provide to the MSF any documentation necessary for the MSF to receive reimbursement of BRF funds from the DEQ.
- G. After disclosure to, and as directed in consultation with the MSF Board, review Office of the Auditor General audit reports, act as lead on MSF and MEDC audit actions and take appropriate actions to resolve state audit findings related to MSF and MEDC responsibilities;

IV. Investments under the BRA

The MOU identifies the proceeds from the BRF shall be distributed on an annual basis amongst the parties in the following order of priority on the up to 15% of the BRF to reimburse administrative expenses:

1. To the MEDC for actual costs for administration of the Brownfield Reporting Obligations; and
2. To the MSF and MDEQ for actual costs to implement Act 381; and
3. To the MDEQ to implement part 196 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.19601 to 324.19616.

V. DURATION OF MOU

This MOU shall continue in effect until the parties mutually agree to terminate. Any modifications or amendments shall be approved by both parties in writing.

VI. MODIFICATION OF AGREEMENT

The MSF and the MEDC agree that this MOU may be amended, in writing, by the parties. The modification must be signed by the representative of each party or his/her authorized designee.

The signatories below warrant that they are empowered to enter into this Agreement

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

A Public Body corporate

Dated: _____

By: Michael A. Finney
President & CEO

MICHIGAN STRATEGIC FUND

A Public Body Corporate and Politic

Dated: _____

By:
MSF Fund Manger



MEMORANDUM

Date: July 10, 2014

To: Michigan Strategic Fund (“MSF”) Board Members

From: Andrew S. Doctoroff, Senior Advisor – Transportation Initiatives

Subject: Approval of Financing Acknowledge

Request

This is a request to approve the MSF’s execution of the attached Michigan Funding Activities Acknowledgment (“Funding Acknowledgment”).

Background

On July 28, 2012, the MSF executed the Crossing Agreement between Michigan and Canada. The Crossing Agreement has also been executed by MDOT, the Governor, Her Majesty the Queen in Right of Canada and the Windsor Detroit Bridge Authority (“WDBA”), the Canadian entity that will manage the New International Trade Crossing (“NITC”) project on a day-to-day basis. The Crossing Agreement is the operative document intended to dictate Michigan’s and Canada’s duties and rights in connection with the NITC project. The Crossing Agreement contemplates MSF’s participation in the NITC project, particularly as it relates to funds received from Canada and intended to pay for certain activities in Michigan, including but not limited to land acquisition. The Funding Acknowledgment addresses how specifically NITC-related funding activities will take place. Most of the Funding Acknowledgment does not pertain to the MSF. Rather, it principally describes how a Michigan party such as MDOT and Canada will enter into so-called statement of activities that will describe, and provide budgets for, activities whose performance has been requested by the WDBA. However, the Funding Acknowledgment, at Section 6, states that MSF “will serve as the funding agent for the Michigan Parties to facilitate, on their behalf, the deposit, receipt, holding and disbursement of all funds to be provided by the WDBA for each statement of activities.” NITC-related funds provided by Canada will be remitted to, and held by, an escrow agent.

The Funding Acknowledgment and the procedures for effectuating funding by Canada have been negotiated at length by Canada and Michigan.

Business Case

Execution the Funding Acknowledgment is a condition precedent to the receipt and disbursement of funds provided by Canada – funds necessary for the NITC project to move forward. For reasons that are well

known, the NITC project will create thousands of jobs in Michigan and catalyze long-term and sustained economic growth in this region. Thus, there is a strong business case for authorizing MSF's execution of the Funding Acknowledgment. Approval of the Funding Acknowledgment is requested at this time because: (1) Canadian participation in the funding of the NITC project is conditioned on MSF's approval the Funding Acknowledgment; and (2) it is expected that Canada's need to perform one or more specific funding obligations will arise within the near future.

MICHIGAN STRATEGIC FUND

RESOLUTION 2014 - ____ Michigan Activities Funding

WHEREAS, on July 28, 2012, the Michigan Strategic Fund (the “MSF”) executed a Crossing Agreement between Michigan and Canada, specifically among the Governor of the State of Michigan, the Michigan Department of Transportation (“MDOT”), MSF, Her Majesty the Queen in Right of Canada (as represented by the Minister of Transport) and the Windsor Detroit Bridge Authority (“WDBA”), the Canadian entity that will manage the New International Trade Crossing (“NITC”) project (the “NITC Project”);

WHEREAS, the State of Michigan, MDOT and MSF are collectively referred to as the “Michigan Parties” in the Crossing Agreement;

WHEREAS, the Crossing Agreement is the operative document prescribing the State of Michigan’s (the “State”) and Canada’s duties and rights in connection with the NITC Project;

WHEREAS, Article X, Section 10 of the Crossing Agreement contemplates the retention of an escrow agent, paying agent or similar party, pursuant to an escrow agreement or similar agreement, to hold, disburse or pay funding monies on behalf of the WDBA in accordance with the Crossing Agreement;

WHEREAS, the Michigan Parties expect to execute such an escrow agreement in the near future;

WHEREAS, the MSF will serve as the funding agent for the Michigan Parties to facilitate with the escrow agent, on their behalf, the deposit, receipt, holding and disbursement of all funds to be provided by the WDBA for each statement of activities, as described in the Funding Acknowledgement;

WHEREAS, pursuant to 1984 Public Act 270, as amended (the "Act") MSF has broad authority to further economic development within the State, and to participate in any other way in any federal, state, or local government program;

WHEREAS, as part of the process of implementing the Crossing Agreement, and prior to execution of an escrow agreement, and in order to identify the procedures for the MSF to submit statements of activities from time to time to the escrow agent in order to secure payment for endeavors contemplated by the Crossing Agreement and related ancillary agreements, the Michigan Parties are being asked to execute the Michigan Activities Funding Acknowledgment (the “Funding Acknowledgment”) attached to this Resolution; and

WHEREAS, it is recommended that MSF approve execution of the Funding Acknowledgment by the MSF Board President.

NOW, THEREFORE, BE IT RESOLVED, by the Michigan Strategic Fund that:

1. The Funding Acknowledgment in the form attached to this resolution is approved, with such additional changes as are approved by authorized representatives of the Michigan Parties and the Department of Attorney General.

2. President of the MSF Board is authorized to execute the Funding Acknowledgment on behalf of the MSF.

3. By entering into this Acknowledgment, the MSF assumes no obligations nor makes any representations or covenants other than those explicitly described in the Funding Acknowledgment.

4. Except as otherwise provided in the Crossing Agreement, an escrow agreement, or a statement of activities, i) the MSF shall not be responsible for payment of any disputed costs not reimbursed pursuant to any statements of activities, and ii) the MSF shall not be responsible for indemnifying any party for any disputed funds received by or on behalf of any Michigan Party.

5. No costs associated with MSF's entering into and participating in the Funding Acknowledgment shall be paid by funds of the MSF.

6. The MSF Board President, the MSF Fund Manager, and designated staff of the MSF are authorized and directed to continue negotiations with the counterparties to the Funding Acknowledgment, and to otherwise finalize the Funding Acknowledgment, all subject to any limitations described in this Resolution.

7. The MSF Board President, the MSF Fund Manager, and designated staff of the MSF are authorized to participate in negotiation of statements of activities as necessary, and to perform any follow-up or ongoing obligations pursuant to the Funding Acknowledgment and not inconsistent with the terms of this Resolution.

8. This Resolution shall be effective upon adoption.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 22, 2014



MEMORANDUM

Date: July 22, 2014

To: Michigan Strategic Fund Board

From: Christin Armstrong, MEDC Senior Corporate Counsel and Director, Compliance
Kevin Francart, Chief Compliance Officer

Subject: Michigan Strategic Fund Compiled General Delegation of Authority

Request: The Michigan Economic Development Corporation (“MEDC”) and the Chief Compliance Officer are requesting that the Michigan Strategic Fund (“MSF”) approve the MSF Compiled Delegation of Authority, as provided in the Amended and Restated Bylaws.

Background

Under Article III, Section 1 of the Amended and Restated Bylaws, the MSF President will provide for compilations of all general delegated authority. To that end, MEDC Staff, in coordination with the Chief Compliance Officer, has compiled all existing delegations of authority into one compiled delegation of authority as presented in the proposed resolution.

Recommendation

The MEDC and the Chief Compliance Officer recommend that the Michigan Strategic Fund Compiled General Delegation of Authority be approved.

MICHIGAN STRATEGIC FUND

RESOLUTION

2014-

STRATEGIC FUND COMPILED GENERAL DELEGATION OF AUTHORITY

WHEREAS, under Section 125.2005(7) of the Michigan Strategic Fund Act (the “MSF Act”), the MSF Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

WHEREAS, under Article II, Section 1 of the Amended and Restated Bylaws adopted by the MSF Board on April 22, 2014 (the “Bylaws”), the MSF Board may delegate by resolution those functions and authority it deems necessary or appropriate to the President, Vice-President, Staff, the MEDC, or others, unless otherwise prohibited by law;

WHEREAS, under Article III, Section 1 of the Bylaws, the MSF President will provide for compilations of all general delegated authority; standard processes; and standard policies, in force (the "Strategic Fund Compiled Resolutions" or "SFCR");

WHEREAS, the MSF Board wishes to rescind previous general delegated authority and set forth all general delegated authority of the MSF Board; and

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the MSF Board delegates the following authority effective July 22, 2014:

CHAPTER 1

125.2005-1 General Delegations of Authority

(1) The MSF President or the MSF Fund Manager may prepare and publish legally required notices and hold public hearings pursuant to applicable state and federal law.

(2) The MSF President or the MSF Fund Manager may request representation from the Attorney General of the State of Michigan on any matter. The MSF President may approve a settlement or compromise arising out of any litigation in an amount up to \$100,000.

(3) The MSF President or the MSF Fund Manager may make all decisions with respect to acknowledging financial or proprietary information submitted by an applicant that related to an application to or with a project or product assisted by the MSF or any of its centers with an award, grant, loan, or investment as confidential and not subject to the disclosure requirements of the Freedom of Information Act.

125.2007-1 Procurement of Good and Services

(1) The MSF President or the MSF Fund Manager may enter into contracts and other instruments on behalf of the MSF as are necessary or convenient to the exercise of the MSF powers as follows:

(a) The MSF President or MSF Fund Manager may enter into contracts of up to \$250,000 for goods and services, including, but not limited to, the services of private consultants, managers, auditors, engineers, and scientists for rendering professional management and technical assistance and advice.

(b) The MSF President or MSF Fund Manager may enter into contracts to procure insurance indemnifying any MSF Board from personal loss or accountability from liability asserted by a person on the bonds or notes of the MSF or from any personal liability or accountability by reason of the issuance of the bonds, notes, insurance, or guarantees; by reason of acquisition, construction, ownership, or operation of a project; or by reason of any other action taken or the failure to act by the MSF.

125.2007-2 Acceptance of Gifts, Grants, Loans and Other Incentives

(1) The MSF President or MSF Fund Manager may accept on behalf of the MSF gifts, grants, and other aids (collectively "Gifts") from any person or the federal, state, or a local government or any agency of the federal, state, or a local government if the Gift does not have conditions or obligations attached. Any terms or conditions of the Gift must be permitted by law.

(2) The MSF President or MSF Fund Manager may accept on behalf of the MSF gifts, grants, loans, and other aids (collectively "Gifts") not to exceed \$1,000,000 per Gift from any person or the federal, state, or a local government or any agency of the federal, state, or a local government. Any terms or conditions of the grant, gift, loan, or other aid must be permitted by law.

(3) The MSF President or the MSF Fund Manager may execute all documents on behalf of the MSF necessary to apply for any federal state, local, private or other program for which the MSF is eligible to apply subject to final acceptance by the MSF Board or its authorized delegate.

125.2007-3 Financial Matters

(1) The MSF President, MSF Fund Manager, or the MSF Financial Officer may open checking, savings, money market, trust and various other accounts, including safety deposit boxes, at one or more FDIC or FSLIC insured financial institution(s) for the MSF.

CHAPTER 2

125.2023-1 Bonds

(1) The MSF Fund Manager or the authorized bonding officer may execute bond documents and take all actions necessary or appropriate to administer bond transactions on behalf of the MSF.

CHAPTER 8A

125.2088b-1 Competitive Process for All Expenditures and Program Awards

(1) Any contract awarded pursuant to MCL 125.2088b for tourism promotion, business development, or business marketing services must use a Request for Proposals or alternative competitive process and be competitively bid and the responses evaluated by a Joint Evaluation Committee (“JEC”) as follows:

(a) The MSF Fund Manager may appoint the members of a JEC.

(b) The MSF Manager may revise the scoring and evaluation process as determined by the MSF Board so long as the scoring does not materially or substantially modify the weight given to any area by the MSF Board.

(c) The MSF President or the MSF Fund Manager may issue a Request for Proposals or initiate an alternative competitive process for expenditures up to \$250,000.

(d) The MSF President or MSF Fund Manager may award contracts of up to \$250,000.

(2) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under MCL 125.2088b.

125.2088c-1 Public Hearings

(1) The MSF President or the MSF Fund Manager may prepare and publish legally required noticed and hold public hearings pursuant to applicable state law as required by MCL 125.2088c(5).

125.2088d-1 Loan Enhancement Programs

(1) The MSF President and the MSF Fund Manager may take all necessary or appropriate actions to administer the loan enhancement programs created and operated under 125.2088d(1).

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the Michigan Supplier Diversification Fund (the “MSDF”), including all subprograms of the MSDF, where the award amount is less than or equal to \$1,000,000.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the MSDF.

125.2088d-2 Capital Access Program

(1) The MSF President, the MSF Fund Manager or the MSF Financial Officer may take all necessary or appropriate actions to administer the Capital Access Program (“CAP”) in accordance with MCL 125.2088d(3).

(2) The MSF President, MSF Fund Manager, or the MSF Financial Officer may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CAP.

125.2088d-3 Choose Michigan Program

(1) The MSF President or the MSF Fund Manager may take all necessary or appropriate actions to administer the Choose Michigan Program in accordance with MCL 125.2088d(6).

125.2088h-1 Program Administration

(1) The MSF President or the MSF Fund Manager may take all necessary or appropriate actions to administer the programs listed in MCL 125.2088h(5)(c)(i)-(viii) (the “21CJF Predecessor Programs”).

(2) The MSF President, the MSF Fund Manager, or the State Treasurer may make all decisions for all awards made under the 21CJF Predecessor Programs where the original award amount was less than or equal to \$1,000,000.

(3) The MSF President, the MSF Fund Manager, or the State Treasurer may make all decisions, and execute all final documents necessary to effectuate such decisions, for all awards made under the 21CJF Predecessor Programs where the original award amount was equal to or greater than \$1,000,001 and less than or equal to \$3,000,000, provided that the action or decision has first been reviewed by the MSF Advisory Committee, or such other successor committee, as determined by the MSF Board.

(4) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the 21CJF Predecessor Programs.

125.2088j-1 Program Administration

(1) The MSF President or the MSF Fund Manager may take all necessary or appropriate actions to administer the Company Formation and Growth Fund - Retention of Pfizer Assets Program (the “CFGF”).

(2) The MSF President, the MSF Fund Manager, or the State Treasurer may make all decisions for all awards made under the CFGF where the original award amount was less than or equal to \$1,000,000.

(3) The MSF President, the MSF Fund Manager, or the State Treasurer may make all decisions and execute all final documents necessary to effectuate such decisions, for all awards made under the CFGF where the original award amount was equal to or greater than \$1,000,001 and less than or equal to \$3,000,000, provided that the action or decision has first been reviewed by the MSF Advisory Committee, or such other successor committee, as determined by the MSF Board.

(4) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CFGF.

125.2088k-1 Competitive Process for Grants, Loans and Investments

(1) Any grant, loan or investment awarded pursuant to MCL 125.2088k(3) through the use of a Request for Proposals or alternative competitive process shall be competitively bid and the responses evaluated by a JEC as follows:

(a) The MSF Fund Manager may appoint the members of the JEC.

(b) The MSF Manager may revise the scoring and evaluation process as determined by the MSF Board so long as the scoring does not materially or substantially modify the weight given to any area by the MSF Board.

125.2088k-2 Public Hearings

(1) The MSF President or the MSF Fund Manager may prepare and publish legally required notices and hold public hearings pursuant to applicable state law as required by MCL 125.2088k(8).

125.2088k-3 2006 & 2008 Business Plan Competition Awards

(1) The MSF President or the MSF Fund Manager may take all necessary or appropriate actions to administer 2006 and 2008 Business Plan Competition awards (collectively, the "Competition Awards").

(2) The MSF President, the MSF Fund Manager, or the State Treasurer, may make all decisions for all Competition Awards where the original award amount was less than or equal to \$1,000,000.

(3) The MSF President, the MSF Fund Manager, or the State Treasurer may make all decisions for all Competition Awards where the original award amount was equal to or greater than \$1,000,001 and less than or equal to \$3,000,000, provided that the action or decision has first

been reviewed and supported by the MSF Advisory Committee, or such other successor committee, as determined by the MSF Board.

(4) The MSF President or the MSF Fund Manager, may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved with respect to the Competition Awards, including those decisions made in accordance with approved delegations of authority.

(5) The MSF President, the MSF Fund Manager or the State Treasurer may approve and proceed to sign all final documents necessary to authorize final disbursements and no cost extensions for the Competition Awards.

(6) The MSF President, the MSF Fund Manager, or the State Treasurer may make all decisions and execute all final documents necessary to direct the sale of the MSF's interest in any publicly traded stock.

125.2088k-4 21st Century Jobs Fund Grant Programs

(1) The MSF President and the MSF Fund Manager, may take all necessary or appropriate actions to administer grants approved pursuant to MCL 125.2088k(3) (the "21CJF Grants").

(2) The MSF President, the MSF Fund Manager or the State Treasurer may approve and execute all final documents necessary to authorize final disbursements and no cost extensions for the 21CJF Grants.

125.2088k-5 Delegation of Authority for the Pure Michigan Venture Match Fund ("PMVMF")

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a PMVMF application and overall process to operate the PMVMF Program, each in accordance with the PMVMF program guidelines adopted by the MSF Board.

(2) The MSF President, the MSF Fund Manager or the State Treasurer may make all decisions with respect to awards under the PMVMF in accordance with the PMVMF program guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the PMVMF.

125.2088r-1 Michigan Business Development Program (the "MBDP")

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise an MBDP application and overall process to operate the MBDP, each in accordance with the MBDP guidelines adopted by the MSF Board.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the MBDP where the award amount is \$1,000,000 or less in accordance with the MBDP guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MBDP.

CHAPTER 8C

125.2090-1 Michigan Community Revitalization Program (the “MCRP”)

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise an MCRP program application and overall process to operate the MCRP, each in accordance with the MCRP guidelines adopted by the MSF Board.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the MCRP where the award amount is \$1,000,000 or less in accordance with the MCRP guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP.

CHAPTER 10

10.0-1 Brownfield Redevelopment Programs

(1) The MSF President or the MSF Fund Manager may approve the following Brownfield Tax Credit and Act 381 Work Plan amendments:

(a) addition of qualified taxpayers to project pre-approval letters;

(b) grant the ability to convert Single Business Tax credits to certificated Michigan Business Tax credits;

(c) amend the percentage of a 10% tax credit to a 12.5% certificated tax credit provided that the maximum credit value is not increased;

(d) approve scope changes provide that the new scope is consistent with the project intent;
and

(e) add time to complete eligible investment and non-environmental eligible activities provided that the time does not exceed the statutory limit.

(2) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate amendments to Brownfield Tax Credits and Act 381 Work Plans.

10.1-1 Community Development Block Grants (“CDBG Program”)

(1) The MSF President or the MSF Fund Manager may take all necessary or appropriate actions to administer the CDBG Program

(2) The MSF President or the MSF Fund Manager may make all decisions with respect to awards under the CDBG Program where the award amount is less than or equal to \$1,000,000.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG Program.

(4) The CDBG Program Manager may approve and sign no-cost grant amendments to awards previously approved by the MSF Board or its authorized delegate.

(5) The CDBG Program Manager may approve and sign revolving loan fund (“RLF”) program loans, loan amendments and loan documents, and amendments or modifications to local RLF reuse plans consistent with MSF Board approved resolutions.

10.2-1 Michigan Economic Growth Authority (“MEGA”) Incentives

(1) The MSF President or the MSF Fund Manager may approve the following with respect to MEGA Incentives:

(a) addition of a related entity for base employment level purposes only that is in existence and operational in Michigan;

(b) amendment of the beginning year that a company is eligible to receive a tax credit prospectively for no more than one year and adjusting the remaining years accordingly;

(c) amending the project location provided that the new location is within the same taxing jurisdiction as originally approved unless otherwise approved; and

(d) transferring the tax credit to another company provided that the transferee company submits the appropriate documents and assumes all duties and responsibilities of the transferring company and that the transferee company is a related company to the transferring company.

(2) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate amendments to MEGA Incentives.

10.3-1 Michigan Energy Office

(1) The MSF President, MSF Fund Manager, or the Director of the Michigan Energy Office may make all decisions within the parameters of applicable state and federal law and existing and future program guidelines and processes for Michigan Energy Office activities.

(2) The MSF President, MSF Fund Manager, or the Director of the Michigan Energy Office, may execute all documents on behalf of the Michigan Energy Office necessary to receive or participate in any other way in any federal state, local, private or other program for which the Michigan Energy Office is eligible to apply.

(3) The MSF President, MSF Fund Manager, or the Director of the Michigan Energy Office may negotiate the terms and conditions and execute all final documents necessary to effectuate Michigan Energy Office decisions or activities.

10.4-1 Renaissance Zones

(1) The MSF President or the MSF President may approve the following with respect to Renaissance Zones:

(a) amendments to existing project milestones that do not increase the benefit or extend the term of the Renaissance Zone; and

(b) reduction in the term of a Renaissance Zone.

(2) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate amendments to Renaissance Zones.

10.5-1 State Small Business Credit Initiative (“SSBCI”)

(1) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the SSBCI Michigan Business Growth Fund (the “SSBCI-MBGF”), including the SSBCI-MBGF Collateral Support Program (the “SSBCI-MBGF-CSP”) and the SSBCI-MBGF Loan Participation Program (the “SSBCI-MBGF-LPP”), where the award amount is less than or equal to \$1,000,000.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the State Small Business Credit Initiative Small Business Mezzanine Program (the “SSBCI-SBMP”), where the award amount is less than or equal to \$1,000,000.

(3) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the SSBCI Loan Guarantee Program (the “SSBCI-LGP”), where the award amount is less than or equal to \$1,000,000.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the SSBCI, including awards or decisions approved under any subprogram of the SSBCI.

(3) The MSF President, the MSF Fund Manager and the State Treasurer, with all three required to act, may reallocate up to 15% of all the then aggregate of all of the SSBCI funds awarded by the U.S. Department of Treasury to the MSF among the approved SSBCI programs.

10.6-1 State Trade and Export Promotion Program (the “STEP Program”)

(1) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the STEP Program where the award amount is less than or equal to \$600,000.

(2) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the STEP Program.

(3) The MSF President, the MSF Fund Manager and the State Treasurer, with any two required to act, may reallocate up to 5% of all the funds received by the MSF from the U.S. Small Business Association among approved STEP Programs.

10.7-1 Workforce Development Agency (“WDA”)

(1) The Director of the WDA or the Strategic Opportunities Director for WDA may make all decisions within the parameters of applicable state and federal law, the Strategic State Workforce Investment Plan (the “State Plan”), as may be amended from time to time, and existing program guidelines and processes and within the parameters of any future or amended State Plan approved by the Governor’s Talent Investment Board and the United States Department of Labor, and any future program guidelines and processes for the WDA.

(2) The Director of the WDA or the Strategic Opportunities Director for WDA may sign all documents on behalf of the WDA necessary to receive or participate in any other way in any federal state, local, private or other program for which the WDA is eligible to apply.

(3) The Director of the WDA the Strategic Opportunities Director for WDA may negotiate the terms and conditions and execute all final documents necessary to effectuate WDA decisions or activities.

BE IT FURTHER RESOLVED, the MSF President shall compile and publish the above delegated authority as required under Article III of the Bylaws; and

BE IT FURTHER RESOLVED, that all delegations of authority approved prior to July 22, 2014 are hereby rescinded and of no further force and effect.

Ayes:

Nays:

Recused:

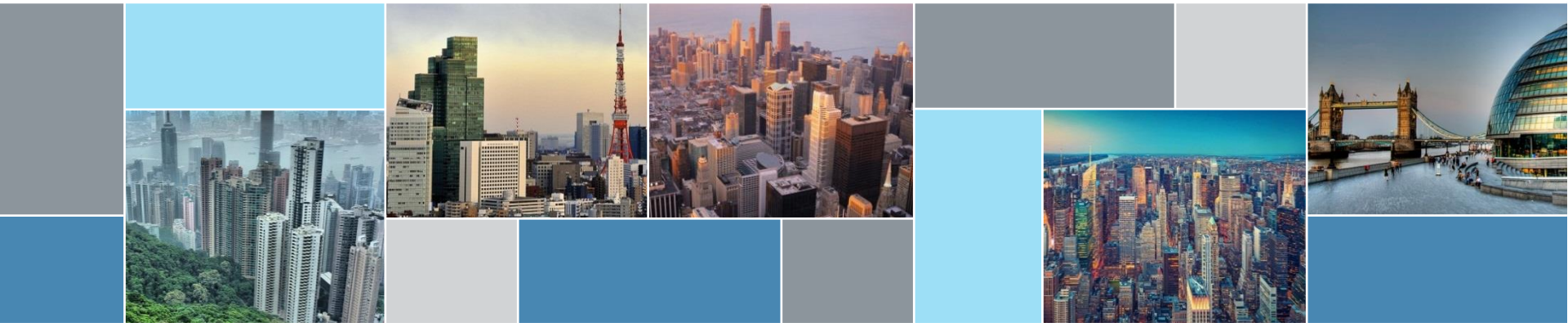
Lansing, Michigan
July 22, 2014

MSF Board Meeting Quarterly Report

Michigan 21st Century Investment Fund, L.P.

ONE-ON-ONE PRESENTATION

July 2014

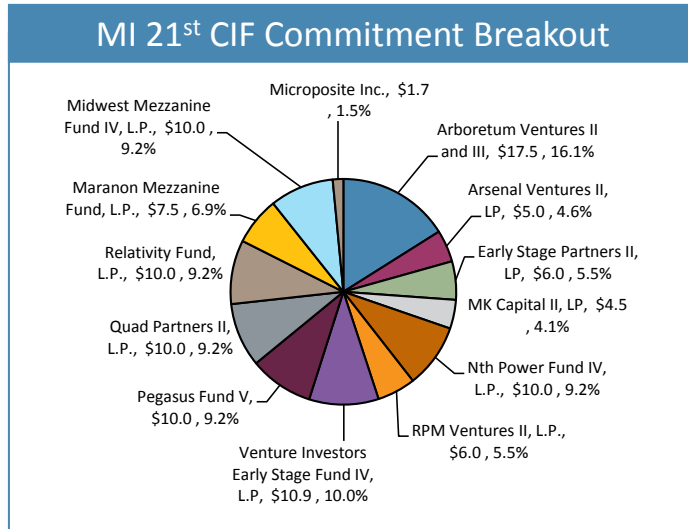


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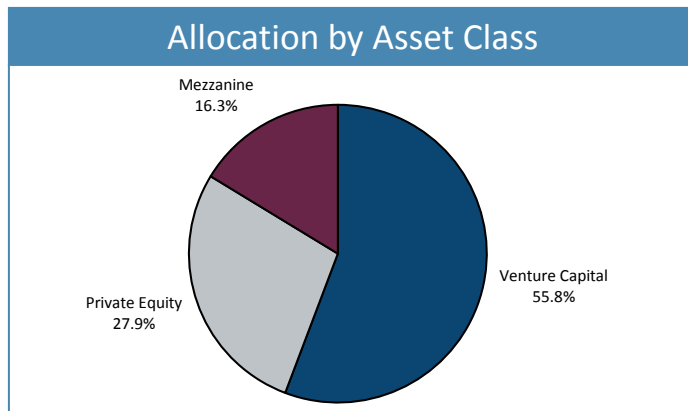
Michigan 21st Century Investment Fund Summary

Since 2006, the MI 21st CIF has committed \$109.0 million to 13 funds and one company

By U.S. dollars invested



By U.S. dollars invested



Fund Managers

Arboretum Ventures		Quad Partners	
Early Stage Partners		Relativity Capital	
Maranon Mezzanine		Pegasus Partners	
Midwest Mezzanine		Venture Investors	
Nth Power		Arsenal Ventures	
RPM Ventures		MK Capital	

Michigan 21st Century Investment Fund Summary (Cont'd)

- As of March 31, 2014 the underlying funds have drawn approximately 77.9% of their capital commitments or \$83.6 million*
- The majority of the funds are at the end of their investment period
- GCM Customized Fund Investment Group is actively assessing Michigan investment plans and activity for all fund managers

Years Remaining in Investment Period*

As of March 31, 2014

1 to 2 years

\$82.4 million committed (76.7%)

\$70.4 million drawn (65.6% of commitments)

Arboretum Ventures II, L.P.
 Midwest Mezzanine Fund IV, L.P.
 Nth Power Fund IV, L.P.
 Quad Partners II, L.P.
 Venture Investors IV, L.P.
 Maranon Mezzanine Fund, L.P.
 Relativity Fund, L.P.
 Early Stage Partners II, L.P.
 RPM Ventures II, L.P.
 MK Capital II, L.P.

2 to 4 years

\$25.0 million committed (23.3%)

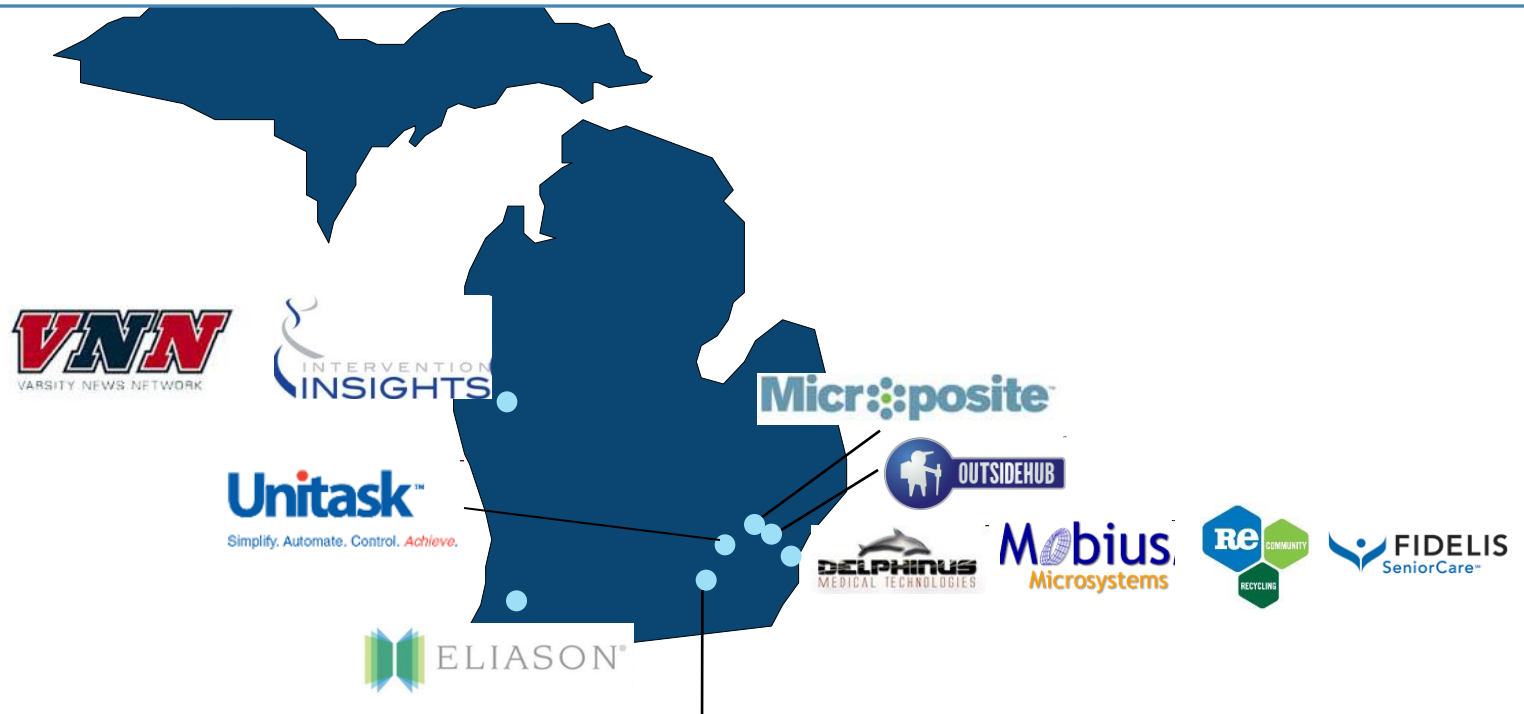
\$13.2 million drawn (12.3% of commitments)

Arsenal Ventures II, L.P.
 Arborteam Ventures III, L.P.
 Pegasus Fund V, L.P.

*Note: Excludes the co-investment in Microposite, Inc.

Michigan-Based Portfolio Companies

As of July 2014, the MI 21st CIF managers (Fund Managers) have invested \$200.4 million into 30 Michigan-based portfolio companies which have 955 Michigan employees. MI 21st CIF managers have invested nearly 2.40x the amount they have drawn from the MI 21st CIF.



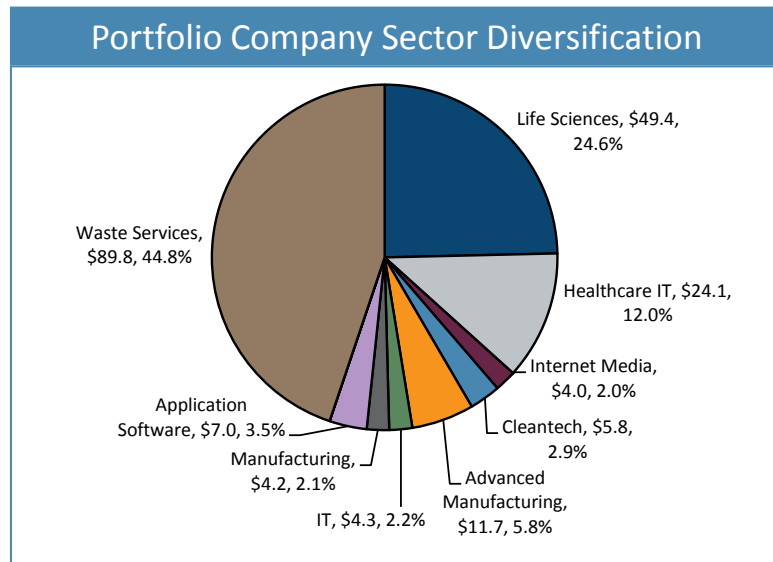
Ann Arbor, MI



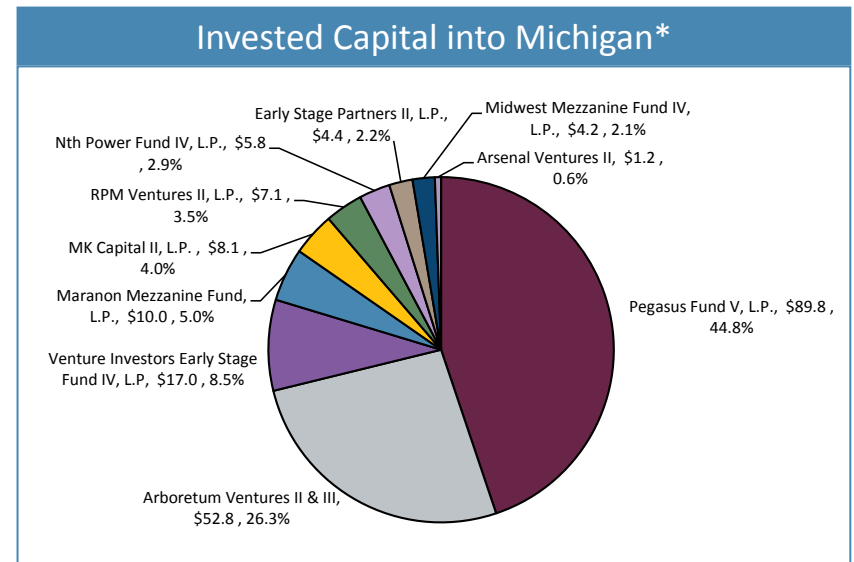
Michigan-Based Portfolio Companies (Cont'd)

- Overall, **\$800.5** million of equity has been invested into these **30** portfolio companies by all syndicate partners. This represents a **3.99x** leveraging of the MI 21st CIF underlying fund manager investments
- These portfolio companies continue to be diversified across sectors, including life sciences, manufacturing, healthcare, IT, waste services and media

By U.S. dollars invested



By U.S. dollars invested



*Note: There are three fund Managers that have yet to make an investment into Michigan; Quad Partners and the Relativity Fund.

Key Return Metrics

- The following table displays select return metrics for MI 21st CIF, LP as of March 31, 2014
- The metrics represent performance for the full funds for all Partners including the Michigan Strategic Fund (MSF represents 95% of the MI 21st CIF)

Return Metric	Value	Notes
Partnership Size (commitments)	\$120.0 million	\$109.0 million committed
Cumulative Capital Invested (capital called)	\$103.4 million	86.1% of committed capital
Cumulative Return of Capital (distributions)*	\$24.8 million	24.0% of cumulative capital invested capital
Adjusted Value of Fund Investments	\$80.1 million	Reported value plus distributions
Underlying Portfolio Company Valuation	1.06x cost	“gross value” of underlying funds
Fund Manager Aggregate Valuation	0.94x cost	“net value” of underlying funds

*Note: Distributions include recallable and non-recallable

Note: Returns are gross of GCM CFGI MI 21st CIF-level fees and do not take into account application of management fees, allocable expenses and carried interest at the GCM CFGI MI 21st CIF fund level and returns would be lower if net-of-fee performance was presented. **Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid significant losses.**

Notes and Disclosures

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**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL SERVICES TEAM
April 1 – June 30, 2014**

BACKGROUND

On May 20, 2009, the MSF Board approved the Michigan Loan Participation Program (“MLPP”) guidelines, and on June 24, 2009, the Michigan Collateral Support Program (“MCSP”). Both programs are housed under the Michigan Supplier Diversification Fund (“MSDF”), and are funded by the state’s 21CJF initiative. The MSF Board must approve MSDF requests over \$2.5 million, and as delegated by the MSF Board on March 28, 2012, requests for collateral support or loan participation of \$2.5 million or less may be approved by any two of the following: MSF Chairperson, or the MSF Fund Manager, or the MSF State Treasurer Director.

On May 25, 2011, the MSF Board approved the Michigan Business Growth Fund (“MBGF”), and its two programs, the Collateral Support Program (“MBGF-CSP”), and the Loan Participation Program (“MBGF-LPP”). The MBGF, and its programs were created under, and funded by, the federal government’s State Small Business Credit Initiative (“SSBCI”). The MSF Board must approve MBGF requests over \$2.5 million, and as delegated by the MSF Board on May 25, 2011, requests for collateral support or loan participation of \$2.5 million or less may be approved by any two of the following: MSF Chairperson, or the MSF Fund Manager, or the MSF State Treasurer Director.

APPROVALS BY AUTHORIZED DELEGATES

Between April 1 and June 30, 2014 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

SSBCI - MBGF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
C & E Pipeline Services, Inc.	MBGF-CSP	\$ 550,000	\$ 1,500,000	Approved by Chair and Fund Manager	April 8, 2014	Y
G. & A. Baking Company, LLC	MBGF-CSP	\$ 224,500	\$ 450,000	Approved by Chair and Fund Manager	April 21, 2014	Y
Moyer Group, LLC	MBGF-CSP	\$ 153,000	\$ 385,000	Approved by Chair and Fund Manager	May 5, 2014	Y
BeneBuilding, LLC	MBGF-CSP	\$ 175,000	\$ 660,000	Approved by Chair and Fund Manager	May 19, 2014	Y
Total		\$ 1,102,500	\$ 2,995,000			

MSDF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
No projects approved under MSDF						



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN/GRANT PORTFOLIO
Board Meeting July 22, 2014**

FOR QUARTER ENDED 6/30/14

BACKGROUND

On January 25, 2012, the Michigan Strategic Fund (“MSF”) Board approved by resolution a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund, (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor Fund program and Michigan Life Sciences Corridor Fund program, and (iii) those loans awarded under the Choose Michigan program, including the authority to approve loan restructure requests (“Delegation of Authority”). Under the Delegation of Authority, actions related to awards with an original amount of \$1,000,000 or less may be approved by the MSF Chairperson, the MSF Fund Manager and the MSF State Treasurer Director, with only one required to act. Actions related to awards with an original amount of \$1,000,001 to \$3,000,000 are reviewed by the MSF Investment Subcommittee before presentation to the delegates for final approval. Actions related to awards with an original amount of \$3,000,001 are presented to the full MSF Board.

In addition, under Executive Order No. 2010-8, the Governor abolished the Strategic Economic Investment and Commercialization (“SEIC”) Board and all powers, duties, and functions of the SEIC Board were transferred to the MSF. On October 27, 2010 the MSF Board delegated to the MSF Chairperson or the MSF State Treasurer Director the authority to approve final disbursements and no-cost amendments to grants and other contracts previously administered by the SEIC Board under the 21st Century Jobs Fund and its predecessor programs.

APPROVALS BY AUTHORIZED DELEGATE

Between April 1, 2014 and June 30, 2014 the following actions were approved by one of the authorized MSF Board members:

Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
MuciMed, Inc.	Loan Restructure	\$50,000	\$50,000	April 1, 2014
Molecular Imaging Research, Inc.	Write Off Request	\$1,300,600	\$1,300,600	April 14, 2014
AquaBioChip, LLC	Loan Restructure	\$255,888	\$255,888	April 17, 2014
Zoltan Laboratories, LLC	Loan Restructure	\$200,000	\$200,000	April 25, 2014
Aursos, Inc.	Loan Restructure	\$100,000	\$100,000	April 28, 2014

Beholztech, Inc.	Write Off Request	\$50,000	\$50,000	May 5, 2014
NexusTech Ventures, LLC	Write Off Request	\$3,063,000	\$125,000.00	May 29, 2014
AFID Therapeutics, Inc. – 2006 CBCP*	Write Off Request	\$1,665,725	\$1,665,725.00	June 2, 2014
AFID Therapeutics, Inc. – 2007 CFGF*	Write Off Request	\$150,000	\$150,000	June 2, 2014
Asterand ROI Agreement	Termination of 2003 MLSC - ROI Fee Agreement	\$1,055,627	N/A	N/A

ABOUT THE COMPANIES

MuciMed, Inc.

MuciMed, Inc., a Kalamazoo-based company, was formed to develop and commercialize mucin proteins for the treatment of gastrointestinal diseases. MuciMed's objective is to develop MUC17, a novel protein therapeutic, for the important treatment of mucositis, ulcerative colitis, and other colitides collectively known as Inflammatory Bowel Disease (IBD).

Molecular Imaging Research, Inc.

Molecular Therapeutics, Inc., an Ann Arbor-based company, is a privately held biotechnology holding company. Focusing on in-licensing promising pharmaceutical and medical device technologies in the late pre-clinical development phase, Molecular conducts proof-of-principle clinical (phase II) studies on a virtual basis for eventual corporate partnership and commercialization.

AquaBioChip, LLC

AquaBioChip, a Lansing-based company, commercializes novel instrumentation and services for conducting diagnostics for pathogen identification in air, food and water. The benefit is an increased ability to keep food and water safe from pathogen intrusion. AquaBioChip is working to expand development and commercialization of their instrumentation and services.

Zoltan Laboratories, LLC

Zoltan Laboratories, LLC is developing a drug to treat and protect the normal functions of healthy organs in patients who battle both diabetes and cancer. About 10-15% of cancer patients are also diabetic. This drug will enhance the efficacy of both diabetic and cancer treatments.

Aursos, Inc.

Aursos, Inc. a Kalamazoo-based company, has licensed technology on the parathyroid Hormone (PTH) proteins found in the black bear (*Ursus americanus*). The therapeutic mission of the company is to develop black bear PTH (BB-PTH) 1-34 for the prevention and treatment of osteoporosis.

Beholztech, Inc.

Beholztech, Inc., a Flint-based company, is the developer of an innovative, water-borne process that permanently modifies the surface of polyolefin plastics so that it can be painted, laminated, glued, caulked, coated, or further modified at the molecular level.

NexusTech Ventures

NexusTech Ventures, a Novi-based company, is a development stage, company formation fund. Its goal is to provide pre-seed capital for target technologies that will ultimately leading to job creation and growth of technology.

AFID Therapeutics, Inc.*

Afid Therapeutics, Inc., a Lansing-based company, was formed to develop biochemical technologies and strategies for new drug discoveries. AFID manufactures and sells from a deep portfolio of chemical compounds. Behind the company is an extensive web of synthetic chemistry patents and expertise covering processes and compositions that allow the preparation of very advanced small molecule drugs and new advanced materials for use in their delivery

Asterand, Inc.

Asterand, Inc., a Detroit-based company, was formed in 2001 with the purpose of developing tissue samples for life science research.



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSF CONFIDENTIALITY MEMOS**

Board Meeting: July 22, 2014

FOR QUARTER ENDED JUNE 30, 2014

BACKGROUND

As a part of the process for negotiating with companies seeking to invest in Michigan, the Michigan Strategic Fund (MSF) receives information of a financial and/or proprietary nature from applicant companies. Avoiding the public disclosure of this information is desirable in order to protect against the potential for significant competitive harm to the applicant companies.

Via MCL 125.2005(9), as amended by Public Act 251 of 2011, information of a financial or proprietary nature considered by the applicant as confidential and acknowledged as confidential by the Michigan Strategic Fund Board or its designee is exempted from disclosure by the Michigan Freedom of Information Act, Public Act 442 of 1976, as amended. On February 27, 2012, the MSF Board approved by resolution the delegation of this authority to the MSF Fund Manager, who acknowledges the confidentiality of eligible information on behalf of the MSF Board by executing a confidentiality memo.

APPROVALS BY AUTHORIZED DELEGATE

During the period between April 1 and June 30, 2014, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
Middleville Tool & Die Co Middleton Enterprises, LLC 11900 Patterson Road Middleville, MI 49333	All financial statements; Responses to Questions 1 and 2 under the heading Site/Financing Information of the Supplemental Information Questionnaire
Challenge Manufacturing Company 3079 Three Mile Road NW Walker, MI 49534	Corporate structure and ownership detail; base employee count and location information; project proposal and descriptions and related strategic information; financial detail; projected hiring and location/facility implications; any and all customer information, including name; project financing and bank details; names, titles, and contact information of the officers and directors of the company; Operating Agreement: Membership - Transfer of Interests & Article 3 - Management (entire section); audited and interim financial statements
BeneBuilding, LLC and any related borrowers and guarantors; and Fifth Third Bank 1423 E. 11 Mile Rd Royal Oak, MI 48067	Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio

	analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information
<p>Moyer Group, LLC and any related borrowers and guarantors; and Fifth Third Bank 3970 Herbey Canton, MI 48188</p>	Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information
<p>Lofts on Michigan, LLC 16 Monroe Center, Ste 200 Grand Rapids, MI 49503</p>	Operating Agreement: Page with members listed, Section 3.5, Section 3.6, Signature pages of members, and Schedule A; Bank Term Sheet; Closing Statement; MCRP Application Tabs- Revenue Input, pro forma, sources & Uses, Cash Flow, Amortization Schedule, Developer Investment Returns; Rent Roll; and Appraisal

MEMORANDUM

DATE: July 22, 2014

TO: Michigan Strategic Fund (“MSF”) Board Members

FROM: Josh Hundt, Director, Business Incentives
Deborah Stuart, Director, Community Incentive Programs

SUBJECT: Quarterly Report of Delegated Approvals on Michigan Business Development Program & Michigan Community Revitalization Program

On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the 3rd quarter of the 2014 fiscal year.

Detailed information is now sent to all Board Members as they are approved. As such, the detailed informational sheet on each approval is not included in this memo. If you would like additional information on a project, please let us know.

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Fuyao Automotive North America	4/8/2014	Orion Charter Township	\$1,000,000	102	\$15,390,000
InGlass	4/24/2014	Byron Township	\$300,000	109	\$17,668,890
NOVO 1	4/24/2014	Cascade Township	\$550,000	299	\$1,500,325
Herbruck Poultry Ranch	4/25/2014	Village of Saranac	\$500,000	50	\$33,000,000
Mahindra North America Technical Center	4/28/2014	City of Troy	\$500,000	112	\$1,912,854
Toyoda Gosei North America Corporation	5/14/2014	City of Troy	\$250,000	51	\$7,951,500
AvaSure	5/14/2014	Plainfield Township	\$550,000	110	\$1,896,400
SolarBos	6/4/2014	City of Walker	\$250,000	56	\$884,000
WKW Roof Rail Systems	6/4/2014	City of Battle Creek	\$950,000	186	\$22,842,000
Cascade Die Casting Group	6/5/2014	Village of Sparta and Gaines Township	\$275,000	50	\$5,336,000
Ventra Ionia Main	6/9/2014	City of Ionia	\$500,000	137	\$8,504,539

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Woodward Willis, LLC	4/1/2014	City of Detroit	\$745,000	100	\$6,429,399
Marquette Food Cooperative, Inc.	4/28/2014	City of Marquette	\$615,000	30	\$3,375,416
Ransom Real Estate, LLC	4/30/2014	City of Kalamazoo	\$411,000	5	\$2,356,461
Wesener, LLC	5/18/2014	City of Owosso	\$560,000	1	\$2,697,783
NY Jefferson LLC	6/20/2014	City of Detroit	\$834,800	27	\$5,189,853

MEMORANDUM

DATE: July 22, 2014
TO: Michigan Strategic Fund (“MSF”) Board Members
FROM: Deborah Stuart, Director, Community Incentive Programs
SUBJECT: Quarterly Report of Delegated Approvals on Act 381 Work Plans

On December 31, 2012, The Brownfield Redevelopment Financing Act (Act 381) was amended to allow the chairperson of the Michigan Strategic Fund delegated approval of work plans that consist of tax capture of less than \$500,000. Listed below is a synopsis of the delegated work plans that were approved during the 3rd quarter of the 2014 fiscal year.

Project Name	Approval Date	Location	Approved TIF Amount	Jobs	Investment
Buchanan North Warehouse Renovation	4/21/2014	City of Chelsea	\$289,800	3	\$4,767,896
Graetz Redevelopment Project	4/24/2014	City of Traverse City	\$229,841	3	\$1,300,000
Norbridge Building Redevelopment Project	4/30/2014	City of Kalamazoo	\$120,009	5	\$2,356,461
High Grade Materials Redevelopment	5/2/2014	City of Lansing	\$274,928	2	\$1,900,000
Fairview Elementary School Repurposing Project	6/20/2014	City of Walker	\$341,874	50	\$3,720,000
Total			\$1,256,452	63	\$14,044,357

Detailed information is now sent to all Board Members as they are approved. As such, the detailed informational sheet on each approval is not included in this memo. If you would like additional information on a project, please let us know.



MEMORANDUM

Date: July 22, 2014
To: Michigan Strategic Fund Board
From: Christine Whitz, Manager, Community Development Block Grant Program
Subject: *Community Development Block Grant Program
 Quarterly Report of Delegated Approvals (April - June 2014)*

On October 23, 2013, the MSF Board approved the Community Development Block Grant (CDBG) program delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the previous quarter. If you would like additional information on a project, please feel free to contact me.

Grantee	Approval Date	CDBG Funds	Brief Summary of Project
City of Gaylord	4/4/14	\$650,000	The City received a grant in the amount of \$650,000 for job training for the AMI Industries, Inc. project. The City expects that this project could result in private investment of \$4,082,000 and the creation of 101 jobs. The Company will conduct a 26 week on the job training program for its newly hired employees.
City of Mason	4/8/14	\$446,000	The City received \$446,000 in grant funds for rehabilitation and exterior façade improvements for redevelopment of 124 and 140 Ash Street, Mason. The project will rehabilitate two blighted and underutilized buildings. The City of Mason expects that this project could result in \$2,248,500 of private investment.
City of East Jordan	4/17/14	\$15,000	The City received \$15,000 in grant funds for a wastewater planning study. The City desires to complete a feasibility study to identify options for upgrades/improvements to its existing wastewater treatment plant. The City expects that this project could result in potential near term job creation of which 51% would be available to low and moderate income persons. The City would like to explore options to handle future growth and potential wastewater flows from Burnette Foods.
Village of Kingsley	4/21/14	\$81,655	The Village received \$81,655 in grant funds for elimination of blight needed for the existing structure located at 200 E. Main Street in Grant Traverse County. The Village expects that completion of this project will result in a total investment of \$120,950.

City of Clare	4/23/14	\$599,940	The City received \$599,940 in grant funds for the Northern Logistics Infrastructure Project located in Clare County. The CDBG funds will be used to make needed improvements to Colonville Road. The City expects this project to result in \$1,500,000 of private investment and the creation of 60 jobs.
Certified Grant Administrator Training	5/21/14	\$20,000	The CDBG Program received \$20,000 in grant funds for a CDBG Certified Administrator Training project. The training is in response to inefficiently administered CDBG grants at the Local level of government and will result in standardized selection of people to administer CDBG projects to be held at a certain standard. This action will enable the CDBG staff to focus on more crucial areas of the CDBG program.
City of Milan	5/21/14	\$225,000	The City of Milan received \$225,000 in grant funds for on the job training needed for Jaytec, LLC, located in Milan, Monroe County. The City expects that this project could result in private investment of \$3,397,100 and the creation of 50 jobs. On the job training assistance will help the Company defray some costs and allow them to provide the necessary skills to their employees.
County of Marquette	5/31/14	\$413,490	The County received \$413,490 in grant funds for exterior improvements needed for the City of Ishpeming Downtown Façade Improvement Project. The County expects that this project could result in private investment of \$177,848. The private/public partnership will improve the visual appearance of the downtown area by eliminating or lessening the deteriorated, blighted or unsightly facades in downtown Ishpeming.
City of Albion	6/5/14	\$58,000	The City of Albion was awarded a \$342,000 grant in May, 2013 to assist with rehabilitation activities needed for the Bohm Theater Historic Preservation Project. The City received \$58,000 in additional grant funds needed to complete the project. The City expects that the private investment will increase an additional \$854,544. The project could result in the creation of two jobs.
Total CDBG Funds for Quarter		\$2,509,085	