

MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
JULY 25, 2017
10:00 am

Public comment – Please limit public comment to three (3) minutes

Communications

Chief Compliance Officer Quarterly Report – *Information Only*

A. Consent Agenda

Proposed Meeting Minutes – June 27, 2017

Amazon – MBDP Amendment – Trevor Friedeberg

Intrepid Web, LLC dba Mindutopia/City of Grand Rapids – Renaissance Recovery Zone Amendment/
Transfer – Mike Gietzen

Midland DTH LLC – MCRP Amendment – Mary Kramer

Third and Grand LLC – MCRP Amendment – Lynda Franke

Moran Iron Works – MBDP Amendment – Colleen Horton

Exchange Building, LLC/W. Michigan & Rose Development LLC – City of Kalamazoo – MCRP
Loan Reauthorization – Emily Petz

B. Administrative

Transformational Brownfield Plan Guidelines – Katharine Czarnecki

International Trade Contractor – Request to Issue RFP – Natalie Chmiko

C. Community Vitality

The Corner Lender, LLC and Tiger Stadium Partners, LLC (The Corner-Michigan & Trumbull Project)
– Brownfield Act 381 Work Plan Amendment & MCRP Loan – Brittney Hoszkiw

Pontiac East Gateway Redevelopment Project – Brownfield Act 381 Work Plan – Stacy Esbrook

Grand Rapids Downtown Market Holdings LLC – MCRP Amendment – Julius Edwards

D. Image/State Branding

2017 Pure Michigan Campaign Insights Study – Request to Issue RFP – Kelly Wolgamott

E. Informational

Quarterly Reports

Closed Session

Morrell Incorporated – MEGA Settlement – Mark Morante



STATE OF MICHIGAN
OFFICE OF THE CHIEF COMPLIANCE OFFICER
LANSING

RICK SNYDER
GOVERNOR

KEVIN FRAN CART, ESQ.
CHIEF COMPLIANCE OFFICER

MEMORANDUM

July 7, 2017

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

Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2017 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 2017 fiscal year were either successfully resolved or are being appropriately addressed.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. The Chief Compliance Officer assisted the MSF with conflict of interest questions; Board delegation; Willow Run Arsenal of Democracy Landholdings Limited Partnership investments; and is continuing the review of the BDP decision making process. As reported previously, because of staffing changes the site visit guidelines were modified. Because of the staffing changes the site visit guidelines were changed to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines. The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as background checks, the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**APPROVAL OF JULY 2017 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.

Consent Agenda Items:

Proposed Meeting Minutes – June 27, 2017

Amazon – MBDP Amendment

Intrepid Web, LLC dba Mindutopia/City of Grand Rapids – Renaissance Recovery Zone
Amendment/Transfer

Midland DTH LLC – MCRP Amendment

Third and Grand LLC – MCRP Amendment

Moran Iron Works – MBDP Amendment

Exchange Building, LLC/W. Michigan & Rose Development LLC – City of Kalamazoo – MCRP Loan
Reauthorization

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

**MICHIGAN STRATEGIC FUND
PROPOSED MEETING MINUTES
June 27, 2017**

Members Present

Paul Anderson
Roger Curtis
Paul Gentilozzi
Stephen Hicks
Andrew Lockwood (on behalf of Treasurer Khouri)
Greg Tedder (on behalf of Chairman Arwood)
Shaun Wilson
Wayne Wood

Members Absent

Larry Koops
Terri Jo Umlor
Jody DePree Vanderwel

Mr. Tedder called the meeting to order at 10:04 am.

Mr. Tedder recognized the following legislators in attendance: Senator Hoon-Yung Hopgood and Representative Erika Geiss speaking in support of the Amazon project in Romulus. He also recognized Jacquob Littlejohn and Josh Cianek who attended on behalf of Representative Brian Elder in support of the 213 Development, LLC project in Bay City.

Public Comment: Mr. Tedder asked that any attendees wishing to address the Board come forward at this time. No public comment.

Communications: Andrea Robach, Partner Relationship Manager, welcomed new member Stephen Hicks, President and CEO of JM Longyear in Marquette.

A. CONSENT AGENDA

Resolution 2017-078 Approval of Consent Agenda Items

Mr. Tedder asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Wayne Wood motioned for the approval of the following:

Proposed Meeting Minutes – May 23, 2017

Mobis North America – MBDP Amendment – **2017-079**

55 Ionia Partners, LLC – MCRP Amendment – **2017-080**

Exchange Building, LLC – MCRP Amendment – **2017-081**

Hotel Holdings Monroe, LLC – MBT Brownfield Credit Amendment – **2017-082**

Parkland Muskegon Inc./Highpoint Flats Muskegon – MBT Brownfield Credit & MCRP Amendment – **2017-083 & 2017-084**

Woodward and Erskine – MCRP Amendment – **2017-085**

CDBG Application Guide, HUD Program Year 2017-2018 – Update Priorities – **2017-086**

609 E Kirby Lofts LLC – MCRP Amendment – **2017-087**

MSHDA Housing Development Fund – Grant Amendment – **2017-088**

Paul Gentilozzi seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2017-089 Autoliv ASP, Inc. – City of Southfield – MBDP Grant

Marcia Gebarowski, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-089. Paul Gentilozzi seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolutions 2017-090, 2017-091 & 2017-092 Williams International – City of Pontiac – MBDP Grant, MSF Renaissance Zone Designation & Michigan Motion Pictures Studio Renaissance Zone Revocation Request

Marcia Gebarowski, Senior Business Development Project Manager, provided the Board with information regarding these action items. Following brief discussion, Wayne Wood motioned for the approval of Resolutions 2017-090, 2017-091 & 2017-092. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2017-093 ZFS Ithaca, LLC/County of Gratiot Brownfield Redevelopment Authority – City of Ithaca – Act 381 Work Plan

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Wayne Wood motioned for the approval of Resolution 2017-093. Roger Curtis seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2017-094 Kroger Company – Chesterfield Township – MBDP Grant

Trevor Friedeberg, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Paul Anderson motioned for the approval of Resolution 2017-094. Shaun Wilson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2017-095 Amazon.com.dedc, LLC – City of Romulus – MBDP Grant

Trevor Friedeberg, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-095. Stephen Hicks seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Stephen Hicks, recused from next item, leaves the room

B2. Entrepreneurship

Resolution 2017-096 Invent@NMU Business Incubator – Award Request

Fred Molnar, Vice President Entrepreneurship and Innovation, provided the Board with information regarding this action item. Following brief discussion, Paul Anderson motioned for the approval of Resolution 2017-096. Roger Curtis seconded the motion. **The motion carried: 7 ayes; 0 nays; 1 recused.**

Stephen Hicks rejoined the meeting.

Resolution 2017-097 2017 Business Incubator Gatekeeper – Award Recommendations

Fred Molnar, Vice President Entrepreneurship and Innovation, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-097. Paul Gentilozzi seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

C. Community Vitality

**Resolutions 2017-098 & 2017-099 213 Development LLC/City of Bay City Brownfield
Redevelopment Authority – Act 381 Work Plan & MCRP Grant/Loan**

Chuck Donaldson, Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Wayne Wood motioned for the approval of Resolutions 2017-098 & 2017-099. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**Resolution 2017-100 409 on Nine Development Project/City of Ferndale Brownfield
Redevelopment Authority – Act 381 Work Plan**

Nicol Brown, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-100. Paul Gentilozzi seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2017-101 City of Trenton/Former McLouth Steel Site – MSF Loan Request

Nicol Brown, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-101. Shaun Wilson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Mr. Tedder adjourned the meeting at 11:31 am.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

January 12, 2017

Ms. Andrea Robach
Board Relations Liaison
Michigan Strategic Fund Office
300 N. Washington Square
Lansing, MI 48913

Dear Ms. Robach,

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to be "N.A. Khouri", with a long horizontal stroke extending to the right.

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood

January 17, 2017

Mr. Mark Morante, Fund Manager
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Dear Mr. Morante,

I hereby designate Gregory Tedder to represent me at the Michigan Strategic Fund Board meetings that I am unable to attend.

Sincerely,



Steve Arwood
MSF Board President & Chairman

June 26, 2017

Ms. Jennifer Tebedo
Michigan Strategic Fund Administrator
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

Dear Jennifer

Please consider this communication as a letter of recusal for the invent@nmu business investment entrepreneurship agenda item listed for the Tuesday, June 27, 2017 Michigan Strategic Fund board meeting.

I will be recusing myself because I am a member of the board of Innovate Marquette Smart Zone who will be working collaboratively with invent@nmu.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Hicks", with a long horizontal stroke extending to the right.

Stephen J. Hicks

MEMORANDUM

Date: July 25, 2017

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

From: Trevor Friedeberg, Senior Business Development Project Manager

Subject: Amazon.com.dedc, LLC (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Reauthorization

Summary

This is a request to reauthorize the Michigan Strategic Fund (MSF) Board approval from December 20, 2016 for a \$7,500,000 performance based grant for the creation of 1,000 jobs in the City of Livonia.

Background

On December 20, 2016, the Michigan Strategic Fund (MSF) Board approved a MBDP performance-based grant in the amount of \$7,500,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days.

Recommendation

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

- a) Reauthorization 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
- c) Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**RE-APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
AMAZON.COM.DEDC, 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, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MBDP 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, via MSF Resolution 2016-255, the MSF approved an \$7,500,000 Michigan Business Development Program Performance based grant on December 20, 2016 for the construction of a new fulfillment center in the City of Livonia (the “Project”);

WHEREAS, due to administrative limitations, the Company and MEDC have not been able to come to a formal agreement within the allotted approval timeframe;

WHEREAS, Amazon.com.dedc, LLC (“Company”) has requested re-approval of the performance based MBDP grant of up to \$7,500,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached (“Term Sheet”); and

WHEREAS, the MEDC recommends 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”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

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: December 5, 2016

- 1. Company Name:** Amazon.com.dedc, LLC ("Company" or "Applicant")
- 2. Company Address:** 410 Terry Avenue
Seattle, WA 98109
- 3. Project Address ("Project"):** 13000 Eckles Road
Livonia, MI 48150
- 4. MBDP Incentive Type:** Performance Based Grant
- 5. Maximum Amount of MBDP Incentive:** Up to \$7,500,000 ("MBDP Incentive Award")
- 6. Base Employment Level** 277 The number of jobs currently maintained in Michigan by the Company and Brilliance Audio, Inc, or any combination ("Company Group") based on data submitted by the Company to the MEDC reflecting the Company Group'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:** 1,000 The minimum number of total Qualified New Jobs 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
(above Base Employment Level)

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:** \$89,870,145 in machinery and equipment, new building construction, leasehold improvements, and other personal property or any combination thereof, for the Project.

9. **Municipality supporting the Project:** City of Livonia

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 tax abatement on real and/or personal property. The final terms and conditions demonstrating this support shall be included in the final Agreement.

b.

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 Group 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 the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

a. **Disbursement Milestone 1:** Up to \$2,625,000 Upon demonstrated creation of 350 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2018.

b. **Disbursement Milestone 2:** Up to \$2,625,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 350 additional Qualified New Jobs (for a total of 700 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.

c. **Disbursement Milestone 3:** Up to \$2,250,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 300 additional Qualified New Jobs (for a total of 1,000 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.

11. **Term of Agreement:** Execution of Agreement to June 30, 2021

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 Group moves 25% or

more of their employees out of Michigan, if the Company Group 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.

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. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.

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 to 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.

On behalf of the Company, the undersigned is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters outlined in this Term Sheet. However, the Company will not be bound to any agreement unless and until it reviews, approves, and executes a final and definitive written agreement with MEDC containing terms and conditions which are acceptable to the Company.

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 Friday, December 13th the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Amazon.com.dedc, LLC

By:

Braden Cox

Printed Name:

Braden Cox

Its:

Vice President

Dated:

12/14/16

Michigan Economic Development Corporation

By:

Trevor Friedberg

Printed Name:

Trevor Friedberg

Its:

Business Dev. Project Mgr.

Dated:

12/14/2016

MEMORANDUM

Date: July 25, 2017

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

From: Stacy Bowerman, Senior Project Manager

Subject: *Ford Motor Company (“Company”)
Amendment to Approved State Essential Services Assessment Exemption Agreement*

Request

This is a request from the Company to increase the maximum Qualified Investment in Eligible Personal Property from \$1.2 billion to \$1.55 billion associated with its State Essential Services Assessment Exemption in the City of Livonia.

Background

On April 26, 2016 the Michigan Strategic Fund approved a 15 year State Essential Services Assessment Exemption for up to \$1.2 billion of Qualified Investment to support the Company’s expansion at its Livonia Transmission Plant. The equipment supported a new 10 speed rear wheel drive transmission used in the Raptor, F-150 and other rear wheel drive vehicles. The Livonia plant currently employs approximately 1,800 people and produces six-speed and 10 speed transmissions used in a number of rear wheel drive vehicles. As of first quarter 2017, the Company has invested nearly \$700 million toward the project.

The Company is proposing investing an additional \$350 million in its Livonia Transmission plant, adding another new transmission to its lineup. The Company will create or retain 800 hourly jobs to support production of the new transmission. Jobs are expected to be added late this year, with the majority coming next year and in 2019.

The Company evaluated locations in neighboring states as well as Mexico for this expansion. Labor cost, current facility product lines, and long term cost of doing business were taken into consideration when determining where to locate the new product line. Allowing the Company to claim the additional investment under its existing State Essential Services Assessment Exemption will ensure the project move forward in Michigan.

Amendment Value Breakdown

The 15 year State Essential Services Assessment Exemption Amendment is estimated to be worth \$27.3 million. The requested amendment breaks down as follows:

	Years 1 – 5 (2.4 mills)	Years 6 – 10 (1.25 mills)	Years 11-15 (0.9 mills)	Total
State ESA Exemption Amendment Amount	\$4,200,000	\$2,190,000	\$1,440,000	\$7,830,000



Recommendation

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

- a) Amend the April 26, 2016 State Essential Services Assessment Exemption approval for Ford Motor Company to increase the Maximum Qualified Investment from \$1.2 billion to \$1.55 billion.
- b) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2017-**

**FORD MOTOR COMPANY (the “Company”)
STATE ESSENTIAL SERVICE ASSESSMENT EXEMPTION AMENDMENT APPROVAL**

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

WHEREAS, the Michigan legislature passed legislation, 2014 PA 80, to revise the personal property tax system so as to allow individuals, small businesses and large businesses to thrive and create jobs in the State of Michigan, but which needed to be approved by the qualified electors of the State of Michigan;

WHEREAS, on August 5, 2014, the qualified electors of the State of Michigan approved the legislation to revise the personal property tax system. This revision shall take effect January 1, 2015. The approval also enacted 2014 PA 92 and 2014 PA 93, the State Essential Services Assessment Act (“SESA”) and the Alternative State Essential Services Assessment Act (“Alternative SESA”);

WHEREAS, the SESA and the Alternative SESA authorized the creation and operation of the SESA and Alternative SESA Exemption Program by the Michigan Strategic Fund (“MSF”) pursuant to MCL 211.1059;

WHEREAS, on October 28, 2014, the MSF Board approved the SESA and Alternative SESA Exemption Program Guidelines.

WHEREAS, the MSF Board approved a SESA exemption of up to fifteen (15) years for qualifying investment of up to \$1.2 billion in eligible personal property, as defined in the SESA Exemption and Alternative SESA Program Guidelines, in the City of Livonia (the “SESA Exemption Request”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the SESA Exemption to increase the qualified investment to up to \$1.55 billion in eligible personal property, as defined in the SESA Exemption and Alternative SESA Program Guidelines, in the City of Livonia (the “SESA Exemption Amendment Request”);

WHEREAS, the MEDC recommends that the MSF Board approve the SESA Exemption Amendment Request; and

WHEREAS, the MSF Board desires to approve the SESA Exemption Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the SESA Amendment Exemption Request.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

MEMORANDUM

Date: July 25, 2017

To: Michigan Strategic Fund Board

From: Mike Gietzen, Business Development Program Manager

Subject: Intrepid Web, LLC dba Mindutopia
Geographical Renaissance Recovery Zone Subzone – Transfer

Action

The Michigan Economic Development Corporation (“MEDC”) is recommending the transfer of the Geographical Renaissance Recovery Zone Subzone for Via Design, LLC to Intrepid Web, LLC dba Mindutopia (the “Company”) by the Michigan Strategic Fund (“MSF”) Board.

Background

On February 25, 2009 the MSF Board designated a Geographical Renaissance Recovery Zone Subzone located in the City of Grand Rapids at 563 Grandville Ave SW Grand Rapids, Michigan 49503 to Via Design, Inc. The fourteen-year Recovery Zone term is currently set to expire at the conclusion of 2023.

In August of 2016 Intrepid Web, LLC dba Mindutopia acquired assets from Via Design, Inc. and created a real estate holding company of Mind You Properties LLC who is the property owner.

The Company currently employees five full-time employees and is planning on hiring two more within the next year. The Company will also be remodeling the building by adding a kitchen and an additional bathroom along with external updates of the building.

The City of Grand Rapids is in support of this transfer and has notified the MEDC of their recommendation of the Recovery Zone for transfer.

Recommendation

MEDC Staff recommends the MSF Board transfer the Geographical Renaissance Recovery Zone Subzone for Via Design, LLC to Intrepid Web, LLC dba Mindutopia.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2017-**

**TRANSFER OF SUBZONE FOR AN EXISTING RENAISSANCE ZONE
City of Grand Rapids, Intrepid Web, LLC dba Mindutopia**

WHEREAS, on February 25, 2009 the Michigan Strategic Fund approved the Grandville Subzone in the existing City of Grand Rapids Renaissance Zone, as authorized in Section 4(4) of the Michigan Renaissance Zone Act, Public Act 376 of 1996 (the "Act"), as amended;

WHEREAS, as a condition of the Subzone, a development agreement was entered into between Via Design Inc., real property owner and the Michigan Strategic Fund (the "MSF") that incorporated the terms described in Resolution 2009-020;

WHEREAS, on August 31, 2016, Mind You Properties, LLC which is an affiliate of Intrepid Web, LLC dba Mindutopia (the "Company") acquired Via Design Inc.;

WHEREAS, the Michigan Economic Development Corporation (the "MEDC") administers the renaissance zone program and received an application from Intrepid Web, LLC dba Mindutopia (the "Application") for a transfer of the renaissance zone designation for the property located within the City Grand Rapids Renaissance Zone, Grandville Subzone;

WHEREAS, as a condition of the transfer of the renaissance zone designation, the Company must enter into a development agreement between the MEDC and the real property owner, Intrepid Web, LLC dba Mindutopia;

WHEREAS, the City of Grand Rapids passed a resolution consenting to 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 designation for property parcel 41-13-36-208-008 in the City of Grand Rapids Renaissance Zone, Grandville Subzone, provided that a development agreement is entered into between Mind You Properties, LLC the real property owners, and the Michigan Strategic Fund by December 31, 2017.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application for a transfer of the renaissance zone designation for property parcel 41-13-36-208-008 in the City of Grand Rapids Renaissance Zone, Grandville Subzone, provided that a development agreement is entered into between Mind You Properties, LLC the real property owners, and the Michigan Strategic Fund by December 31, 2017.

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

Ayes:

Nays:

Recused:

July 25, 2017
Lansing, Michigan

MEMORANDUM

Date: July 25, 2017
To: Michigan Strategic Fund Board
From: Mary Kramer, MCRP and Brownfield Program Specialist
Subject: Midland DTH LLC
Michigan Community Revitalization Program
Request for Approval of Loan Agreement Amendment #2

Request

Midland DTH LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Loan Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated June 21, 2017, includes a request to revise the certificate of occupancy requirement in Milestone Two Conditions to Loan Disbursement to allow for a Certificate of Completion in lieu of an unconditional certificate of occupancy for all units.

Background

The Michigan Strategic Fund Board approved a \$4,780,000 performance-based loan on February 25, 2014, to the Company for construction of a five-story, mixed-use building and underground parking in downtown Midland. The new development will include retail, office, and residential space.

The amendment has been requested because the project includes construction of a total of 23 commercial and residential condominium units. The Company has received unconditional Certificates of Occupancy for 16 of the units. The remaining six residential units and one commercial restaurant unit are currently in a white-box condition and will be built out as the units are sold. The Company has received a Certificate of Completion for the core and shell of the building including the finish of all common areas such as hallways, stairways, garage and all unfinished areas such as future condo areas and retail spaces.

An amendment to the project was approved on November 24, 2015, to extend milestone due dates. Milestone One has been completed and the company is current with reporting requirements.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Loan Agreement and any related ancillary agreements to allow for a Certificate of Completion in lieu of an unconditional certificate of occupancy per the Company’s request dated June 21, 2017.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY
REVITALIZATION PROGRAM LOAN AWARD FOR
MIDLAND DTH LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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, as later amended (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (“Transaction Documents”);

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

WHEREAS, by Resolution 2014-014 on February 25, 2014 the MSF Board awarded a MCRP Loan to Midland DTH LLC, or other entities formed or to be formed, in furtherance of the Project of up to \$4,780,000 (“Award”);

WHEREAS, by Resolution 2015-167 on November 24, 2015, the MSF Board approved a MCRP amendment to extend milestone due dates;

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to allow for a Certificate of Completion in lieu of an unconditional certificate of occupancy, with all other requirements remaining in place from the original approval and the previously approved amendment.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

MEMORANDUM

Date: July 25, 2017

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Third and Grand LLC
Michigan Community Revitalization Program
Request for Approval of a MCRP Loan Participation and Servicing
Agreement Amendment

Request

Third and Grand LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements. The amendment request is to extend the Milestone One due date from January 22, 2017 to July 31, 2017, the Milestone Two due date from November 30, 2018 to January 31, 2019, and to correct the Agreement to reflect a Minimum Eligible Investment amount of \$29,651,000. The amendment request also includes a request for consent from the MSF to modify the project budget, replace the original general contractor, and extend the Construction Completion Date from October 1, 2018 to November 21, 2018.

Background

The Michigan Strategic Fund Board (“MSF Board”) approved up to a \$2,000,000 Other Economic Assistance-Loan Participation on September 27, 2016, to the Company for the purpose of redeveloping 1.52 acres of property located at 2911 West Grand Boulevard in the the New Center area of Detroit into an approximately 356,000 square foot mixed-use development including 231 residential units, four to six retail spaces and a multi-story parking facility.

The MSF Award funds have not yet been disbursed. Construction is well underway, funded by the Company’s equity contributions to this point. The project is not in compliance with the MSF agreement, as the due date to request MSF funds was January 22, 2017. The requests are necessitated by the fact that the project financing closed without all of the Guaranteed Maximum Price construction contracts (“GMP”) being finalized and executed for the whole project. The Borrower divided the work into three phases, and the project financing closed with an executed GMP for the site work phase only. When negotiations for GMP#2 and #3 did not produce a workable price, the Company opted to pursue a new general contractor to complete the project. The process of receiving and reviewing new bids, including closing out the original general contractor, has taken several months and delayed construction. GMP#2 and #3 have now been executed and the Company is confident that their new plan will lead to the successful completion of the project within the requested extended timelines.

The Lender and MSF staff are comfortable with the proposed changes due to the fact the Company took the necessary steps to keep the project relatively on track and has committed to fund any resulting budget increases with owner equity.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Agreement and any related ancillary agreements to allow the following:

- a) extension of Milestone One due date to July 31, 2017
- b) extension of Milestone Two due date to January 31, 2019
- c) consent to replacement of the general contractor from Wieland to O'Brien Construction Company
- d) consent to budget modification
- e) consent to time extension of the Construction Completion Date
- f) a correction in the Minimum Eligible Investment from \$20,000,000 to \$29,651,000

MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY
REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE LOAN
PARTICIPATION AWARD FOR
THIRD AND GRAND, L.L.C.**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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, as later amended (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (“Transaction Documents”);

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

WHEREAS, by Resolution 2016-198 on September 27, 2016 the MSF Board awarded an MCRP Other Economic Assistance Loan Participation Award to Third and Grand L.L.C., in furtherance of the Project of up to \$2,000,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation: 1) to extend the due date of Milestone One to July 31, 2017; 2) to extend the due date of Milestone Two to January 31, 2019; 3) consent to incorporate a revised budget into the Construction Loan Agreement; 4) consent to replacement of the general contractor; 5) consent to an extension of the Construction Completion Date; and 6) amend the “Minimum Eligible Investment” amount in the MSF Loan Participation Agreement to correct it from \$20,000,000 to \$29,651,000, with all other requirements remaining in place from the original approval.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

MEMORANDUM

Date: July 25, 2017
To: MSF Board
From: Colleen Horton, Director, Business Compliance
Subject: **Moran Iron Works, Inc.**
Amendment to Michigan Business Development Program Award

Request

Moran Iron Works, Inc. (“Moran” or “Company”) is requesting the Michigan Strategic Fund (“MSF”) convert Annual Payments required under their Michigan Business Development Program (“MBDP”) performance based grant to an interest bearing loan requiring monthly payments. The company has an amendment to the payment term to allow for monthly payments beginning August 1, 2017 and continuing over the following 71 months (the “Request”). In consideration for the Request, Moran has agreed to pay a restructuring fee of \$1,000 to the MSF.

Background

On January 23, 2013, the MSF approved a \$2,000,000 milestone-based grant for Moran under the MBDP. The Company proposed to produce larger modules and components, expand their facility in the City of Onaway, Michigan and make dock improvements at the Port of Calcite in Rogers City, Michigan. The result would be the creation of 75 Qualified New Jobs and approximately \$16 million in capital investment.

On May 9, 2013, the MBDP agreement was amended to change the local support from the purchase of a boom crawler crane to a 12 year PA 198 tax abatement. On February 6, 2015, the MBDP agreement was amended to extend the due date of Milestone Two from December 31, 2014 to December 31, 2015 to allow the Company additional time to meet the requirements of the milestone. Moran completed Milestone One for the creation of 34 Qualified New Jobs and received a disbursement of \$1,000,000. On March 22, 2016, the MBDP agreement was amended to reduce the grant by \$1,000,000 and to require repayment of \$900,000, bearing an interest rate of 2%, in equal annual installments beginning on June 30, 2017 and continuing for the following four years.

The Company reported that it is unable to make the full annual payment that was due June 30, 2017 and is requesting that the MSF approve an amendment under which Moran would repay the \$900,000 in monthly payments over 72 months. The interest rate would remain at 2%. In consideration of the amendment, Moran will pay a restructuring fee of \$1,000 to the MSF.

Recommendation

MEDC staff recommends approval of the Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

AMENDMENT TO MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT MORAN IRON WORKS, 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, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MBDP in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1,000,000 be approved by the MSF Board;

WHEREAS, on January 23, 2013, the MSF approved an \$2,000,000 Michigan Business Development Program Performance based grant for Moran Iron Works, Inc. (the “Company”) for an expansion of their operations in the City of Onaway and at the Port of Calcite in Rogers City (the “MBDP Grant”);

WHEREAS, on May 9, 2013, the MBDP Grant was amended to change the local support from purchase of a boom crawler crane to issuance of a PA 198 tax abatement;

WHEREAS, on February 6, 2015, the MBDP Grant was amended to extend the due date of Milestone Two from December 31, 2014 to December 31, 2015;

WHEREAS, on March 22, 2016, the MBDP Grant was amended to reduce the grant from \$2,000,000 to \$1,000,000 and to require repayment of \$900,000, bearing an interest rate of 2%, in equal annual installments beginning on June 30, 2017;

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended to repay the \$900,000 in monthly installments beginning on August 1, 2017 and continuing for the following 71 months (the “Amendment Request”);

WHEREAS, the MEDC recommends that the MSF approve the Amendment Request; and

WHEREAS, the MSF Board wishes to approve the Amendment Request.

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

MEMORANDUM

Date: July 25, 2017

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting & Incentive Structuring Specialist

Subject: Exchange Building, LLC,
Request for Reauthorization of a Michigan Community Revitalization
Program (“MCRP”) Loan Participation Award

Request

Exchange Building, LLC (“Company”) is requesting reauthorization of its \$6,400,000 Michigan Community Revitalization Program Award in order to execute an MCRP Agreement.

Background

The Michigan Strategic Fund Board approved a \$6,400,000 Other Economic Assistance Performance Based Loan Participation on December 20, 2016, to the Company for the purpose of redeveloping .6 acres of property located at 155 West Michigan Avenue in the city of Kalamazoo into a 15 story, mixed-used building with market rate residential units, a parking ramp and commercial spaces.

On April 12, 2017, the MSF Fund Manager approved a time extension request that changed the approval expiration date to July 18, 2017. On June 27, 2017, the Michigan Strategic Fund Board approved an amendment request related to additional subordination language that Chemical Bank required.

This request is considered necessary due to the failure of the parties to close by July 18, 2017. Closing documents have been finalized and execution of them is anticipated by the end of of this month.

Recommendation

MEDC staff recommends approval of the reauthorization of a MCRP Performance-Based Loan Participation Award in the amount of \$6,400,000 for Exchange Building, LLC under the terms of the original approval and the approved amendment. The briefing memos for each are incorporated into this briefing memo in the following pages.

**Attachment A – Approval Amendment Briefing
Memo and Original Briefing Memo**



MEMORANDUM

Date: June 27, 2017

To: Michigan Strategic Fund (MSF) Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Exchange Building, LLC
Michigan Community Revitalization Program (MCRP)
Request for Approval of an MCRP Loan Participation Award Amendment

Request

Exchange Building, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Other Economic Assistance Performance-Based Loan Participation Award approved at the MSF’s December 20, 2016, Board meeting.

Chemical Bank (“Lender”) is requesting additional subordination requirements related to repayment of the MSF Share to include these additional instances associated with the following defaults: 1) financial statements are not received when due; 2) taxes (property or otherwise) are not paid on time; 3) insurance is not paid on time or lapses; or 4) a loan payment required under the loan documents is not made. If any of these occur, any MSF repayments received by the Lender will be deposited into an escrow account, to be held until such time that the borrower cures the default. Once the default has been cured, the MSF will receive any escrowed funds, subject to the minimum 1.2 DSCR payment suspension included in the original MSF Board approval. MEDC staff is comfortable with these additional requirements as they are viewed as having nominal additional impact on the MSF’s ability to be repaid on its share.

Background

The Michigan Strategic Fund Board approved a \$6,400,000 Other Economic Assistance Loan Participation award and MBT Brownfield Credit Amendment on December 20, 2016, to the Company for the purpose of redeveloping .6 acres of property located at 155 West Michigan Avenue in the city of

Kalamazoo into a 15 story, mixed-use building with market rate residential units, a parking ramp and commercial spaces.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Loan Participation award to reflect the change in repayment terms on the MSF Share of the Loan Participation. All other terms from the original approval remain in place. The original approval is incorporated into this briefing memo in the following pages.

MEMORANDUM

Date: December 20, 2016

To: Michigan Strategic Fund Board

From: Emily Petz, Community Assistance Team Specialist
Julius L. Edwards, Manager, Underwriting and Incentive Structuring
Mary Kramer, Brownfield and MCRP Program Specialist

Subject: Kalamazoo County Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan

Exchange Building, LLC- Request for Approval Michigan Community
Revitalization Program Other Economic Assistance Loan Participation

W. Michigan and Rose Development, LLC - Request for Approval of MBT
Brownfield Credit Amendment

Request

The proposed project will be undertaken by Exchange Building, LLC. The project will redevelop .6 acres of property located at 155 West Michigan Avenue in the City of Kalamazoo. The existing downtown parking lot will be converted into a 15 story mixed use building totaling approximately 335,674 square feet. This newly constructed building will house market rate residential units, parking and commercial space. The project is located in the downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award, Act 381 work plan and MBT Amendment because it is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Kalamazoo Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$7,664,828.

Exchange Building, LLC is requesting approval of a MCRP incentive in the amount of \$6,400,000 in the form of an Other Economic Assistance Performance-Based Loan Participation.

W. Michigan and Rose Development, LLC requests the following amendment be made to the Brownfield MBT credit for The Exchange project, originally approved by the MEGA Board on November 15, 2011.

The amendment requests to add a qualified taxpayer, Exchange Building, LLC; extend the project completion date three years to December 13, 2019; and revise the scope of the project to increase the size of the building from 8 to 15 stories to include residential and commercial uses as well as integrated parking.

Significant costs are present on the site related to brownfield conditions and infill challenges. The development team has secured traditional bank financing of \$36,576,000 or 69.4% of the projects costs and a \$150,000 DDA grant (0.3%). The development team is providing owner equity of \$6,000,000 (11.4%) to the project. The remaining gap will be filled with a MBT credit with an anticipated value of \$2,865,371 (5.4%) and a MCRP loan participation of \$6,400,000 (12.1%). The MCRP loan participation will provide financial flexibility to the project allowing the development to remain financially feasible and achieve adequate cash flow to meet its debt service requirements once it reaches stabilization.

The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible. MCRP detailed structure is provided in **Appendix A**.

The Applicant anticipates that the project will result in total capital investment in the amount of \$52,691,371 along with the creation of approximately 83 permanent full-time equivalent jobs with an average hourly wage of \$16.83.

Background

The site exists on a prominent downtown corner lot with Bronson Park to the southwest, the Radisson Hotel to the north, West Michigan Avenue in both east and west directions, and surrounding access to the Kalamazoo Mall. The .6 acre and approximately 335,674 gross square foot project encompasses 133 one- and two-bedroom apartments, approximately 58,720 square feet of leasable retail and office space, and will integrate 319 parking spaces. The ground level will be primarily occupied by a commercial bank as an anchor tenant for the project. Additional lease spaces for retail tenants will be constructed. The second, third, fourth, fifth and sixth floor will be integrated parking. A portion of the sixth floor will be Class A office lease space as will the entire seventh floor. The eighth through 14th floors will be upscale residential apartments. The 15th floor will be a penthouse for office or retail with a terrace. Accessible rooftop areas will be constructed as terraces for tenant use and event space. This project also envisions a significant change in the existing streetscape providing heated sidewalks, lighting, and other streetscape features.

Demolition activities will be necessary to remove a guard shack, 0.6 acres of asphalt surface, rail guards, bollards, fence, and light poles. Site preparation activities include auger cast piles to support the structure because of poor soils and supplemental geotechnical evaluations due to the increased size of the project. Infrastructure improvements include the creation of a multi-story integrated parking deck, streets, installation of heated sidewalks, streetscape improvements (lighting, bike racks, landscaping), and public utilities.

The principals of Phoenix Properties, LLC, PlazaCorp Realty Advisors, Inc. are partnering on the proposed project. The companies are responsible for the construction or redevelopment of several dozen properties in three states. Redevelopment ventures (incentivized by MSF and municipal partners) undertaken by Plazacorp and related entities include Neil's Automotive building, the United building, the Spearflex Block, the Globe Building, GTW Depot and 216-220 W. Michigan Avenue in Kalamazoo, Michigan.

Appendix B addresses the programmatic requirements and **Appendix C** includes a project map and renderings.

Recommendation

MEDC staff recommends approval of the following:

- a) Local and school tax capture for the Act 381 eligible activities totaling \$7,664,828. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$3,146,412.
- b) A MCRP Other Economic Assistance Performance-Based Loan Participation in the amount of \$6,400,000 for Exchange Building, LLC.
- c) The Brownfield MBT credit amendment request to add a Qualified Taxpayer, Exchange Building, LLC; extend the project completion date three years to December 13, 2019; and revise the scope of the project to increase the size of the building from 8 to 15 stories to include residential and commercial uses as well as integrated parking.

APPENDIX A

FINANCING OPPORTUNITY – MCRP OTHER ECONOMIC ASSISTANCE PERFORMANCE-BASED LOAN PARTICIPATION

The project is seeking Michigan Strategic Fund (MSF) participation in coordination with Chemical Bank as the senior lender. The Lender, along with the Borrower, has requested the MSF participate in up to \$6,400,000 in an estimated \$42,976,000 construction to permanent loan financing. The MSF would be pari passu in terms of payments on its share of the loan, but would allow the collateral to apply first to the Lender's share in an event of liquidation. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis. Below outlines a summary of the development sources and the proposed structure of the loan participation.

SUMMARY OF DEVELOPMENT SOURCES:

Chemical Bank Share	\$	36,576,000	69.41%
MCRP Share	\$	6,400,000	12.15%
MBT Credit Equity	\$	2,865,371	5.44%
DDA Grant	\$	150,000	0.28%
Developer Equity	\$	6,000,000	11.39%
Deferred Developer Fee	\$	700,000	1.33 %
TOTAL	\$	52,691,371	100.00%

LOAN FACILITY

MSF Facility	MCRP Loan Participation and Servicing Agreement Under "Other Economic Assistance"
Borrower:	Exchange Building, LLC
Lender:	Chemical Bank
Total Loan Amount:	Currently estimated at \$42,976,000
Lender Share:	Currently estimated at \$6,400,000
MSF Share:	Up to the lesser of 20% of "Eligible Investment" or \$6,400,000
Term:	To match that of the Lender, not to exceed 96 months with an interest only period of up to 36 months.
Amortization:	Up to 300 months following the interest only period.
Interest Rate:	On the MSF share anticipated to be 2.00% per annum.

Repayment Terms: Up to 36 months of monthly interest only payments followed by monthly principal and interest payments. Balance is due at maturity.

Subordination of Payments

It is anticipated that payments to the MSF will be allowed to the extent that the Debt Service Coverage Ratio (DSCR) is always above 1.20x. This ratio may be negotiated to a lower threshold (i.e. 1.10x)

Collateral: To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.

Guarantee: To match that of the Lender, currently anticipated to be the personal guarantees of Jeff Nicholson, Archie Leach, and Greg Taylor. The MSF Share of guarantee(s) will be subordinated to that of the Lender.

MSF Fees: The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the loan. The Lender may charge the borrower for this fee.

Funding: The MSF will fund up to \$6,400,000 to be disbursed following closing of the Loan and other performance criteria.

Other Conditions: The MSF's investment will be contingent upon the following:

- A minimum owner equity contribution of \$6,000,000 to the project.
- Receipt of a "Guaranteed Maximum Price" construction contract.

APPENDIX B – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the City of Kalamazoo, 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 October 14, 2011.

The property is the subject of a Brownfield Plan, duly approved by the City of Kalamazoo on June 6, 2016.

In addition, the project is requesting from the DEQ \$35,172 to assist with environmental eligible activities.

MCRP Program and its Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. The total eligible investment for this project is estimated to be \$37,063,371.

Source of Information

It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MCRP 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.

As required under the MCRP, the following statutory criteria is being considered by the MSF:

A. The importance of the project to the community in which it is located:

The site exists on a prominent downtown corner lot with Bronson Park to the southwest, the Radisson Hotel to the north, West Michigan Avenue in both east and west directions, and surrounding access to the Kalamazoo Mall.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

The project will make progress toward filling the large gap in housing in downtown Kalamazoo. In addition to creating more residential, the project will add commercial and parking space to allow downtown Kalamazoo to grow and expand. The project also is building upon momentum that has already started in downtown Kalamazoo. The project will bring new companies and foot traffic to the area adding to the vibrancy.

C. The amount of local community and financial support for the project:

The City of Kalamazoo will be contributing approximately \$4,518,416 in Brownfield Tax Increment Financing (TIF). Downtown Kalamazoo Inc. is providing a grant of \$150,000 and the DDA is contributing TIF in the amount of \$1,300,000.

D. The applicant's financial need for a community revitalization incentive:

Significant costs are present on the site related to brownfield conditions and infill challenges. The development team has secured traditional bank financing of \$36,576,000 or 69.4% of the projects costs and a \$150,000 DDA grant (0.3%). The development team is providing owner equity of \$6,000,000 (11.4%) to the project. The remaining gap will be filled with a MBT credit with an anticipated value of \$2,865,371 (5.4%) and a MCRP loan participation of \$6,400,000 (12.1%). The MCRP loan participation will provide financial flexibility to the project allowing the development to remain financially feasible and achieve adequate cash flow to meet its debt service requirements once it reaches stabilization.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

The project will infill an existing site that is currently a surface parking lot.

F. Creation of jobs:

The project is estimated to create 83 full-time equivalent jobs. The average hourly wage is estimated to be \$16.83.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:

Private contributions include traditional bank financing of \$36,576,000 and cash owner equity of \$6,000,000.

H. Whether the project is financially and economically sound:

Upon reaching a stabilized occupancy it is anticipated that the project will generate sufficient cash flow to cover its senior debt service requirements by a ratio of over 1.20 to 1.00. Additionally, the MCRP Investment will be structured in a fashion to provide financial flexibility for the project. Also, the project will have the financial support of the development team and its investors.

Following a review of the rental rates and occupancy levels, staff has determined that each of the underwritten levels are aggressive relative to the existing residential developments in the area at between \$1.80 to \$2.00. The project is considered a new type of offering for the community providing an unparalleled level of quality in amenities. As a result of this offering being an unproven product in the market, MEDC staff is recommending structuring the MCRP investment as a loan participation with flexible repayment terms. It is anticipated that payments on the MCRP loan participation will be contingent upon the project achieving a minimum debt service coverage of 1.20 to 1.00. The project should result in a return on the MSF investment even if the aggressive residential rates are not fully reached.

I. Whether the project increases the density of the area:

The project will increase density greatly by adding 15 stories and approximately 335,674 square feet of commercial, parking and residential space.

J. Whether the project promotes mixed-use development and walkable communities:

The project is located directly downtown within walking distance to the Kalamazoo mall, numerous restaurants, shopping, festival space and theaters.

K. Whether the project converts abandoned public buildings to private use:

This was not a public building.

L. Whether the project promotes sustainable development:

Green elements will include required systems commissioning for performance; use white thermoplastic polyolefin (TPO) roofing materials with a high degree of reflectivity; LED lighting throughout; sustainable construction materials selection where possible; low or no water use bathroom fixtures, auto shut-off lighting in portions of the building; low E-glass; high efficiency appliances; web based Direct Digital Control (DDC) System will be used to operate the building Heating Ventilation and Cooling (HVAC) systems. The controls will enable the maintenance team to maximize the efficiency of the building operation through the use of scheduling and set point control and high efficiency HVAC systems.

M. Whether the project involves the rehabilitation of a historic resource:

It does not include a historic resource.

N. Whether the project addresses area-wide redevelopment:

The project is down the street from 216-220 W. Michigan Avenue, DTW Depot, and Peregrine PNC all previously MSF funded projects.

O. Whether the project addresses underserved markets of commerce:

The residential unit creation is a response to a recent Target Market Analysis study completed for Kalamazoo (2015). The report shows a need for up to 1,400 additional residential units.

P. The level and extent of environmental contamination:

Elevated levels of naphthalene and phenanthrene were detected in the soil and groundwater samples indicated elevated levels of flouranthene and phenanthrene. The levels exceed the generic cleanup criteria for Groundwater Surface water Interface Protection (GSIP).

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):

This is not a historic resource.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

The project will not compete with or affect an existing Michigan business.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

No additional factors need to be considered for this project.

Brownfield Act 381 Program Additional Project Information:

A. Reuse of functionally obsolete buildings and/or redevelopment of blighted property:

This is not a functionally obsolete or blighted property.

B. Cost gap that exists between the property and a similar greenfield property:

A greenfield site was not considered. The project is planned to support the city's Master Plan to add vibrancy to the downtown. There are numerous increased costs to a downtown new construction site. The site will first have to undergo demolition activities to remove a guard shack, 0.6 acres of asphalt surface, rail guards, bollards, fence, and light poles. Auger cast piles will be added to support the structure because of poor soils. Infrastructure improvements will need to be included for the creation of a multi-story integrated parking deck, streets, installation of heated sidewalks, streetscape improvements (lighting, bike racks, landscaping), and public utilities.

C. Whether project will create a new brownfield property in the State:

No new Brownfields will be created by this project.

Tax Capture Breakdown

There are 58.4634 non-homestead mills available for capture, with school millage equaling 24 mills (41.05%) and local millage equaling 34.4634 mills (58.95%). Tax increment capture will begin in 2019 and is estimated to continue for 18 years. Because there is also a DDA TIF on the property that will reimburse project related activities up to \$1.3 million, with approximately 19 percent of the State captured and approximately 24 percent of the Local capture will go towards the DDA TIF for approximately 11 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(41.05%)	\$	3,146,412
Local tax capture	(58.95%)	\$	4,518,416
TOTAL		\$	7,664,828

Cost of MSF Eligible Activities

Demolition	\$	100,000
Infrastructure Improvements		6,311,336
Site Preparation	+	1,253,492
TOTAL	\$	7,664,828

Brownfield MBT Credit Amendment Request By:

W. Michigan and Rose Development, LLC

2725 Airview Blvd., Suite 205

Kalamazoo, MI 49002

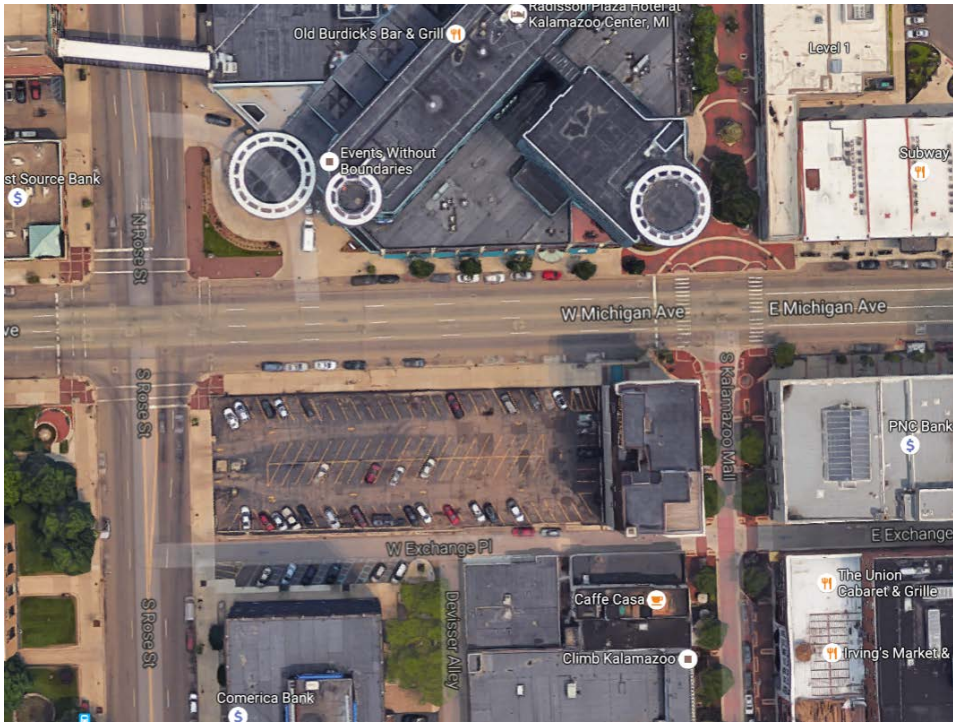
Contact: Gregory A. Taylor, Principal

	Previous Approval	Amendment
Project Eligible Investment:	\$25,469,965	\$33,241,548
Requested Credit Amount:	\$3,183,746	\$3,183,746 capped
Requested Credit Percentage:	12.5%	12.5%

ELIGIBLE INVESTMENT BREAKDOWN

Site Improvements	\$	17,500
New Construction	+	33,224,048
Total	\$	33,241,548

APPENDIX C – Project Map and Renderings



MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

REAUTHORIZATION OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO EXCHANGE BUILDING, LLC

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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, as later amended (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (“Transaction Documents”);

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

WHEREAS, by Resolution 2016-262 on December 20, 2016, the MSF Board awarded an MCRP Other Economic Assistance Performance-Based Loan Participation Award to Exchange Building LLC, in furtherance of the Project of up to \$6,400,000 (“Award”);

WHEREAS, by the terms of Resolution 2016-262 the MSF Fund Manager approved an extension of the Award to July 18, 2017 (“Original Expiration Date”);

WHEREAS, by Resolution 2017-082 on June 27, 2017, the MSF Board approved a MCRP amendment to allow expanded subordination of repayment to MSF in the case of the following defaults: non-receipt of financial statements, nonpayment of taxes, nonpayment of or lapse in insurance, or nonpayment to the Lender, with all other requirements remaining in place from the original approval,

WHEREAS, the MEDC is recommending MSF Board’s Reauthorization of the Company’s Award Request subject to (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 60 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 (the foregoing, collectively, the “MCRP Award Recommendation”). All other requirements remain in place from the original approval and the approved amendment.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MCRP Award Recommendation;

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan

July 25, 2017

MEMORANDUM

Date: July 25, 2017
To: Michigan Strategic Fund Board
From: Katharine Czarnecki, Senior Vice President, Community Development
Subject: Transformational Brownfield Plan Program Guidelines

Request

MEDC staff requests approval of the Transformational Brownfield Plan (“TBP”) Program Guidelines.

Background

The Michigan Legislature recently passed legislation creating the TBP program, which is incorporated into the Brownfield Redevelopment Financing Act, 1996 Public Act 381, as amended. TBP is a brownfield plan that allows developers the opportunity to capture a portion of specific incremental taxes generated from large-scale projects that will have a transformational impact on local economic development and community revitalization and result in an overall positive fiscal impact to the State.

Projects must be a mixed-use development with planned integration of some combination of retail, office, residential or hotel uses. There are minimum capital investment thresholds required depending on the population of the municipality in which the development is proposed.

TBP allows for exemption from sales and uses taxes during the construction period and also allows for the capture of new sources of tax revenue associated with a project including the following: (1) construction period income tax capture revenues; (2) incremental income tax capture revenues; and (3) incremental withholding tax capture revenues. Capture of the new sources of tax revenue is limited to up to 20 years.

The tax revenues can be used in financing a wide array of eligible activities including any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property.

Projects requesting consideration for a TBP will not be eligible if there are other types of MSF program assistance available to fill the financing gap. If the MSF supports a TBP, the project is not eligible for funding from any other MSF program.

Recommendation

The MEDC staff recommends approval of the Transformational Brownfield Plan Program Guidelines attached as Exhibit A to the Resolution.

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2017-

**ADOPTION OF PROGRAM GUIDELINES FOR
TRANSFORMATIONAL BROWNFIELD PLANS**

WHEREAS, Public Act 381 of 1996 established the Brownfield Redevelopment Financing Act (“Act 381”) to promote the revitalization, redevelopment, and reuse of certain property;

WHEREAS, Section 14a of Act 381, MCL 125.2664a, authorizes the Michigan Strategic Fund (“MSF”) Board approve transformational brownfield plans (“TBPs”) in accordance with the requirements of the Act;

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

WHEREAS, the MEDC recommends that the MSF Board adopt the program guidelines attached as Exhibit A to this Resolution to implement the provisions of Act 381 for TBPs (the “TBP Program Guidelines”); and

WHEREAS, the MSF Board wishes to adopt the TBP Program Guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the TBP Program Guidelines;
and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to negotiate and execute a Memorandum of Understanding with the Michigan Department of Treasury and the Michigan Department of Environmental Quality to outline roles and responsibilities under the TBP Program Guidelines and allocate administrative fees out of the state brownfield redevelopment fund created by Section 8a of Act 381, MCL 125.2658a.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

TRANSFORMATIONAL BROWNFIELD PLAN PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Brownfield Redevelopment Financing Act, 1996 Public Act (PA) 381, as amended (Act 381), effective July 24, 2017, incorporates Transformational Brownfield Plans (TBP), which affords developers the opportunity to capture a portion of specific incremental taxes generated from large-scale transformational projects for a specified time period.

A TBP is defined under Act 381 as a Brownfield Plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. The plan must be a mixed-use development project with planned integration of some combination of retail, office, residential, or hotel uses. Other requirements include minimum thresholds of capital investment depending on the population size of the municipality in which the development is proposed.

A TBP allows for the capture of five new sources of tax revenues associated with a project, in addition to incremental revenue from property taxes. The additional tax revenues available include the following: (1) Construction Period Income Tax; (2) Construction Period Sales Tax Exemptions, (3) Construction Period Use Tax Exemptions; (4) Income Tax Capture; and (5) Withholding Tax Capture. These tax revenues can be used in financing a wide array of eligible activities, specifically including as new activities, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Capture of the new sources of revenue is limited to up to 20 years.

The Michigan Strategic Fund (MSF) is the project-authorizing entity, and can approve no more than five TBPs in a calendar year statewide and no more than five TBPs in any individual local unit for the duration of the program, which ends December 31, 2022. In the event the MSF approves fewer than five plans in a calendar year, the unused approval authority shall carry forward into future calendar years and remain available until December 31, 2022. No new TBPs can be approved after December 31, 2022, and no unused plans can carry over past that date. A TBP approved prior to that date would remain in effect and could be amended.

An equitable geographic distribution of plans is required, balancing the needs of municipalities of different sizes and geographic areas with a target that at least 35% of all TBPs over the life of the program be located in cities, villages, and townships with populations under 100,000. The MSF will reserve 15% of the funds for these projects.

AMENDMENTS

A TBP may be amended to add parcels of property, increase or reduce capture, or change project scope of work. Any amendment that proposes to change the project so that it would no longer be transformational, will result in the TBP being revoked. Each amendment must be approved by both the local unit of government and the MSF, and must be consistent with approval requirements of a TBP. Amendments are not considered new plans and plans may be amended beyond December 31, 2022.

FEES

The MSF will charge and collect application fees, amendment fees, transfer fees and annual administrative fees of 0.375% of TBP awards. For TBP requested awards greater than or equal to \$1.5 million a non-refundable application fee of \$130,000 will be charged and collected by the MSF. This application fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. In the event that an amendment is required for TBP awards greater than or equal to \$1.5 million, a non-refundable amendment fee of \$130,000 will be charged and collected by the MSF. This amendment fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. For TBP requested awards less than \$1.5 million a non-refundable application fee of \$30,000 will be charged and collected by the MSF. In the event that an amendment is required for TBP requested awards less than \$1.5 million, a non-refundable amendment fee of \$30,000 will be charged and collected by the MSF. For any transfer of a TBP award the MSF will charge and collect a \$7,000 transfer fee.

ELIGIBLE APPLICANTS

A project may be located in any community but must involve a minimum level of capital investment based on the size of the community, as follows:

Population	Investment
Greater than or equal to 600,000	\$500,000,000
150,000 - 599,999	\$100,000,000
100,000 - 149,999	\$75,000,000
50,000 - 99,999	\$50,000,000
25,000 - 49,999	\$25,000,000
Less than 25,000	\$15,000,000

These limitations can be waived by the MSF to allow TBPs in certain areas where:

- the population is under 25,000, if the development would not be economically feasible otherwise;
- the Michigan State Housing Development Authority has approved the expenditure of federal blight elimination funds;
- the municipality is subject to a state of emergency for drinking water contamination; or
- the eligible property is a historic resource and would not otherwise be transformed.

ELIGIBLE ACTIVITIES

TBP eligible activities include any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, along with eligible activities currently allowed under Act 381.

ELIGIBLE PROPERTY

Documentation that the project is located on an eligible property is required at the time the application is submitted. While subject to legislative change, eligible property includes one or more of the following:

1. **Facility:** As defined in Public Act 451 of 1994, MCL 324.20101, means any area, place, or property where a hazardous substance in excess of concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located. A Phase I and Phase II Baseline Environmental Assessment is used to determine whether the property is a facility. The MEDC will confirm with the MDEQ who will certify the property as a facility after adequate documentation is received from the developer.

2. **Historic Resource:** Means a publically or privately owned historic building or structure, individually listed, or 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. Documentation is required to verify any of the above designations. These projects must meet the federal Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings, (Standards) (36 CFR 67);
3. **Functionally Obsolete:** 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 overcapacity, changes in technology, deficiencies or super adequacies 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.
4. **Blighted:** Means any property that meets any of the following criteria as determined by the respective unit of government, building official, or assessor when applicable:
 - Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;
 - Is an attractive nuisance to children because of physical condition, use, or occupancy;
 - Is a fire hazard, or is otherwise dangerous to the safety of persons or property;
 - 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;
 - Is tax reverted property owned by a qualified local governmental unit (QLGU), by a county, or by the state of Michigan. Tax-reverted property that is sold, leased, or transferred after the property is in a Brownfield Plan is still considered blighted property for purposes of Act 381;
 - Is property owned, by or under the control of, a land bank fast track authority (LBFTA) under the Land Bank Fast Track Act, 2003 PA 258, whether or not it is located within a QLGU. Property that is sold, leased or transferred by a LBFTA after the property is in a Brownfield Plan is still considered blighted property for purposes of this act; and
 - Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.
5. **Transit-oriented Property:** Means property that houses a transit station in a manner that promotes transit ridership or passenger rail use.
6. **Transit-oriented Development:** Means infrastructure improvements that are located within ½ mile of a transit station or transit-oriented property that promotes transit ridership or passenger rail use as determined by the municipality.
7. **Undeveloped Property:** Means property that was eligible property in a previously approved brownfield plan abolished under section 14(8).

PROGRAM KEY COMPONENTS

1. The project must be a mixed-use development, defined as a real estate project with planned integration of some combination of retail, office, residential, or hotel uses. The project can be a single development on eligible property, or consist of a series of developments on eligible properties (even if they are not contiguous) that are part of a related program of investment meeting the following requirements:
 - The developments are proposed to be undertaken concurrently or in reasonable succession.
 - For developments under affiliated ownership, the developments are reasonably contiguous and are a part of a program investment in a logically defined geographic area, including, but not limited to, a Downtown District (as defined in Downtown Development Authority Act) or a principal shopping district or business improvement district (as defined in the Shopping

Areas Redevelopment Act). Other areas related to those districts that will promote infill development may also be considered.

- For developments with unrelated ownership, projects must meet the provisions above, and are part of a master development plan, area plan, sub-area plan, or similar development plan that has been approved or adopted by resolution of the governing body.
- The designation of the developments as a related program of investment is consistent with the purposes of this act and is not a combination of unrelated or minimally related projects calculated to meet the minimum investment threshold.

2. The TBP allows for five kinds of revenue from income tax and withholding tax capture and exemptions from sales tax and use tax as follows:

- Construction Period Income Tax Capture Revenues: Funds equal to the amount of income tax levied and imposed in a calendar year on wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property that is an eligible activity within the TBP. Excluded are wages paid to employees of the owner or developer of the project.
- Construction Period Sales Tax and Use Tax Exemptions:
 - a. A sales tax exemption for the purchase of tangible personal property for use in eligible brownfield redevelopment activities on eligible property included in a TBP, to the extent that the tangible personal property will be affixed and made a structural part of the real property or infrastructure improvements included within the TBP.
 - b. A use tax exemption on tangible personal property acquired by a person engaged in the business of altering, repairing, or improving real estate for others, or to the manufacture of a specific product if the property or product is to be affixed or made a structural part of the real property included within a TBP, to the extent that those improvements are eligible activities on eligible property within a TBP.

The MSF shall require the owner or developer of the eligible property to report the actual value of the sales and use tax exemptions each tax year of the construction period and at the end of the construction period.

- Income Tax Capture Revenues: Funds equal to the amount for each tax year by which the aggregate income tax from individuals domiciled within the eligible property subject to a TBP exceeds the initial income tax value (the value in the tax year when the resolution adding TBP property is adopted). A TBP cannot propose to use more than 50% of the income tax capture revenues.
- Withholding Tax Capture Revenues: The amount for each calendar year by which the income tax withheld from individuals employed within the eligible property subject to a TBP exceeds the initial withholding tax value. Excludes those domiciled within the eligible TBP property and construction period tax capture revenues. A TBP cannot propose to use more than 50% of the withholding tax capture revenues.

These tax increment revenues can be used in financing a wide array of eligible activities, specifically including as new activities, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Capture of the new sources of revenue is limited to up to 20 years.

3. A TBP that proposes to use more than \$1.5 million in withholding tax capture revenues and income tax capture revenues require the developer or owner to:
 - Pay for an independent, third-party economic and fiscal impact analysis to determine whether the plan will result in an overall positive fiscal impact to the state;
 - Pay for an independent, third-party underwriting analysis to determine whether the amount of captured taxable value, construction period tax capture revenues, withholding tax capture revenues and income tax capture revenues estimated to result from the plan are reasonable; and
 - Verify with the MSF that the State Treasurer concurs with the third party fiscal and economic analysis determination that the project will result in an overall positive fiscal impact to the state.
4. Projects that are requesting consideration for a TBP will not be eligible if other MSF program assistance is available to fill the financing gap. If the MSF supports a TBP, that project(s) is not eligible for funding under any other MSF program.
5. Project construction must start within 12 months of MSF Board approval.
6. The owner or developer must certify the actual capital investment upon completion of TBP construction, or completion of a specific phase, prior to the MSF initiating reimbursement from the construction period income tax capture, income tax capture, and withholding tax capture. If the actual capital investment is less than the amount included in the plan, the MSF has the right to modify the amount of reimbursement and take other recourse.
7. The MSF is required to approve a proposed change in ownership of eligible property subject to a transformational brownfield plan for which reimbursement will continue, prior to the assignment or transfer of the development and reimbursement agreement.

PROGRAM LIMITS

The MSF may authorize incentives for large development projects totaling up to \$1.0 billion across all TBPs for the duration of the program.

1. Income Tax and Withholding Tax:

- Commitments and disbursements of income and withholding tax capture revenue are limited to a total of up to \$800 million over the life of the program.
- Commitments and disbursements of income and withholding tax capture revenue are limited to \$40 million annually across all TBPs. If the \$40 million threshold is not reached in a given year, the remaining balance will be carried forward into subsequent years for disbursement.
- A TBP cannot use more than 50% of the income and withholding tax capture revenues to reimburse eligible activities.
- A TBP cannot award more than 25% of the annual allocation to any one project per year, not including amendments. With amendments, no more than a total 50% of annual allocation.
- The available tax revenue from any source for a TBP will be limited to an amount that is needed to make the project economically viable.
- No tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

2. Construction Period Tax Capture Revenue and Exemptions:

- A total of up to \$200 million can be captured from a combination of construction period tax capture revenue in the TBP and sales and use tax exemptions on certain tangible personal property. A TBP can capture 100% of the construction period tax capture for transmittal to the brownfield authority or developer.

- Disbursements of construction period tax capture revenue and the value of the sales and use tax exemptions do not have an additional annual reimbursement cap.
- The available tax revenue from any source for a TBP are limited to an amount that is needed to make the project economically viable.
- No tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

ECONOMIC AND FISCAL IMPACT ANALYSIS CRITERIA

MSF must determine that a TBP will result in an overall positive fiscal impact to the state before it is approved. In making that determination, the following will be taken into account:

- The potential displacement of tax revenue from other areas of the state, and
- The effects of the TBP on economic development in the surrounding area.

TBPs proposing to use more than \$1.5 million in tax capture revenues require an independent economic and fiscal impact analysis conducted by a third-party, paid for by the developer via the application fee or amendment fee. MSF will determine the third-parties eligible to conduct such an analysis. Developer must provide all necessary information (details of which will be relayed to the developer at the time of the project) to the appropriate MEDC contact before the analysis is conducted. TBPs proposing to use less than \$1.5 million in tax capture will undergo analysis through the MEDC, in participation with the State Treasurer.

The State Treasurer must concur with the conclusions of the third-party analysis before a recommendation is made to MSF for project approval.

UNDERWRITING CRITERIA

TBPs will be awarded based on financial need for the incentive and the award amount will be determined based on a demonstrated gap in financing.

TBPs proposing to use more than \$1.5 million in tax capture revenues require an independent underwriting analysis conducted by a third-party, paid for by the developer via the application fee or amendment fee. MSF will determine the third-parties eligible to conduct such an analysis. Developer must provide all necessary information (details of which will be relayed to the developer at the time of the project) to the appropriate MEDC contact before the analysis is conducted. TBPs proposing to use less than \$1.5 million in tax capture will undergo analysis through the MEDC, in participation with the State Treasurer.

The State Treasurer must concur with the conclusions of the third-party analysis before a recommendation is made to MSF for project approval.

1. Identification of specific underwriting criteria, including at minimum the following:
 - Assessment of how much traditional debt the project should be able to support/attract
 - Developer and consultant fees limited to 4% of the total development cost of the project
 - Reasonableness assessment of any related-party costs and expenses
 - Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees). Deferred fees will not be counted in the calculation
 - Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements
 - Leveraged cash-on-cash return not to exceed an average of 15% over life of project (20 year horizon)
2. Reasonableness assessment of the proposed rental structure and assumptions
3. Reasonableness assessment of the proposed operating expenses

4. Reasonableness assessment of the proposed development costs
5. Process conducted to analyze and determine the project's economic viability
6. A full financial and underwriting review will be completed on any future amendments and requests for project support.

PROJECT EVALUATION, PROCESS AND MSF SUPPORT

TBP projects require the approval of the Brownfield Redevelopment Authority (BRA), the local unit of government, and the MSF.

1. BRA engage early with MEDC's [Community Assistance Team \(CAT\)](#) staff for initial project scoping.
2. Project will undergo an internal review and determination of support. CAT staff will issue a letter of interest outlining MSF support.
3. Locals prepare and submit draft TBP to MEDC Brownfield staff for review. Economic impact analysis, financial/underwriting analysis and Michigan Department of Treasury (Treasury) review will occur concurrently.
4. Locals approve TBP and submit final TBP and required supporting documentation to MEDC Brownfield staff for statutory and financial review/analysis.
5. MEDC and Treasury collaborate and identify any questions or concerns before the application is deemed administratively complete.
 - Administratively complete: Transformational Brownfield Plan (TBP) and all other required supporting documentation has been reviewed and determined to be complete by MEDC Brownfield Program staff.
6. MEDC staff will take a TBP to the MSF Board for consideration. A Treasury representative should attend MSF Board meeting to address any questions regarding the income tax revenue, withholding tax revenue, and construction period tax capture revenues.
7. Project completion, required reporting following project completion, and closeout.

ADDITIONAL TERMS AND CONDITIONS

1. Owners or developers that receive a TBP designation will be subject to the MSF Background Review Policy, as may be revised from time to time by the MSF. Additional due diligence may be required at the discretion of the MSF.
2. Owners or developers that receive a TBP designation from the MSF will be required to execute a development agreement with the MSF. The Development Agreement will be performance-based and will set forth the terms and conditions of the TBP designation including, but not limited to, the term of the plan, the total amounts of tax capture the owner or developer may receive, periodic reporting requirements.
3. Owners or developers are expected to maintain detailed records demonstrating that the award recipient incurred and paid the required investment at the project location. Failure to maintain adequate records may result in adverse action by the MSF, up to and including termination of the reimbursement agreement. In addition, the MSF, MEDC, Auditor General, and the Department of Technology Management, and Budget shall have access to all records related to the project and reserve the right to conduct on-site reviews and inspections to confirm compliance with the terms and conditions of the agreement.

MEMORANDUM

Date: July 25, 2017
To: Michigan Strategic Fund Board
From: Natalie Chmiko, Director, International Trade
Subject: *International Trade Program Request for Proposal
Small Business Services*

Action

The MEDC requests that the MSF Board approve and issue a Request for Proposals for the International Trade Program Small Business Services (the “Small Business Services RFP”).

Background

The International Trade program assists Michigan based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small businesses, which is determined by the United States Small Business Administration’s Size Standards, defined based on industry, but will also assist larger companies if the assistance will have a clear and identifiable economic impact. Through its strategic statewide network of export partners, the International Trade program is able to assist companies located anywhere in Michigan and ensure they are connected with the resources to evaluate export opportunities, access existing export resources, and increase global competitiveness.

The International Trade Program supports the MEDC’s strategic goals to increase jobs, investment and wages by increasing export sales. In FY2016, the MEDC International Trade Program assisted 425 Michigan companies who participated in 861 export related activities, resulting in companies reporting sales to 121 international markets. Export sales facilitated as a direct result of MEDC International Trade Program assistance totaled \$523.9 million, generating 2495 Michigan jobs (\$210k in export sales = 1 job). With over \$283 million reported in the first two quarters of FY17, the program anticipates achieving the annual target of \$575 million. Since the program was re-established in FY12, companies have reported \$1.5 billion in facilitated export sales, equating to 7,298 Michigan jobs created.

The MEDC requests that the MSF release the Small Business Services RFP to solicit proposals from organizations with international trade expertise to provide services to Michigan companies. The Small Business Services contractors are to provide professional services to Michigan based companies in the areas of international trade and customized small to medium-sized business services. The objective is to assist small to medium-sized businesses in the expansion of their customer base through a variety of international trade services that lead to international market expansion.

The MEDC anticipates the following proposed timeline for the execution of this Small Business Services RFP:

Issue RFP to the Public: July 26, 2017
Questions due from the Public: August 2, 2017
Answers posted to the MEDC web page: August 7, 2017
Applications Deadline: August 23, 2017

The MEDC will seek delegated approval via the MSF Fund Manager, via authorization in MSF Resolution 2014-122, of the appointment of a Joint Evaluation Committee to review the responses to the Small Business Services RFP and to make award recommendations to the MSF. The MEDC recommends that the MSF Board approve the scoring and evaluation criteria attached as Exhibit B to the resolution to be used by the JEC members in their review of proposals submitted in response to the Small Business Services RFP.

Based on current projections, the MEDC is also requesting \$270,000 in funds be allocated for the Small Business Services RFP for FY2018 (the "Funding Allocation Request").

Recommendation

MEDC Staff recommends that the MSF Board approve of the following:

1. The issuance of the Small Business Services RFP, attached as Exhibit A to the Resolution;
2. The scoring and evaluation criteria attached as Exhibit B to the resolution
3. The Funding Allocation Request

MICHIGAN STRATEGIC FUND

RESOLUTION 2017–

AUTHORIZATION OF REQUEST FOR PROPOSALS: INTERNATIONAL TRADE PROGRAM SMALL BUSINESS SERVICES

WHEREAS, the Michigan Strategic Fund (“MSF”) desires to assist eligible Michigan based small businesses, increase the number of small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base through a variety of international trade services that lead to international market expansion (the “International Trade Program”);

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 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, pursuant to Resolution 2013-165, the MSF approved the creation and operation of the International Trade Program to increase the number of Michigan small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base by marketing to persons or entities outside of the State of Michigan;

WHEREAS, subject to the control and direction of the MSF Board pursuant to the Amended and Restated Memorandum of Understanding adopted via MSF Resolution 2015-185, the Michigan Economic Development Corporation (“MEDC”) provides certain administrative services to the MSF for the International Trade Program;

WHEREAS, the MEDC has prepared a Request for Proposals, included as Exhibit A to this Resolution, which establishes a competitive proposal process to award funds for contracting with entities to provide customized export services to small and medium sized companies by offering search engine optimization, profitability assessments, export milestone mapping, financial fitness assessments, and other small business services (the “Small Business Services RFP”);

WHEREAS, the MEDC recommends and the MSF desires to initiate the competitive proposal process to award grants to entities providing such services in pursuance of the International Trade Program agenda by issuing the Small Business Services RFP and allocating \$270,000 for the Small Business Services RFP for FY 2018 (the “Small Business Services RFP Issuance and Funding Request”);

WHEREAS, the MSF Board has delegated authority to the Fund Manager to appoint the members of the Joint Evaluation Committee (“JEC”) via MSF Resolution 2014-122, to review RFPs and make award recommendations to the MSF; and

WHEREAS, the MEDC recommends and the MSF Board desires to adopt the scoring and evaluation criteria contained in Exhibit B to this Resolution for use by the JEC in its review of proposals received in response to the Small Business Services RFP (the “Small Business Services RFP Scoring and Evaluation Criteria”);

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the Small Business Services RFP, authorizes the Small Business Services RFP Issuance and Funding Request and approves the Small Business Services RFP Scoring and Evaluation Criteria; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Small Business Services 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 25, 2017

Exhibit A

REQUEST FOR PROPOSALS

MICHIGAN STRATEGIC FUND

International Trade – Small Business Services

RFP-CASE-213321

DRAFT

Exhibit A

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 Proposals (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-213321 Technical Proposal” and “RFP-CASE-213321 Price Proposal” with *Company Name*, and “message 1 of 3” as appropriate if the bid consists of multiple emails.

The Michigan Strategic Fund (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 Procurement Services
Michigan Strategic Fund
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
contractsandgrants@michigan.org

IMPORTANT DUE DATES

- **August 2, 2017, at 3:00 p.m.:** Questions from potential Bidders are due via email to contractsandgrants@michigan.org. Please note: The 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 7, 2017, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, <http://www.michiganbusiness.org/RFP-213231/>.
- **August 23, 2017, at 3:00 p.m.:** Electronic versions sent separately of each of your Technical Proposal 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.**

Exhibit A

Table of Contents

Section I –Work Statement.....	2
A – Purpose	2
B – Background Statement and Objectives	2
C – Qualifications	2
D – Deliverables.....	3
Section II – Proposal Format.....	4
A – Technical Proposal	4
B – Price Proposal	5
C – Proposal Submittal.....	5
Section III – RFP Process and Terms and Conditions.....	6
A – Pre-Bid Meeting/Questions	6
B – Proposals.....	6
C – Economy of Preparation	6
D – Selection Criteria	6
E – Bidders Costs	8
F – Taxes	8
G – Conflict of Interest.....	8
H – Breach of Contract.....	9
I – Disclosure	9
J – False Information.....	9
K – Additional Disclosure	9
L – Prices Held Firm.....	10
M – Best and Final Offer	10
N –Clarification/Changes in the RFP	10
O – Electronic Bid Receipt.....	10
P – Reservation of MSF Discretion.....	10
Q – Jurisdiction	11
R – Additional Certification	11
Section IV – Contractual Terms and Conditions.....	12
A – Contract Terms and Conditions.....	12
B – Contractor Responsibilities	12
C – Acceptance of Proposal Content.....	12
D – Project Control and Reports.....	13
Attachment A – Professional Services Contract Terms and Conditions.....	A-1
Attachment B – Independent Price Determination and Prices Held Firm Certification	B-1

Exhibit A

REQUEST FOR PROPOSAL
International Trade - Small Business Services
RFP-CASE-213231

This Request for Proposals (the “RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Procurement Services unit (the “C&P”). 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&P is the sole point of contact with regard to all bidding and contractual matters relating to the services described in this RFP. C&P 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”). C&P 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 Procurement Services
Michigan Strategic Fund
300 North Washington Square
Lansing, Michigan 48913
contractsandgrants@michigan.org

Exhibit A

SECTION I STATEMENT OF WORK

A) PURPOSE

MSF is seeking contractors to provide professional services to Michigan based companies in the areas of international trade and customized small to medium-sized business services. The total funds available to be distributed for these services is \$270,000.

B) BACKGROUND STATEMENT AND OBJECTIVES

Background:

The International Trade program assists Michigan based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small businesses, which is determined by the United States Small Business Administration's Size Standards, defined based on industry, but will also assist larger companies if the assistance will have a clear and identifiable economic impact. Through its strategic statewide network of export partners, the International Trade program is able to assist companies located anywhere in Michigan and ensure they are connected with the resources to evaluate export opportunities, access existing export resources, and increase global competitiveness.

Objectives:

The International Trade Program is designed to spur job creation by empowering Michigan based companies to export their products. The program has three primary objectives:

- Increase export sales by Michigan companies
- Increase number of new-to-export companies
- Increase entry into new markets by companies already exporting

C) QUALIFICATIONS

Minimum of five years providing international trade assistance.

Ability to collaborate with regional partners to develop, market, and execute regional export program, which may include: trade missions, trade shows, foreign buyer missions, United States Department of Commerce/Foreign Commercial Service (USDOC/FCS) services, trainings, events and other export services.

Ability to effectively measure outcomes based on standardized metrics and report them to MSF on a regular basis.

Exhibit A

D) DELIVERABLES

Deliverables to be provided by the selected vendor(s) in one or more of the defined areas include:

Customized Services for Small to Medium-Sized Business

Services:

- Customized International Search Engine Optimization (SEO) reports, which involve reviewing source code; identifying country specific search engine rankings; clicking on as many as 50 different pages; reviewing a matrix of 10 different cultural considerations.
- Export Diversification Plans, which includes the identification of international customer segments; value propositions; key international partners; risks and opportunities; sales vs. costs planning that focus on increasing export sales.
- Customized web-based micro sites with language specific to a company's proposed export market.
- Early stage "new to export" client trainings, which include reviewing of company financials, updating company's business plan, and reviewing and updating company's export strategic plan.
- Country and industry specific research reports, which assist Michigan companies to identify global markets and engage those markets with their products/services. Site visits are required in order to provide the most relevant, in-depth report possible.
- Seminars for business persons in alignment with the National Association of Small Business International Trade Educators - Certified Global Business Professional (NASBITE-CGBP) credential, including: Global Business, Management, Global Marketing, Supply Chain Management, Trade Finance trainings. These trainings will take place at a location and time determined by MSF.
- Seminars and one-on-one trainings related to the legal considerations that small business must address to export.
- Other customized export services to assist Michigan companies.

Exhibit A

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 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.

Exhibit A

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 Proposal and Price Proposal to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. on August 2, 2017**. 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-213231 Technical Proposal*" and "*RFP-CASE-213231 Price Proposal*" with *Company Name*, and "*message 1 of 3*" as appropriate if the bid consists of multiple emails.

Exhibit A

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 on August 2, 2017**. Questions must be submitted to:

Contracts & Procurement Services
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Bidders must submit a complete response to this RFP, using the format provided in Section II of this RFP, by **3:00 p.m. on August 23, 2017**. 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 23, 2017. 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 & Procurement Services will screen the proposals for technical compliance to include but not be 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.

Exhibit A

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 (the “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.	Bidder Information	5
2.	Understanding of RFP	5
3.	Statement of Work	20
4.	Prior Experience	20
5.	Track Record of Performance	15
6.	Pricing	20
7.	Staffing/Capacity	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 pricing evaluated to be considered for award.
- ## 3) 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 of Michigan 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

Exhibit A

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 of Michigan 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 of Michigan 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 anything 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.

Exhibit A

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 of Michigan 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 OF LITIGATION

Except as otherwise disclosed in an exhibit to Bidder's proposal, there is no criminal litigation, 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) ADDITIONAL 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.

Exhibit A

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 <http://www.michiganbusiness.org/RFP-213231/>. 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 23, 2017**. 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

Exhibit A

process in general may result in the applicant's disqualification and elimination from the award process.

Q) JURISDICTION

Any legal action arising from or concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, the Ingham County Circuit Court in Ingham County, Michigan. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF that are otherwise available.

R) 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.

Exhibit A

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 October 1, 2017 through September 30, 2022.
- 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.

Exhibit A

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.

Exhibit A

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 MEDC and the Contractor wish to enter in to this Agreement [tailored to situation]. The MEDC and Contractor shall sometimes be referred in this Agreement individually as a "Party" or collectively as "Parties".

Contractor: **NAME**
 ADDRESS 1
 ADDRESS 2
 CITY, STATE ZIP

I. NATURE OF SERVICES

[Description of the nature of services based upon the information in the Statement of Work]

II. PERFORMANCE SCHEDULE

Starting Date: October 1, 20XX

Ending Date: September 30, 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 VI(K) of this Agreement.

III. INCORPORATION BY REFERENCE.

The following documents are incorporated by reference as binding obligations, term and conditions of the Agreement.

Exhibit A: Budget

IV. COMPENSATION INFORMATION

- A) The MSF agrees to pay Contractor an amount not to exceed \$_____ during the Term as more particularly described in Exhibit A (the "Payment"). An initial payment in the amount of \$_____ shall be made by the MSF to the Contractor within thirty (30) days of the execution of this Agreement by both Parties (the "Initial Payment"). These amounts includes all embedded expenses.

Exhibit A

- B) Except for the Initial Payment, all payment(s) under this Agreement shall be made by the MSF to Contractor upon receipt and approval by the Contract Manager of Contractor's quarterly billing statement(s) stating that the work for which payment is requested has been appropriately performed. Contractor shall provide Contractor's billing statement(s) to Contract Manager or at Contract Manager's direction on a quarterly basis. Contract Manager shall provide Contractor with appropriate submission instructions of Contractor's billing statement(s). The Initial Payment will be reconciled after receiving the final quarter billing statement, if not requested by Contractor before.
- C) All billing statement(s) must reflect actual work done. The specific details of billing statement(s) 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.
- D) Public Act 533 of 2004 requires that payments under this Agreement be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Grant Payment Express website (www.cpexpress.state.mi.us).
- E) All expenditures submitted for reimbursement must be accounted for on a "cash basis" and be actual incurred expenses.
- F) The Grantee agrees that all funds shown in the Budget in Exhibit A (the "Budget") are to be spent as specified. This Agreement does not commit the MSF to approve requests for additional funds during or beyond this Agreement period. Changes in the Budget greater than 10% will be allowed only upon prior review and written approval by the Contract Manager. No increases to the amount of the Agreement shall be made without the approval of the MSF.
- G) Contractor's billing statement(s) may be subject to a final audit prior to the release of final payment.
- H) Not more than 10% of the Payment may be used for administrative costs or overhead by the Contractor or any subcontractor hired to implement any portion of this Agreement.

V. MSF CONTRACT MANAGER

The Michigan Economic Development Corporation (the "MEDC") provides administrative services to the MSF. Contractor should communicate with the following MEDC representative or designee regarding this Agreement:

Synita Turner (the "Contract Manager")

Michigan Economic Development Corporation

Exhibit A

300 North Washington Square

Lansing, Michigan 48913

Turners3@michigan.org

VI. **TERMS AND CONDITIONS**

A) **Contractor Duties**

Contractor agrees to undertake, perform, and complete the services described below:

- 1) Use of Pure Michigan logo on all international marketing materials funded by this contract/agreement.
- 2) Actively promote MEDC FY20XX International Trade Program events via website link to MEDC website, social media, email distribution, etc.
- 3) Provide executive summaries of customized research reports funded under this contract, if applicable.
- 4) Provide a list of export training offerings to MEDC for publishing on its website.
- 5) Integrate assessment of performance outcomes with appropriate course correction to meet Contractor goals and objectives **as listed In Exhibit A.**
- 6) Provide company contact information for export sales confirmation surveys conducted by MSF for companies served by this program.

7) [TAILOR FOR EACH DEAL]

B) **Contractor Deliverables**

Contractor agrees to undertake, perform, and complete the services described below:

- 1) Each quarter, no later than the twentieth day after the end of the previous quarter, the Contractor shall submit both the required financial information for the quarter and the required performance information in a form as determined by the Contract Manager. In the event the twentieth day falls on a state recognized holiday or weekend, then the Quarterly Reporting shall be submitted so as to be received by the MSF no later than the last business day prior to the twentieth day after the end of the quarter.
- 2) Within seven business days of the last business day of each month, the Contractor will provide a progress report to the MEDC Contract Manager. The progress report must contain a brief summary of the work accomplished

Exhibit A

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 MEDC Contract Manager. Further, this report must provide notice of any significant deviation from previously agreed upon work plans.

- 3) Provide summary report and email to the MSF upon completion of the services to each of the clients.
- 4) [TAILOR FOR EACH DEAL]

C) 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 or the MEDC 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 grants to MSF a nonexclusive, royalty-free, irrevocable, worldwide license to use work product developed by Contractor in performance of this Agreement for MSF's governmental, non-commercial purpose;
- 4) The services required by this Agreement shall be performed by Contractor, or Contractor's employees or contract personnel, and the MSF or the MEDC 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 or the MEDC 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 or the MEDC 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 or the MEDC.

Exhibit A

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.

D) 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.

E) Materials

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

F) State and Federal Taxes

The MSF and the MEDC 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 or the MEDC, Contractor shall provide proof that such payments have been made.

G) 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 or the MEDC.

H) Workers' Compensation

The MSF or the MEDC 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

Exhibit A

insurance and shall maintain such insurance during the Term. The MSF or the MEDC may, in its discretion, require Contractor to provide evidence of such coverage.

I) **Unemployment Compensation**

The MSF or the MEDC 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.

J) **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, the MEDC or their authorized representative at any time during this period.

K) **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.

Exhibit A

Contractor acknowledges that MSF's performance of its payment obligation is dependent upon the 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: (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 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. Any Initial Payment made to the Contractor is subject to reimbursement in an amount determined by the Contract Manager in the event the Contractor terminates the Agreement prior to the Ending Date.

L) **MEDC and MSF Employees**

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

M) **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 or the MEDC (collectively, "Confidential Information") without the prior written consent of the MSF or the MEDC, except to the extent necessary to perform services on the MSF or MEDC's behalf. 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

Exhibit A

Confidential Information to Contractor. Contractor acknowledges that all information provided by the MSF or the MEDC in connection with Contractor's duties under this Agreement shall be treated as Confidential Information unless otherwise stated in this subsection.

N) **Conflict of Interest**

Except as has been disclosed to the MSF or the MEDC, 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 or the MEDC would be influenced. Contractor shall not attempt to influence any MEDC or 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 or the MEDC 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 or the MEDC'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.

O) **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.

Exhibit A

- 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.

P) 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, the MEDC 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.

Q) 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.

R) Indemnification and Contractor Liability Insurance

To the extent allowed under Michigan law, Contractor shall indemnify, defend, and hold harmless the MSF, its Board and its employees, and the MEDC, 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 maintain insurance to protect the Indemnified Parties from claims that might arise out of or as a result of Contractor's operations. Contractor presently self insures and shall maintain its self insurance program throughout the term of this Agreement. If the Contractor terminates its program of self insurance during the

Exhibit A

term of this Agreement, Contractor shall notify the MEDC at least thirty (30) days in advance of such change and provide the MEDC with proof of insurance of a commercially reasonable type and amount.

S) **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.

T) **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 to the MSF or the MEDC.

U) **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

Exhibit A

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.

V) **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.

W) **Compliance with Laws**

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

X) **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 the State of Michigan, the MSF or the MEDC, nor shall they have any authority to take any action or enter into any agreement on behalf of the State of Michigan, the MSF or the MEDC.

Y) **No Third Party Beneficiaries**

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

Z) **Counterparts**

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

Exhibit A

AA) 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.

BB) Survival

The terms and conditions of sections III, VI(C), VI(F), VI(G), VI(G), VI(I), VI(J), VI(M), VI(N), VI(O), VI(P), VI(Q), VI(V), VI(X), VI(Y) and VI(AA) shall survive termination of this Agreement.

CC) Extension

At the sole discretion of the MSF, this contract may be extended for up to **XX (X) XX (X)** year extensions at the same rate of compensation established in Section IV.

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

CONTRACTOR ACCEPTANCE:

CONTRACTOR

Dated: _____

NAME
TITLE

MSF ACCEPTANCE:

Michigan Strategic Fund

Dated: _____

Mark Morante
Fund Manager

Exhibit A

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;
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 MEDC 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 _____

Exhibit B

Proposal Evaluation Form International Trade Program – Small Business Services - RFP

Name of Applicant: _____
 Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
1. Stated the full name, address, phone number of the organization and, if applicable the branch office or other subordinate element that would perform or assist in performing the work. If a corporation, included the state in which it is incorporated. If appropriate, stated whether the organization is licensed to operate in the State of Michigan.		Max Possible: 5 Score:
2. Stated, in succinct terms, understanding the need(s) presented by the RFP.		Max Possible: 5 Score:
3. Included a narrative summary and timelines of the proposed effort and of the service(s)/products that will be delivered.		Max Possible: 20 Score:
4. Described the prior experiences of the organization, which they considered relevant to the successful accomplishment of the project defined in the RFP. Included sufficient detail to demonstrate the relevance of such experience. Should include, in this section, descriptions of qualifying experience to include project descriptions, cost and starting and completion dates of projects successfully completed; also included the name address and phone number of the responsible official of the client organization who may be contacted.		Max Possible: 20 Score:
5. Described track record of performance in proposed services.		Max Possible: 15 Score:
6. Identified a Project Manager and staff assigned by name and title. Included biographies, experience and any other appropriate information. Listed all subcontractors that will be engaged.		Max Possible: 20 Score:
7. Clearly outlined the value of service(s) for the price quoted.		Max Possible: 15 Score:

Total Score: _____ /100

MEMORANDUM

Date: July 25, 2017

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Community Assistance Team Specialist
Julius L. Edwards, Manager, Underwriting and Incentive Structuring
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: City Detroit Brownfield Redevelopment Authority
Request for Amendment of an Act 381 Work Plan
Tiger Stadium Partners, LLC and The Corner Lender, LLC – Request for
Approval of Michigan Community Revitalization Program Performance-
Based Loan
The Corner – Michigan & Trumbull Project

Request

The proposed project is a mixed-use redevelopment of the former Tiger Stadium site located at the corner of Michigan Ave. and Trumbull Ave. The project will be undertaken by Tiger Stadium Partners, LLC, a single purpose limited liability company created by the Larson Realty Group, L.L.C. The project will redevelop 1.3 acres of property located at 2121 Trumbull in the Corktown neighborhood of the city of Detroit. The project is located in a traditional commercial center and qualifies for a Michigan Community Revitalization Program (MCRP) award and Act 381 work plan because it is a facility.

The City of Detroit Brownfield Redevelopment Authority is seeking additional time to complete the eligible activities included in the Work Plan originally approved by the Michigan Economic Growth Authority (MEGA) Board on October 16, 2007. The original approval amount of \$2,895,000 will remain the same.

Tiger Stadium Partners, LLC and The Corner Lender, LLC (Applicant) are requesting approval of a MCRP incentive in the amount of \$4,375,000 in the form of a Performance-Based Loan.

Because of the developer's commitment to equitable growth, 60% of the first floor commercial space is being set aside for Detroit-based businesses at affordable rents. This model limits the revenue model which would otherwise allow for traditional financing options. Additionally, the project is being financed with New Market Tax Credits from Capital Impact Partners (CIP), Enterprise Community Loan Fund, Inc. (Enterprise), and Goldman Sachs (Goldman) which are anticipated to generate approximately \$7.3 million in private equity to the project. The combination of these two things are necessitating the MSF's involvement in financing of the project. CIP will also be providing bridge financing for the anticipated future value of the Brownfield Tax Increment Financing and another leveraged loan for total financing of approximately \$3.77 million. LISC will be providing total financing of \$3.77 million, and Enterprise will be providing a loan of up to \$3.1 million. Together Enterprise, CIP, LISC, and the MSF will be acting as "Leveraged Lenders" under the NMTC structure. It is expected that the development team, Larson Realty Group, will be deferring a majority of their developer fee and contributing approximately \$4.46 million in

equity to the project which is about 16.3% of the total development costs. The MCRP Performance-Based Loan would be used to fill the remaining financing gap allowing the project to maintain a reasonable debt service coverage ratio and achieve a return of under 10%. CRP detailed structure is provided in **Appendix A**.

The Applicant anticipates that the project will result in total capital investment in the amount of \$27,291,067, along with the creation of approximately 150 permanent full-time equivalent jobs with an average hourly wage of \$18.

Background

The project includes construction of a new four-story mixed-use development on the former Tiger Stadium located at the corner of Michigan and Trumbull. The first floor will consist of approximately 25,790 square feet of commercial space. Floors two through four will contain approximately 65,394 square feet of residential space and approximately 111 residential units. In order to address underserved markets, approximately 20% of the residential units will be affordable (80% of AMI) and approximately 60% of the commercial space will be offered at below-market rental rates. The development will also include a roof deck for resident use and a green roof in order to reduce the building's energy usage. Construction will use a modular interior product built by Champion inside their facilities, allowing for a faster delivery to market.

Larson Realty Group, L.L.C. (Larson) has been operating as a real estate investment, development and management company since 1999. Since then, Larson has been actively redeveloping real estate in the City of Detroit and has its own portfolio of projects, such as 1521 Broadway, a mixed-used development located in the heart of Downtown. Larson also acts as a third party representative for projects such as The College for Creative Studies, Olympia Development, and Bedrock Real Estate. The company has not previously received incentives from the MSF.

Appendix B addresses the programmatic requirements and **Appendix C** includes a project map and renderings.

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) Extension of the time to complete Act 381 eligible activities to December 31, 2018. Local and school tax capture for the Act 381 eligible activities is unchanged from the original amount of \$2,895,000, approved by the MEGA Board on October 16, 2007. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,736,421.
- b) Approval of \$4,375,000 of funds to be transferred for the specific purpose of this project through MCL 125.2088b(2) to the MCRP Program for the purpose of the program authorized under MCL 125.2088b(2) as long as the program provides for repayment for breach of the written agreement or the failure to meet measurable outcomes.
- c) A MCRP Performance-Based Loan award in the amount of \$4,375,000 for Tiger Stadium Partners, LLC and The Corner Lender, LLC.

APPENDIX A

FINANCING OPPORTUNITY – MCRP PERFORMANCE-BASED LOAN

The development team is seeking a MCRP Performance-Based Loan award in an amount of up to \$4,375,000. The MSF would be acting as one of four Leveraged Lenders under the NMTC structure. Due to the aggressive timeline required for closing this transaction (prior to August 18, 2017) Goldman will be bridging the MSF's loan in addition to providing a NMTC allocation and providing private equity in its role as the NMTC investor. Below is a summary of the anticipated financing sources for the project:

SUMMARY OF DEVELOPMENT SOURCES:

CIP	\$	3,760,525	13.8%
Enterprise	\$	3,087,855	11.3%
LISC	\$	3,760,525	13.8%
MCRP Loan	\$	4,375,000	16.0%
NMTC Equity	\$	7,293,000	26.7%
Developer Equity	\$	4,446,926	16.3%
Deferred Developer Fees	\$	567,236	2.1%
TOTAL	\$	27,291,067	100%

LOAN FACILITY

MSF Facility:	MCRP Performance-Based Loan
Borrower:	The Corner Lender, LLC or Related Entity
MSF Loan:	Up to the lesser of 20% of "Eligible Investment" or \$4,375,000
Term:	Up to 90 months
Interest Rate:	Up to 5% per annum
Repayment Terms:	Up to 90 months interest-only payments, with principal due at maturity.
Collateral:	To be determined subject to the NMTC structure
Guarantee:	The guarantees of the project owners, with the final and/or alternative guarantee(s) approved by the MSF Fund Manager.
MSF Fees:	One-time fee equal to one percent of the MSF Loan award.
Funding:	The MSF will fund up to \$4,375,000 to be disbursed following execution of all necessary financing documentation for the project as determined by the MSF's Fund Manager and completion of other performance criteria.
Other Conditions:	Milestones or closing conditions anticipated to include: <ul style="list-style-type: none">• Receipt of a Guaranteed Maximum Price contract

- Final Development Budget
- Receipt of State approval of the tax abatement

APPENDIX B – Programmatic Requirements & Screening Guidelines

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 March 21, 2007.

The property is the subject of a Brownfield Plan, duly approved by the City of Detroit on July 27, 2007.

MCRP Program and its Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. The total eligible investment for this project is estimated to be \$22,924,320.

Source of Information

It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MCRP 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.

As required under the MCRP, the following statutory criteria is being considered by the MSF:

A. The importance of the project to the community in which it is located:

The project will reactivate the historic Tiger Stadium site in the Corktown neighborhood of Detroit and will create significant commercial and residential density. Affordable residential and commercial units have been set aside to encourage equitable growth of both the neighborhood, and Detroit-based businesses.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

This project will play a critical role in the continuing redevelopment of the Corktown neighborhood. This neighborhood has already seen significant investment with many projects just blocks from the proposed project, including Quicken Loan's 66,000 square foot Technology Center and a variety of bars and restaurants. Activation of this vacant site will make the area more walkable and add value to the neighborhood for existing businesses and residents.

C. The amount of local community and financial support for the project:

The City of Detroit will provide PA 210 property tax abatement for 12 years freezing the taxable value of the property at the pre-rehabilitated value which is anticipated to provide savings to the project of over \$2 million in property tax payments during the 12 year period. The city has also approved a Brownfield Plan, along with a previously approved Work Plan, to provide up to approximately \$2.89 million in Tax Increment Financing reimbursements.

D. The applicant's financial need for a community revitalization incentive:

The development team has committed to providing 60% of the first floor commercial space to be set aside for Detroit-based businesses at affordable rents. This model limits the revenue model which would otherwise allow for traditional financing options. Additionally, the project is being financed with New Market Tax Credits from Capital Impact Partners (CIP), Enterprise Community Loan Fund, Inc. (Enterprise), and Goldman Sachs (Goldman) which are anticipated to generate approximately \$7.3 million in private equity to the project. The combination of these two things are necessitating the MSF's involvement in financing of the project. CIP will also be providing bridge financing for the anticipated future value of the Brownfield Tax Increment Financing and another leveraged loan for total financing of approximately \$3.77 million. LISC will be providing total financing of \$3.77 million, and Enterprise will be providing a loan of up to \$3.1 million. Together Enterprise, CIP, LISC, and the MSF will be acting as "Leveraged Lenders" under the NMTC structure. It is expected that the development team, Larson Realty Group, will be deferring a majority of their developer fee and contributing approximately \$4.46 million in equity to the project which is about 16.3% of the total development costs. The MCRP Performance-Based Loan would be used to fill the remaining financing gap allowing the project to maintain a reasonable debt service coverage ratio and achieve a return of under 10%.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

The MCRP project does not include the rehabilitation of an historical building or the redevelopment of a blighted property.

F. Creation of jobs:

It is estimated that 150 full-time equivalent jobs will be created with an average hourly wage estimated to be \$18 per hour.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:

The development team is contributing approximately \$22,916,067 in private financing to the project in the form of debt and equity.

H. Whether the project is financially and economically sound:

Upon reaching stabilization it is anticipated that the project will be able to achieve a debt service coverage ratio of greater 1.30 to 1.00 assuming full amortization of the debt. Additionally, the project will be only be required to make interest only payments on the Leverage Loan, increasing the financial stability of the property. Following expiration of the NMTC compliance period the project should be able to refinance the current financing under a traditional financing structure at a lower interest rate.

A review of the proposed rental structure was performed by MEDC staff. Staff is comfortable with the proposed rents which are supported by a market study performed by Zimmerman/Volk Associates, Inc. and completed in June 2017.

I. Whether the project increases the density of the area:

The infill project along a significant commercial corridor will connect the already existing commercial businesses in Corktown and will add both commercial and residential density.

- J. Whether the project promotes mixed-use development and walkable communities:**
The development includes a variety of strategies to promote walkability such as neighborhood-scale retail and increased residential density of approximately 111 units.
- K. Whether the project converts abandoned public buildings to private use:**
The project does not convert abandoned public buildings into private use.
- L. Whether the project promotes sustainable development:**
The project plans to incorporate several sustainable elements in its overall design and will offer a green rooftop deck for tenants.
- M. Whether the project involves the rehabilitation of a historic resource:**
The project does not involve the rehabilitation of a historic resource.
- N. Whether the project addresses area-wide redevelopment:**
The project will increase residential density and add more affordable housing units to the city. It will also restore the lost street wall along a commercial corridor in the Corktown neighborhood. Approximately 60% of new commercial units will be offered below market rate to encourage the continued growth of Detroit-based businesses in the district.
- O. Whether the project addresses underserved markets of commerce:**
The project will address the lack of affordable white-box commercial space available for growing businesses in Detroit.
- P. The level and extent of environmental contamination:**
The property does have minimal environmental clean-up work to be performed. The work will comply with the BEA to be filed with the Department of Environmental Quality upon transfer of the property. The work primarily relates to small amount of contaminated soil in limited areas on the site.
- Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):**
The project does not include the rehabilitation of an historic resource.
- R. Whether the project will compete with or affect existing Michigan businesses within the same industry:**
The project will not compete with or affect existing Michigan businesses within the same industry.
- S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:**
No additional criteria needs to be considered.

Brownfield Act 381 Program Additional Project Information:

A. Reuse of functionally obsolete buildings and/or redevelopment of blighted property:

The project does not include any functionally obsolete building or blighted property.

B. Whether project will create a new brownfield property in the State:

No new Brownfields will be created by this project.

C. Other Factors Considered:

Beginning in 2018, the property will have a Commercial Rehabilitation Exemption (PA 210), as well as a Neighborhood Enterprise Zone (NEZ) overlay to assist with local contribution to the project.

Tax Capture Breakdown

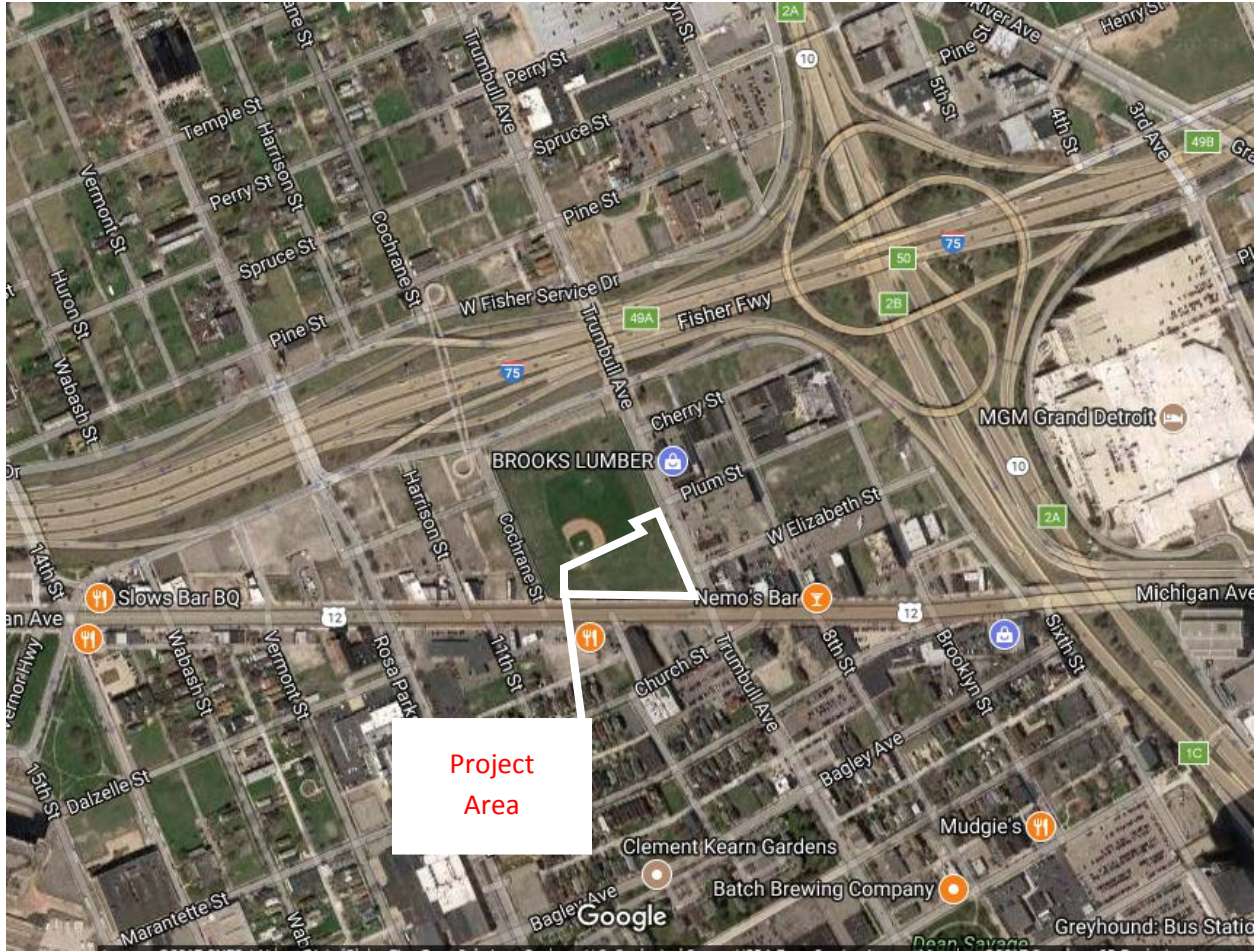
There are 102.5085 non-homestead mills available for capture, with school millage equaling 24 mills (23.41%) and local millage equaling 78.5085 mills (76.59%). The millage rate will be impacted by the NEZ and PA 210 throughout the life of the brownfield plan. Tax increment capture will begin in 2018 and is estimated to continue for 11 years. The blended ratio for the requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(59.98%)	\$	1,736,421
Local tax capture	(40.02%)	\$	1,158,579
TOTAL		\$	2,895,000

Cost of MSF Eligible Activities

Demolition	\$	2,090,000
Infrastructure Improvements		600,000
Site Preparation	+	200,000
Sub-Total	\$	2,890,000
Brownfield/Work Plan Preparation	+	5,000
TOTAL	\$	2,895,000

APPENDIX C – Project Map and Renderings





MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
THE CORNER – MICHIGAN & TRUMBULL PROJECT
AMENDMENT #1**

WHEREAS, the 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, the MEGA Board approved a Work Plan request for the Tiger Stadium Project (the “Project”), by Resolution 2007-84 on October 16, 2007, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$2,895,000 in eligible activities;

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) wishes to amend the scope of the Project by extending the time to complete eligible activities to December 31, 2018;

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 amended Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 59.98% to 40.02% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the original Work Plan dated October 5, 2007. Any change in millage that increases the capture percentage of school taxes in the ratio above 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 costs of MSF eligible activities with a maximum of \$2,890,000 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$5,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,736,421.

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 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.

BE IT FURTHER RESOLVED, that eligible activities for the Project must be completed by December 31, 2018.

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.

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2007-84 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**ALLOCATION OF FUNDS AND APPROVAL OF A
MICHIGAN COMMUNITY REVITALIZATION PROGRAM PERFORMANCE-BASED
LOAN AWARD TO
TIGER STADIUM PARTNERS, LLC AND THE CORNER LENDER, LLC
OR A RELATED ENTITY
(THE CORNER PROJECT)**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a—MCL 125.2090d, as later amended) to enable the 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, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (“Transaction Documents”);

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

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 and activities, and the MCRP;

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to MCL 125.2088h(1), the Jobs for Michigan investment fund was created as a permanent fund authorized by the state constitution (“Investment Fund”);

WHEREAS, pursuant to MCL 125.2088h(3)(e), the MSF Board shall direct the investment and reinvestment of the Investment Fund as authorized under Chapter 8A for incentives, including, but not limited to, for the purposes of creating incentives in this state for Revitalizing Michigan Communities;

WHEREAS, pursuant to MCL 125.2088b(2)(c), the Investment Fund may allocate money for authorized programs to make expenditures or investments from the Investment Fund for programs or activities authorized pursuant to the 21st Century Jobs Trust Fund legislation as long as those programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(c), the MSF has, among other things, the power to make loans and investments;

WHEREAS, Tiger Stadium Partners, LLC and The Corner Lender, LLC or such entities formed or to be formed in the furtherance of The Corner Project (“Applicant” or “Co-Applicants”) have requested a Performance-Based Loan Award from the MSF under the MCRP for the project in an amount not to exceed up to \$4,375,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC recommends that the MSF approve the MCRP Award Request through the Investment Fund 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 transaction documents within 240 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 120 days (the foregoing, collectively, the “MCRP Award Recommendation”).

WHEREAS, the MEDC recommends that the MSF approve funding of up to \$4,375,000 from the Investment Fund to fund the MCRP Award Recommendation (the “Funding”);

WHEREAS, the MEDC recommends the MSF waive the MCRP Incentive Parameters debt service coverage and senior lender requirements;

NOW THEREFORE, BE IT RESOLVED, the MSF approves the MCRP Award Recommendation; and

BE IT FURTHER RESOLVED, the MSF approves the Funding.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

EXHIBIT A

“Term Sheet”

LOAN FACILITY

MSF Facility:

MCRP Performance-Based Loan

Borrower:

The Corner Lender, LLC or Related Entity

MSF Loan:

Up to the lesser of 20% of “Eligible Investment” or \$4,375,000

Term:

Up to 90 months

Interest Rate:

Up to 5% per annum

Repayment Terms:

Up to 90 months interest-only payments, with principal due at maturity.

Collateral:

To be determined subject to the NMTC structure

Guarantee:

The guarantees of the project owners, with the final and/or alternative guarantee(s) approved by the MSF Fund Manager.

MSF Fees:

One-time fee equal to one percent of the MSF Loan award.

Funding:

The MSF will fund up to \$4,375,000 to be disbursed following execution of all necessary financing documentation for the project as determined by the MSF’s Fund Manager and completion of other performance criteria.

Other Conditions:

Milestones or closing conditions anticipated to include:

- Receipt of a Guaranteed Maximum Price contract
- Final Development Budget
- Receipt of State approval of the tax abatement

MEMORANDUM

Date: July 25, 2017

To: Michigan Strategic Fund Board

From: Nicol Brown, Community Assistance Team Specialist
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: County of Oakland Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
Pontiac East Gateway Redevelopment Project

Request

The proposed project will be undertaken by Auch East Gateway, LLC (Auch). The project will redevelop over three acres of property located at 65 University Drive in the city of Pontiac. The project is located in a downtown and qualifies for an Act 381 work plan because it is a facility.

In order to alleviate brownfield conditions and prepare the project site for redevelopment, the County of Oakland Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$2,296,325.

The property is a RACER trust site and contains elevated levels of contamination. As a result, the costs required to prepare the site for development are extraordinary and make the site much more challenging to market. The developer has identified this location as a significant opportunity and is self-financing the entire project.

The eligible activities will alleviate the extensive brownfield conditions across the site and make it suitable for redevelopment as well as protect human health and the environment. Without brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

Auch anticipates the project will result in total capital investment in the amount of \$9,544,044, along with the relocation of 50 jobs with an average hourly wage of \$38. An additional 50 to 100 jobs with an average hourly wage of \$50 are anticipated to be created following the construction of a future second building.

Background

Auch East Gateway, LLC will construct a new office headquarters that is located at the eastern entrance of downtown. The development will contain a 20,000 square foot building with a dense, urban design and both a green space and urban meadow that will be accessible to Auch employees and the community. The green space will be integrated into the overall site storm water management system and will provide

ecological benefits related to reduced runoff. The headquarters will create a strong visual symbol of Pontiac's renewal and is within walking distance of the downtown. The new development will help Auch provide a second century of service to Pontiac and the state of Michigan. Furthermore, the new facility will help them attract and retain top talent in southeast Michigan.

Demolition activities will be necessary to demolish and remove existing asphalt pavement and foundations on the property to an off-site recycling facility. Site preparation activities include staking for site grading, excavation, soil erosion and sedimentation control (SESC) applications; on-site geotechnical and construction monitoring during site preparation activities, temporary traffic control; temporary erosion control; temporary site control; temporary facilities and roads; special foundations, excavation of unsuitable fill material (non-environmental), site grading and balancing, relocation of active utilities, and retaining walls in downtown areas. Infrastructure improvements include public utility and street upgrades on Woodward Avenue, University Drive, and Mill Street; the installation of a low impact design urban storm water management system.

Auch East Gateway, LLC is a single member LLC owned by the George W. Auch Company, a wholly owned Michigan C Corporation founded in 1908 in Detroit MI and relocated to Pontiac in 1985. The company was the contractor on the recently completed M1 Concourse mixed-use development in Pontiac as well as Masco Corporation's and McLaren Health's Headquarters Buildings. The development team members have a minimum of 20 years of experience in the industry with the design and construction oversight. Neither Auch East Gateway, LLC, or its principals, have previously received incentives from the Michigan Strategic Fund (MSF).

Appendix A addresses the programmatic requirements and **Appendix B** includes a project map and renderings.

Recommendation

MEDC staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$2,296,325. Using the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,093,510.

APPENDIX A – Programmatic Requirements & Screening Guidelines

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) on May 31, 2017.

The property is the subject of a Brownfield Plan, duly approved by the County of Oakland on November 30, 2016 and concurred with by the City of Pontiac on January 19, 2017.

In addition, the project is requesting from the DEQ \$617,355 in TIF to assist with environmental eligible activities.

Key Statutory Criteria

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

a) Overall Benefit to the Public:

Investing in and redeveloping the property supports Auch's long-term commitment to the city by creating a modern office building and new green space. There is a potential for a second mixed-use development on the site that will contain office/retail/residential space and create additional density within walking distance of the downtown.

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

Approximately 50 full-time people will be relocated to the new development. The average hourly rate for full-time jobs is estimated to be \$38 per hour. An estimated 50 to 100 newly created jobs related to the second building are anticipated. The average hourly rate for these jobs is estimated to be \$50 per hour.

c) Area of High Unemployment:

The City of Pontiac unadjusted jobless rate was 9% in March 2017.

d) Level and Extent of Contamination Alleviated:

The project is qualifying as a facility and the presence of contamination is significant. The current quantity estimates up to 6,000 tons of contaminated soil, 200,000 gallons of contaminated groundwater, and 200 cubic yards of contaminated street sweepings.

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

The project is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

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

h) Other Factors Considered:

No additional factors need to be considered for this project.

Tax Capture Breakdown

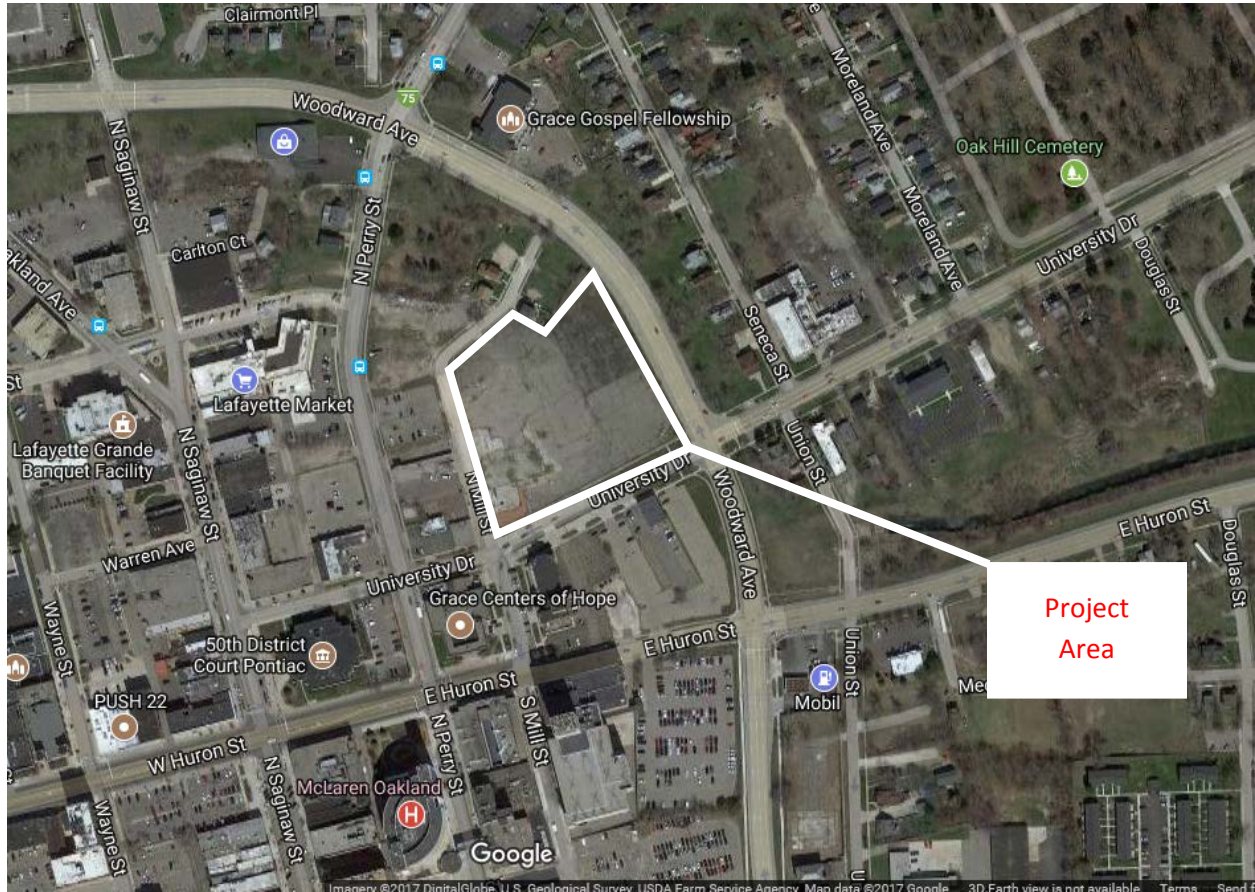
There are 50.3995 non-homestead mills available for capture, with school millage equaling 24 mills (47.62%) and local millage equaling 26.3995 mills (52.38%). Tax increment capture will begin in 2018 and is estimated to continue for 27 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(47.62%)	\$	1,093,510
Local tax capture	(52.38%)	\$	1,202,815
TOTAL		\$	2,296,325

Cost of MSF Eligible Activities

Demolition	\$	113,375
Infrastructure Improvements		795,204
Site Preparation	+	1,075,182
Sub-Total	\$	1,983,761
Contingency (15%)	+	297,564
Sub-Total	\$	2,281,325
Brownfield/Work Plan Preparation	+	15,000
TOTAL	\$	2,296,325

APPENDIX B – Project Map and Renderings





MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
COUNTY OF OAKLAND BROWNFIELD REDEVELOPMENT AUTHORITY
PONTIAC EAST GATEWAY REDEVELOPMENT PROJECT**

WHEREAS, the 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, asbestos, or mold abatement, and for 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 65 University Drive within the City of Pontiac, known as Pontiac East Gateway Redevelopment Project (the “Project”);

WHEREAS, the City of Pontiac is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead, asbestos, or mold abatement; c) public infrastructure improvements; d) site preparation; e) brownfield and work plan preparation; f) brownfield and work plan implementation and g) 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, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 47.62% to 52.38% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the revised Work Plan dated March 22, 2017. Any change in millage that increases the capture percentage of school taxes in the ratio above 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 costs of MSF eligible activities with a maximum of

\$2,281,325 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$15,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,093,510.

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.

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:

Lansing, Michigan
July 25, 2017

MEMORANDUM

Date: July 25, 2017

To: Michigan Strategic Fund Board

From: Julius L. Edwards, Manager, Underwriting and Incentive Structuring

Subject: Grand Rapids Downtown Market Holdings, LLC Request for Approval of a Michigan Community Revitalization Program \$3,000,000 Other Economic Assistance-Performance-Based Loan Participation Agreement Amendment

Request

Grand Rapids Downtown Market Holdings, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Performance-Based Loan Participation of Other Economic Assistance (Ex. Loan Participation) Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated June 29, 2017 includes a requests to amortize the MSF Loan over 40 years and reduce the interest rate from 2% to 1% per annum.

Background

The Michigan Strategic Fund Board approved a \$3,000,000 Other Economic Assistance Loan Participation Award in a \$4,000,000 loan facility from Fifth Third Bank (“Participating Lender”) on February 27, 2015 to the Company for the purpose of constructing a 25,000 square foot year round market on multiple parcels, encompassing a whole block of property, located at 435 Ionia Avenue, SW and 109 Logan Street, SW in the City of Grand Rapids. The project was to include multi-vendor space for fresh food markets, with both a year-round, indoor component and space for an outdoor seasonal farmer’s market, as well as restaurants and other food services, educational facilities, food processing and production facilities (such as a kitchen incubator), a rooftop greenhouse and other mixed-use components such as crafts, retail shops, residential units and offices.

An amendment/waiver request to the project was approved on July 1, 2014 to address the following:

- Recognize and waive the default resulting from Grand Rapids Downtown Market Holdings, LLC (“Company” or “Borrower”) not obtaining a New Market Tax Credits structure and not implementing an amortization schedule by December 31, 2013.
- To allow Fifth Third Bank (“Bank of Lender”) to amend the Draw Note to allow interest only payments to continue through June 30, 2016, with P & I payments beginning with the payment due July 30, 2016 with the amortization to be agreed upon prior to June 30, 2016 by all parties involved, but limit the maximum amortization period to 20 years.
- To allow the Bank to amend the Loan Agreement to allow the Borrower to finance \$500,000 for tenant improvements (the previous language only allowed for \$300,000).

A second amendment request to the project was approved on November 24, 2015 to:

- Consent to subordinating its collateral position to the proposed \$1,000,000 line of credit (LOC) from Old National Bank allowing the Lender to have a security position in the assets of the project. The LOC will be used to meet short-term working capital needs, financing future tenant build-outs, fund tenant allowances to attract other tenants, and finance additional non-income producing build-outs within the existing space such as restrooms, etc...

A third amendment request was approved on June 28, 2016 to extend the interest only period an additional 12 months to continue through June 30, 2016.

The current amendment requests are to allow for the \$3,000,000 MSF Share of the Loan Participation to be amortized over a 40 year period and decrease the interest from 2% to 1%. The current agreement limits the amortization period to 20 years. By extending the amortization period and reducing the interest rate it will provide financial relief to the Market, potentially allowing for buildout of the third floor of the market, future capital improvements, and help ensure the Market remains financially viable allowing it to continue to provide valuable services to the City of Grand Rapids and its surrounding communities.

The Company is current on all reporting requirements, and the current amendment request will allow them to remain compliant with the MSF's agreement.

Recommendation

The MEDC staff recommends approval of an amendment to allow the \$3,000,000 MSF Share of the loan participation to be amortized over a 40 year period and decrease the interest rate from 2% to 1% per annum.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2017-**

**APPROVAL OF AN AMENDMENT TO
THE MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC
ASSISTANCE PERFORMANCE-BASED LOAN PARTICIPATION AWARD TO
GRAND RAPIDS DOWNTOWN MARKET HOLDINGS, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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, as later amended (“Guidelines”);

WHEREAS, pursuant to SFCR 2090-1(3), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP (“Transaction Documents”);

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

WHEREAS, by Resolution 2013-029 on February 27, 2015 the MSF Board awarded a MCRP Other Economic Assistance – Performance-Based Loan Participation to Grand Rapids Downtown Market Holdings (“Borrower”) of up to \$3,000,000 (“Award”) in a \$ 4,000,000 loan facility from Fifth Third Bank (“Participating Lender”);

WHEREAS, the MSF Fund Manager approved an amendment to: 1) waive the default resulting from the project not receiving a New Market Tax Credit allocation; 2) extend the interest only period to June 30, 2016 and limit the future amortization period to 20 years; and 3) allow the Participating to finance \$500,000 in tenant improvements;

WHEREAS, by Resolution 2015-196 on November 25, 2015 the MSF Board approved an amendment request for the MSF consent to subordinate its collateral position to a proposed \$1,000,000 Line of Credit from Old National Bank;

WHEREAS, by Resolution 2016-087 on June 28, 2016 the MSF Board approved an amendment request for the MSF to consent to extend the interest-only payments for one year;

WHEREAS, the MEDC staff is recommending that the MSF Board approve an amendment to the MSF’s Other Economic Assistance Loan Participation Agreement and other ancillary agreements allowing for the interest only period to be extended to September 30, 2017;

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

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2017

MEMORANDUM

Date: July 25, 2017
To: MSF Board
From: Kelly Wolgamott, Director, Travel Advertising
Subject: Request to Issue RFP - 2017 Pure Michigan Campaign Insights Study

Request

Travel Michigan, along with the Strategy & Policy team, is requesting approval to issue a Request for Proposals (RFP), attached, for the following items:

1. 2017 Pure Michigan Marketing Insights Study (including campaign ROI and competitor assessment)
2. Economic Impact of the 2017 Pure Michigan Campaign (jobs, wages, business sales)

This RFP combines two budgeted line items into one streamlined request, wherein bidders may ‘partner’ with a subcontracting firm(s) if necessary. By bundling these services last year, the MEDC found significant time savings through the management of one rather than two contracts, and achieved a cost savings of \$21,000. Previously, the MEDC had budgeted solely for item #1 above. If approved, the RFP will be issued July 26 and will close August 16, 2017.

Approval of this request will result in the selection of a consultant with intent to enter into contract with MSF to perform the proposed work for FY2018 through FY2020. The annual value of the contract is estimated at \$165,000, and the total value of the three-year contract \$495,000.

Background and Purpose

Since 2006, the MEDC has commissioned an analysis of the Pure Michigan advertising campaign for strategic guidance in decision-making of Travel Michigan and its partners, and the evaluation and monitoring of the campaign’s effectiveness.

Last year, the MEDC added two components to the requested services: 1) a competitor analysis and 2) economic impact analysis of the Pure Michigan Campaign as it relates to jobs, wages, and business sales. These additional items add value to the strategic planning process for Travel Michigan and its partners. MEDC intends to continue this work, and through a competitive bidding process, secure a qualified, independent consultant to satisfactorily complete the work outlined in the RFP within the budgeted amount and timeframe.

Joint Evaluation Committee (JEC)

A JEC will select one bidder to enter into contract with MSF and perform the work described in the attached RFP. This will be done through a review process of all submitted and legitimate proposals, with the option to follow-up with interviews of a select number of bidders. Reviews will be completed using five weighted-scoring criteria, described on page 11 of the attached RFP. In accordance with Section 125.2088b-1(1)(a) the MSF Fund Manager will appoint a JEC, which will consist of four individuals, one of whom is from outside the MEDC.

Recommendation

MEDC staff recommends that the MSF Board:

1. Approve the issuance of the “2017 Pure Michigan Campaign Insights Study” RFP, as attached;
and
2. Approve the scoring and evaluation criteria to be used in reviewing bidders’ proposals (page 11 of attached RFP).

MICHIGAN STRATEGIC FUND

**RESOLUTION
2017-**

PURE MICHIGAN CAMPAIGN INSIGHTS STUDY REQUEST FOR PROPOSALS

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund for the 21st Century Jobs Trust Fund, including implementation of the Pure Michigan marketing campaign;

WHEREAS, under Section 88b(6) Act, MCL 125.2088b(6), requires that the MSF select all vendors for all expenditures under Chapter 8A by issuing a Request for Proposals (“RFP”);

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by the Act and seeks proposals from vendors to conduct an insights study and economic impact analysis of the Pure Michigan travel marketing campaign (the “Pure Michigan Insights Study RFP”). A copy of this RFP is attached to this Resolution;

WHEREAS, the MEDC recommends that the MSF Board authorize issuance of the Pure Michigan Insights Study RFP; and

WHEREAS, the MSF Board wishes to issue the Pure Michigan Insights Study RFP.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the attached Pure Michigan Insights Study RFP and authorizes its issuance; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager to modify the 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 25, 2017

REQUEST FOR PROPOSALS
MICHIGAN STRATEGIC FUND
2017 PURE MICHIGAN CAMPAIGN INSIGHTS STUDY
RFP-CASE-XXXXXX

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 Proposals (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-XXXXXX *Technical Proposal*” and “RFP-CASE-XXXXXX *Price Proposal*” with *Company Name*, and “*message 1 of 3*” as appropriate if the bid consists of multiple emails.

The Michigan Strategic Fund (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 Procurement Services
Michigan Strategic Fund
300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
contractsandgrants@michigan.org

IMPORTANT DUE DATES

- **August 2, 2017, at 3:00 p.m.:** Questions from potential Bidders are due via email to contractsandgrants@michigan.org. Please note: The 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 4, 2017, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, **INSERT URL**.
- **August 16, 2017, at 3:00 p.m.:** Electronic versions sent separately of each of your Technical Proposal 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.....	2
A – Purpose	2
B – Background Statement and Objectives	2
C – Qualifications	2
D – Deliverables.....	2
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 – Additional 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 – Jurisdiction	12
R – Additional Certification	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
2017 PURE MICHIGAN CAMPAIGN INSIGHTS STUDY
RFP-CASE-XXXXXX

This Request for Proposals (the “RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Procurement Services unit (the “C&P”). 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&P is the sole point of contact with regard to all bidding and contractual matters relating to the services described in this RFP. C&P 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”). C&P 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 Procurement Services
Michigan Strategic Fund
300 North Washington Square
Lansing, Michigan 48913
contractsandgrants@michigan.org

SECTION I STATEMENT OF WORK

A) PURPOSE

The purpose of this RFP is to obtain proposals from research firms to study the effectiveness and impacts of the Pure Michigan campaign. The resulting study will identify the return on investment (ROI) of the regional and national 2017 Pure Michigan advertising campaign, and provide strategic marketing insights to guide the campaign's targeting, branding, and communication efforts.

The successful research firm will be asked to address four key components of research, discussed further under "Scope of Work" on page five:

1. Campaign impacts on Michigan
2. Brand/advertising perception and awareness
3. Traveler profiles and motivators
4. Competitive assessment

This research will serve as a guiding document for future marketing campaign efforts, and will be shared and discussed at the 2018 Pure Michigan Governor's Conference on Tourism on March 27-29, 2018.

B) BACKGROUND STATEMENT AND OBJECTIVES

The MSF desires to provide critical research for its travel advertising campaign under the Pure Michigan brand. This research will analyze the return on investment of its travel advertising campaign, in addition to providing a comprehensive profile of visitors with an analysis of their perceptions and key motivators.

Pure Michigan is a brand representing business, talent and tourism initiatives across Michigan. These efforts are driven by the MEDC on behalf of the MSF. The MEDC serves as the state's marketing arm and lead advocate for business growth, jobs and opportunity with a focus on helping growth of Michigan's economy. Leisure travel initiatives are headed by Travel Michigan which is a business unit within the MEDC and serves as the state's tourism promotion office.

Travel Michigan is the lead on all marketing, public relations, social media, event planning and industry outreach efforts related to leisure travel and tourism within the organization, and the state.

Overview of Michigan's Tourism Industry and Michigan's Tourism Mission

Tourism, as one of the state's largest industries, is crucial to Michigan's economy. According to Tourism Economics, tourism contributes over \$37.8 billion in business sales to the state's economy. Michigan's tourism promotion budget in 2016 was \$33 million, of which \$12.9 million was spent on media placement. In 2017 it is \$34 million with \$13 million invested for Spring/Summer media. The MSF anticipates executing a three-year contract with the selected vendor.

The State's tourism mission is to increase visitor spending in Michigan. The overall relevant tourism marketing goals are to:

- Sell Michigan as the ideal destination to U.S. markets
- Generate awareness of michigan.org as a travel planning tool

To accomplish its mission and goals, the MSF and MEDC apply an integrated marketing approach that includes media (television, cable, radio and digital campaigns), print, e-newsletter, search engine optimization, paid search, outdoor advertising, travel guide (*Pure Michigan travel guide*), public relations, Pure Michigan store, michigan.org, and social media: Facebook, Twitter, Instagram, Pinterest, Snapchat, You Tube and Pure Michigan Blog.

Michigan's relevant target markets are categorized the following ways:

- National -- Travel marketing is designed to showcase what makes Michigan unique and to increase visitation to Michigan from more-distant markets outside the Great Lakes region.
- Regional markets – They include Chicago, Cleveland, Indianapolis, Milwaukee, Cincinnati, Columbus, and Dayton.
- Feeder markets – Nearby markets that feed Michigan with high volumes of travel. They include Toledo, South Bend-Elkhart, Fort Wayne, Green Bay-Appleton, Minneapolis-St. Paul, and St. Louis

Previous Research Studies

Travel Michigan, through its previous vendor Longwoods International, has conducted yearly studies assessing the impact of the warm weather season advertising on the national and regional levels since 2004. Previous studies were conducted by internet panel – with a sample of approximately 4,000 respondents (2,000 regional respondents and 2,000 for the rest of the United States). The awareness of advertising was determined through exposing respondents to actual samples of the advertising material (television, radio and print). Partnership ads were also evaluated.

According to the 2016 Pure Michigan Campaign Insights report, 5.0 million out-of-state visitor-trips to Michigan were influenced by the award-winning Pure Michigan campaign. Since its launch in 2006, visitors have spent over \$9.49 billion at Michigan businesses and paid \$664.1 million in Michigan taxes, primarily sales tax.

The campaign's 2016 return on investment (ROI) was assessed at \$8.33 in state revenue for each Pure Michigan advertising dollar spent -- the best ROI to date for the campaign. The cumulative ROI for 2006 through 2016 is \$5.49.

This RFP is being issued for similar research on the 2017 advertising campaign. To help accomplish this objective, the MEDC will make available key data from other vendors such as DK Shifflet (visitation and spending) and Smith Travel Research (lodging trends), discussed further under "MEDC Provided Materials" on page **seven**. While this RFP seeks proposals for work similar to the past work done on the Pure Michigan campaign, each bidder should provide their own methodological statement as to how the work will be completed.

Overview of Relevant Travel Marketing Programs

- **Partnership Program:** At the desire to further collaborate with local travel destinations, the MEDC developed a tourism industry dollar-for-dollar advertising matching fund program in 2002. Each partnership was required to strategically fit Michigan's existing marketing strategy and advertising campaign. Individual campaigns utilized various media approaches, i.e., television, radio, outdoor advertising and e-mail blasts. The advertising campaigns were designed to cut through the clutter and heavily promote Michigan-featured destinations and michigan.org as a vacation planning tool. In FY 2016, more than 40 advertising partners committed \$6.4 million in private sector funds for television, radio, and online advertising. Travel Michigan matched the private sector partnerships dollar-for-dollar for a total partnership advertising budget of \$12.6 million.
- **Passion Marketing:** The Pure Michigan campaign is focusing efforts to promote activity, or passion-based marketing. Travel Michigan has identified a list of passions, or interests, based on research, that Michigan excels at delivering for the leisure travelers. For 2016, the six passions Travel Michigan is focused on are: Pure Michigan Snow Day (winter), Lake Effect (summer), Scenic Route (fall), Golf, Craft Beer and Urban DNA/the Detroit Comeback story.
- **Corporate Partnerships:** Travel Michigan has established key strategic partnerships with corporate partners to extend the awareness of the Pure Michigan brand. To leverage out-of-state reach, the Detroit Tigers and Pure Michigan 400 have collaborated with Travel Michigan. In addition, strong relationships have been created with Detroit Metro Airport, Coca-Cola, Kroger, Hudsonville Ice Cream and Absopure to name a few.
- **Paid Search Background:** Travel Michigan also has an active paid search campaign designed to promote and increase web traffic to michigan.org. The campaign is used to promote specific destinations and initiatives throughout the year.

C) QUALIFICATIONS

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; 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.

Proposals from bidding firms, and any follow-up interviews with selected bidders, will be evaluated based upon five criteria. The criteria are as follows:

1. Proposed scope of work and detailed methodology
2. Adequacy / qualifications of proposed staffing: Identify and introduce the team that will manage the project and complete the work. Information on team members should include:
 - a. Current resumes/biographies that provide education, experience, and expertise with pertinent information demonstrating qualifications for this RFP.

- b. Overall experience with survey research in the travel and tourism realm, as well as length of time with the organization.
 - c. Current title in the organization and role on the proposed project (i.e. project manager, senior analyst, junior analyst).
3. Prior experience: Describe your experience for three similar clients and/or projects in the travel and tourism realm. Provide project profiles that describe the problem statement, approach taken to complete work, and outcomes of the project. Please include projects staffed with the proposed team members for this project, and for projects completed within the last five years.
4. Efficiency of project-time schedule
5. Reasonableness / feasibility of fee

Criteria are evaluated by a Joint Evaluation Committee (JEC) and on a weighted point-system. This is discussed under "SELECTION CRITERIA" on page **Error! Bookmark not defined..**

D) DELIVERABLES

In this section we discuss the technical scope of work, format of deliverables, materials we will provide to the successful bidder, and timeline.

Scope of Work

The successful bidder will conduct primary (survey) and secondary market research that culminates in a well-organized, comprehensive, yet concise report providing marketing insights for the 2017 Pure Michigan campaign year in the regional and national markets (excluding the Michigan market). At a minimum, these insights should include:

1. Campaign impact on Michigan
2. Brand/advertising perception and awareness
3. Traveler profiles and motivators
4. Competitor assessment

Together, these elements will serve as a guide for the Pure Michigan campaign's targeting, branding, and communication efforts. Below we discuss each scope of work element in more detail.

Campaign Impact on Michigan. Key takeaways from this analysis will be metrics pertaining to the 2017 Pure Michigan campaign's "net-new" impact in the state at *both the regional and national levels*. These measurements should include:

1. Incremental Return on Investment (ROI) – This key metric looks at the difference between 1) state spending on the 2017 Pure Michigan campaign and 2) net-new spending from travel/tourism in the state as a result of the 2017 Pure Michigan campaign. The latter is a measurement of direct, indirect, and induced spending stemming from campaign-influenced travel/tourism by out-of-state residents (i.e. Michigan-resident travel within the state is excluded).
2. Jobs – The jobs metric is an estimate of the number of jobs supported by any net-new spending in the state as a result of travel/tourism influenced by the 2017 Pure Michigan campaign.
3. Taxes – Incremental taxes from which the state benefited stemming from any net-new, campaign-induced spending.

4. Visitor trips – Net-new trips to the state influenced by the 2017 Pure Michigan campaign.

Brand/Advertising Perception and Awareness. Results from this analysis should capture positive and/or negative impressions made by the 2017 campaign at the regional and national levels. This includes attitudes toward and perceptions of the Michigan brand by those aware of/recalling the campaign advertisements. Results should also reveal strengths and weaknesses in the campaign, and a general profile of those “aware” and “not aware” of the campaign.

Traveler Profiles and Motivators. The assessment of traveler profiles and motivators should reveal traits and attributes of the Michigan-traveler (including origin), and what their travel motivators are (or are not). Travel motivators include a) triggers (i.e. exciting, unique, adventurous) and b) activities conveyed through the Pure Michigan campaign ads that influence travel to the state of Michigan. Questions to be answered include (but are not limited to):

- What are the leading motivators with which the Pure Michigan campaign inspires out-of-state travelers/tourists? What travel motivators does the Pure Michigan campaign fail to inspire?
- What perceptions do both Michigan- and non-Michigan-travelers/tourists have of Michigan as a result of the campaign brand and advertisements?
- What are Michigan’s image strengths and weaknesses?
- What does the Pure Michigan traveler profile look like (i.e. age, sex, income, adventurer, foodie, etc.)?

Competitor Assessment. Results from the competitor assessment should reveal Michigan’s relative strengths and weaknesses pertaining to a) brand image, b) travel motivators stemming from the campaign, and c) travelers’ actual experience in Michigan.

Additionally, a market share analysis of Michigan’s share of trips and spending in the regional market compared to each competitor’s share is desired.

Among Michigan’s top competitors for travel/tourism are:

1. Illinois
2. Indiana
3. Minnesota
4. Missouri
5. Ohio
6. Wisconsin

At a minimum, these six competitors should be included in the assessment.

Report Deliverables

Deliverables should be provided in the form of a PDF report and include:

- Descriptive methodological statement,
- Citations of supporting documents, data, and other information, and
- Appendix with any supporting documentation/information.

Reports should be of reasonable length (< 150 pages).

MEDC Provided Materials

The MEDC and its marketing/advertising vendor will provide the successful bidder with the following material after a contract is secured:

- Prior relevant studies, including:
 - 2016 Pure Michigan ROI report
 - 2016 Economic Impact of Travel
 - International travel report
 - Travel forecast reports
- Pure Michigan campaign information:
 - Campaign regional and national markets, seasons, etc.
 - Pure Michigan campaign spending
 - Other campaign information as requested/necessary
- Michigan travel data, including (but not limited to):
 - Visitor volume
 - Average visitor spending
- Michigan monthly hotel / lodging data:
 - Hotel occupancy rates
 - Average daily rates (ADR)
 - Revenue per available room (RevPAR)

The MEDC will work within an agreed upon timeline to provide the above material, ensuring the ability to meet target milestones and deadlines.

At the sole discretion of the MSF, and subject to available funding, this Contract may be extended for up to three (3) additional one (1) year extensions.

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 Proposal and Price Proposal to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. on MONTH XX, 20XX**. 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-XXXXXX *Technical Proposal*" and "RFP-CASE-XXXXXX *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 on August 2, 2017**. Questions must be submitted to:

Contracts & Procurement Services
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Bidders must submit a complete response to this RFP, using the format provided in Section II of this RFP, by **3:00 p.m. on August 16, 2017**. 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 16, 2017**. 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 & Procurement Services will screen the proposals for technical compliance to include but not be 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 (the “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.	Proposed Scope of Work and detail of methodology	30
2.	Adequacy / qualifications of proposed staffing	20
3.	Prior Experience	20
4.	Efficiency of project-time schedule	20
5.	Reasonableness / feasibility of fee-range	10
	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 pricing evaluated to be considered for award.

3) 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 of Michigan 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 of Michigan 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 of Michigan 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 anything 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 of Michigan 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 OF LITIGATION

Except as otherwise disclosed in an exhibit to Bidder's proposal, there is no criminal litigation, 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) ADDITIONAL 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 **ENTER URL**. 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 16, 2017**. 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) JURISDICTION

Any legal action arising from or concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, the Ingham County Circuit Court in Ingham County, Michigan. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF that are otherwise available.

R) 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.

DRAFT

**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 **October 2, 2017** through **March 16, 2017**.
- 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.

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 in this Agreement individually as a "Party" or collectively as "Parties".

Contractor: Name
 Address
 Address

I. NATURE OF SERVICES

Contracts & Procurement Services to fill in a description of the Nature of Services based upon the information in the CASE.

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 \$XXX during the Term. An initial payment in the amount of \$XXX shall be made by the MEDC to the Contractor within thirty days of the execution of this Agreement by both Parties (the "Initial Payment"). This amount includes all embedded expenses.
- B) Subsequent payment(s) 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(s) stating that the work for which payment is requested has been appropriately performed. Contractor shall provide Contractor's billing statement(s) to Contract Manager or at Contract Manager's direction on a monthly basis. Contract Manager shall provide Contractor with appropriate submission instructions of Contractor's billing statement(s).
- C) All billing statement(s) must reflect actual work done. The specific details of billing statement(s) 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.
- D) Public Act 533 of 2004 requires that payments under this Agreement be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Grant Payment Express website (www.cpexpress.state.mi.us).

- E) Changes in the budget will be allowed only upon prior review and written approval by the Contract Manager.
- F) Contractor's billing statement(s) may be subject to a final audit prior to the release of final payment.

IV. MSF CONTRACT MANAGER

The Michigan Economic Development Corporation (the "MEDC") provides administrative services to the MSF. Contractor should communicate with the following MEDC representative or designee regarding this Agreement:

[Name] (the "Contract Manager")
Michigan Economic Development Corporation
300 North Washington Square
Lansing, Michigan 48913
xxx@michigan.org

V. TERMS AND CONDITIONS

A) Contractor Duties

Contractor agrees to undertake, perform, and complete the services described in Exhibit A, which is incorporated herein by reference. In the event of any inconsistency between the provisions of Exhibit A and this Agreement, the provisions of this Agreement shall control.

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 or the MEDC 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 or the MEDC 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 or the MEDC 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 or the MEDC 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 or the MEDC.

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 and the MEDC 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 or the MEDC, Contractor shall provide 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 or the MEDC.

G) **Workers' Compensation**

The MSF or the MEDC 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 or the MEDC may, in its discretion, require Contractor to provide evidence of such coverage.

H) **Unemployment Compensation**

The MSF or the MEDC 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, the MEDC or their 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 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: (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 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. Any Initial Payment made to the Contractor is subject to reimbursement in an amount determined by the Contract Manager in the event the Contractor terminates the Agreement prior to the Ending Date.

K) **MEDC and MSF Employees**

Contractor will not hire any employee of the MEDC or MSF to perform any services covered by this Agreement without prior written approval from the Chief Executive Officer of the MEDC or President 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 or the MEDC (collectively, "Confidential Information") without the prior written consent of the MSF or the MEDC, except to the extent necessary to perform services on the MSF or MEDC's behalf. 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 or the MEDC 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 or the MEDC, 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 or the MEDC would be influenced. Contractor shall not attempt to influence any MEDC or 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 or the MEDC 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 or the MEDC'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, the MEDC 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 Board and its employees, and the MEDC, 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 to the MSF or the MEDC.

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 Michigan Court of Claims or, as appropriate, the Ingham County Circuit Court in Ingham County, Michigan. 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 the State of Michigan, the MSF or the MEDC, nor shall they have any authority to take any action or enter into any agreement on behalf of the State of Michigan, the MSF or the MEDC.

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, 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.

BB) Publicity

At the request and expense of the MSF or the MEDC, the Contractor will cooperate with the MSF or the MEDC to promote the Scope of Work through one or more of the placement of a sign, plaque, media coverage or other public presentation at the project or other location acceptable to the Parties.

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

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;
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 MEDC 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 _____

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN PORTFOLIO
BOARD MEETING – JULY 25, 2017**

FOR QUARTER ENDED JUNE 30, 2017

BACKGROUND

Pursuant to Section 125.2088k-3 of the Michigan Strategic Fund Compiled Resolutions, the Michigan Strategic Fund (MSF) Board approved a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund (“CFGF”), (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor (“MTTC”) 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 (the “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 may be reviewed by the MSF Advisory 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.

APPROVALS BY AUTHORIZED DELEGATE

Between April 1, 2017 and June 30, 2017, the following actions were approved pursuant to the Delegation of Authority:

Company	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
Emiliem Inc.	Restructure	\$250,000	\$125,000	April 12, 2017
International Discovery Sourcing Consultants, LLC	Payoff	\$200,000	\$200,000	May 1, 2017
Metabolic Solutions Development Corporation	Payoff	\$100,000	\$100,000	June 20, 2017

MEMORANDUM

DATE: July 25, 2017
TO: Michigan Strategic Fund (“MSF”) Board Members
FROM: Mary Kramer, MCRP and Brownfield Program Specialist
SUBJECT: Quarterly Report of Delegated Approvals of Brownfield Act 381 Work Plans

On April 5, 2017, 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 \$1,000,000. Listed below is a synopsis of the delegated work plans that were approved during the third quarter of the 2017 fiscal year.

If you would like additional information on a project, please let us know.

Project Name	Approval Date	Location	Approved TIF Amount	Jobs	Investment
Fluid Chillers, Inc. Expansion	5/22/2017	Lansing	\$328,740	25	\$1,382,817
Total			\$328,740	25	\$1,382,817

MEMORANDUM

Date: July 25, 2017

To: Michigan Strategic Fund Board

From: Christine Whitz, Director, Community Development Block Grant Program

Subject: *Community Development Block Grant Program
Quarterly Report of Delegated Approvals (April - June, 2017)*

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 Manistee	4/14/2017	\$1,000,000	The City of Manistee is requesting \$1,000,000 in CDBG funds for blight clearance and historic rehabilitation needed for the existing North Channel building located in Manistee County, Michigan. The City expects that this project could result in private investment of \$2,411,341 and the creation of 15 jobs.
City of Davison	4/14/2017	\$241,880	The City of Davison is requesting \$241,880 in CDBG funds for façade improvements (\$230,880) and Certified Grant Administrator costs (\$11,000) needed for the Davison Hotel located in Genesee County, Michigan. The City of Davison expects that this project could result in private investment of \$515,952 and the creation of 15 jobs.
City of Adrian	4/28/2017	\$22,187	The City of Adrian is requesting an increase of \$22,187 in CDBG funds to their existing CDBG Façade Improvement grant (MSC215017-CDF). The additional \$22,187 in CDBG funds will cover the cost of \$8,437 for the brick façade work and \$13,750 for additional administrative costs.
City of Escanaba	5/18/2017	\$14,100	The City of Escanaba is requesting an increase of \$14,100 in CDBG funds to their existing CDBG Farmers Market project grant (MSC 215023-FMK). The additional \$14,100 in CDBG funds will cover the cost of a Certified Grant Administrator to provide administrative support for the project.

Ontonagon County	5/18/2017	\$80,000	MEDC Staff is requesting that the Michigan Strategic Fund (MSF) approve a mortgage payoff in the amount of \$80,000 regarding the Americinn Hotel (CMDHB, Inc.), Silver City, Ontonagon County, Michigan.
City of Cheboygan	5/18/2017	\$0	MEDC staff is asking to have the Michigan Strategic Fund (MSF) subordinate the loan modification agreement with Great Lakes Tissue Company who is financing with First Federal of Northern Michigan, Cheboygan, Michigan.
Total CDBG Funds for Quarter		\$1,358,167	

MEMORANDUM

DATE: July 25, 2017

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

FROM: Josh Hundt, Vice President, Business Development Projects
Mary Kramer, MCRP and Brownfield Program Specialist

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 third quarter of the 2017 fiscal year.

If you would like additional information on a project, please let us know.

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Hi-Lex Controls, Inc.	4/7/2017	Litchfield	\$300,000	76	\$28,350,000
Baker Industries, Inc.	4/10/2017	Macomb	\$150,000	25	\$5,430,000
Attwood Corporation	4/18/2017	Lowell	\$492,000	82	\$1,864,000
Milacron (Master Unit Die) Inc.	4/18/2017	Greenville	\$490,000	70	\$5,000,000
AG Simpson (USA) Inc	4/19/2017	Sterling Heights	\$400,000	50	\$9,000,000
Falcon Lakeside Manufacturing Company	4/19/2017	Eau Claire	\$135,000	27	\$1,788,500
Sonoco Protective Solutions	4/19/2017	Owosso	\$155,000	31	\$1,200,000
Barracuda Networks	4/25/2017	Ann Arbor	\$750,000	115	\$2,375,495
USF Delta Tooling, LLC	4/25/2017	Auburn Hills	\$600,000	68	\$14,000,000
Camel Energy, Inc.	4/26/2017	Ann Arbor	\$300,000	41	\$4,600,000
Conti Corporation	4/26/2017	Bay City	\$200,000	50	\$2,387,500
Zoetis Inc.	5/8/2017	Kalamazoo	\$500,000	60	\$64,500,000

MBDP and MCRP Delegated Approvals

July 25, 2017

Page 2 of 2

GEDIA Michigan, Inc.	5/10/2017	Orion Township	\$500,000	78	\$21,950,000
A. Raymond Corporate North America, Inc.	5/15/2017	Rochester Hills	\$600,000	71	\$17,375,000
Comau LLC	5/19/2017	Southfield	\$400,000	200	\$1,515,992
Rugged Liner	6/5/2017	Owosso	\$300,000	56	\$9,200,000
NAVYA	6/29/2017	Saline	\$435,000	50	\$3,960,000
Wright Plastic Products LLC	6/29/2017	St. Clair	\$160,000	40	\$5,800,000

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
6402 Woodward Ave LLC	6/15/2017	Detroit	\$750,000	13	\$6,825,305

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL ACCESS TEAM
April 1 – June 30, 2017**

APPROVALS BY AUTHORIZED DELEGATES

Between April 1 and June 30, 2017 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	Loan Amount	MSF Support	Action	Date Approved	Closed
Portable Church Industries	MBGF-CSP	\$ 600,000	\$ 294,000	Approved by Chair and Fund Manager	April 18, 2017	Y
Portable Church Industries	MBGF-CSP	\$ 900,000	\$ 300,000	Approved by Chair and Fund Manager	April 18, 2017	Y
Northern Economic Initiatives	MBGF-LGP	\$ 4,500,000	\$ 900,000	Approved by Chair and Fund Manager	June 6, 2017	N
Advanced Battery Concepts, LLC	MBGF-CSP	\$ 3,900,000	\$ 1,946,100	Approved by Chair and Fund Manager	June 15, 2017	N
Elco Enterprises, Inc. dba Wire Wizard	MBGF-CSP	\$ 1,500,000	\$ 375,000	Approved by Chair and Fund Manager	June 22, 2017	N
Elco Enterprises, Inc. dba Wire Wizard	MBGF-CSP	\$ 1,536,000	\$ 766,464	Approved by Chair and Fund Manager	June 22, 2017	N
Total		\$ 12,936,000	\$ 4,581,564			
MSDF						
Organization	Request Type	Loan Amount	MSF Support	Action	Date Approved	Closed
Advanced Blending Solutions, LLC	MSDF-LPP	\$ 250,000	\$ 124,750	Approved by Chair and Fund Manager	April 18, 2017	Y
Great Giant Supermarket	MSDF-LGP	\$ 725,000	\$ 361,775	Approved by Chair and Fund Manager	April 14, 2017	Y
Total		\$ 975,000	\$ 486,525			

MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSF CONFIDENTIALITY MEMOS
Board Meeting [July 25, 2017]

FOR QUARTER ENDED [June 30, 2017]

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, 2017], the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
ELCo Enterprises, Inc. 5750 Marathon Drive Jackson, MI 49201	MBDP Application: 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.
Navya SAS 1406 East Michigan Avenue Saline, MI 48176	MBDP Application Capital Investment Summary Section: NAVYA Business Plan 2017-2021; NAVYA NET CASH 2017-2021

<p>Advanced Battery Concepts, LLC 8 Consumers Parkway Clare, MI 48617</p>	<p>SSBCI-CSP Application: 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>
<p>A.G. Simpson (USA) Inc. 6640 Sterling Drive South Sterling Heights, MI 48312</p>	<p>MBDP Application: 2014-2016 Financial Statement for A.G. Simpson (USA) Inc. ; MBDP Application Sentence: “Without replacing these program with additional work, AGS USA sales will drop by an estimated \$60M in annual sales and 50 jobs will be lost in the latter part of 2018.”</p>
<p>Portable Church Industries, Inc. 5856 Ruby Road Troy, MI 48085</p>	<p>SSBCI-CSP Application: 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>

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**RESOLUTION AUTHORIZING RATIFICATION OF SETTLEMENT AGREEMENT AND
WAIVER OF CLAIMS IN JOHN MORRELL & CO. & AFFILIATES V. DEPARTMENT OF
TREASURY, STATE OF MICHIGAN, MICHIGAN STRATEGIC FUND BOARD (AS
SUCCESSOR IN INTEREST TO MICHIGAN ECONOMIC GROWTH AUTHORITY) AND
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

JULY 25, 2017

WHEREAS, pursuant to Executive Order 2012-9, the Michigan Strategic Fund (“MSF”) administers the Michigan Economic Growth Authority Tax Credits (the “MEGA Credits”); and

WHEREAS, John Morrell & Co. & Affiliates (“Morrell”) filed a lawsuit against the Michigan Department of Treasury (“MDT”), the Michigan Economic Development Corporation (“MEDC”) and the MSF relating to its MEGA Credits; and

WHEREAS, the MDT, MEDC and MSF have reached an agreement with Morrell, the terms of which are set forth in a confidential and privileged memorandum from the Michigan Attorney General (the “AG”) ; and

WHEREAS, the AG has discussed the confidential and privileged memorandum (the “Attorney General Memorandum”) and the facts of the case in a privileged, closed session with the MSF Board; and

WHEREAS, the MSF President recommends the acceptance and ratification of the settlement based on the terms described in the Attorney General Memorandum; and

WHEREAS, the MSF Board concurs in that recommendation.

NOW, THEREFORE, Be It Resolved by the Michigan Strategic Fund Board that the settlement agreement and the terms of the Office of Attorney General’s confidential and privileged memorandum are accepted and ratified.