

**MICHIGAN STRATEGIC FUND
BOARD MEETING
October 23, 2013
Time 1:30 P.M.**

AGENDA

Call to order

- A. Adoption of Proposed MSF Meeting Minutes – August 28, 2013 [Action Item]**
- B. Adoption of Proposed MSF Meeting Minutes – September 25, 2013 [Action Item]**
- C. Public Comment [Please limit public comment to three (3) minutes]**
- D. Communication [Information – LeAnn Albright]**
- E. Community Development Block Grant**
 - 1. Marion Township – ACAT Global, LLC [Action – Ken Murdoch]
 - 2. City of Watervliet [Action – Deborah Stuart]
- F. 21st Century Michigan**
 - 1. **State Trade Export Promotion Program [Action – Deanna Richeson]**
New Funding Opportunity
 - 2. **Michigan Business Development Program [Action – Marcia Gebarowski]**
Aisin Technical Center of America, Incorporated
 - 3. **Entrepreneurial Services – [Action Items - Paula Sorrell & Roselyn Zator]**
 - i. Early Stage Funding – Request for new RFP 2013 Funds
 - ii. Early Stage Funding – Ann Arbor SPARK – Amendment
 - iii. Entrepreneurial Support Services RFP 2014 Funds
 - 4. **Michigan Defense Center [Action – Terri Fitzpatrick]**
Procurement Technical Assistance Centers (PTACs) Funding Request
 - 5. **Pure Michigan Venture Development Fund [Action – Michael Flanagan]**
Award Recommendations
 - 6. **Small Business Loan Program [Actions – Michael Flanagan]**
Program Authorization and Funding Allocation

- Continued -

Special Assistance: *The location of this meeting is accessible to mobility-challenged individuals. Persons with disabilities needing accommodations for effective participation in the meeting should contact LeAnn Albright at 517335-83137 one week in advance to request mobility, visual and hearing or other assistance.*

G. Renaissance Zones [Action Items – Amy Lux]

1. Via Design, Inc. – Amendment
2. Wealthy Street Historic Development, LLC – Amendment
3. Genesee Packaging, Inc. – Amendment
4. Detroit Chassis, LLC – Amendment
5. Grand River Tower, LLC – Revocation
6. James Group International, Inc. – Revocation
7. Next Michigan Renaissance Zones – Appointments to Next Michigan Renaissance Zone Committee
8. Next Michigan Program Update [*Informational Item Only*]

H. Private Activity Bonds [Action Items – Michael Flanagan]

1. Chelsea–Area Wellness Foundation – *Inducement*
2. Porter Hills Presbyterian Village, Inc.-- *Authorization*

I. Administrative

1. CDBG Delegation of Authority [*Action – Deborah Stuart*]
2. Allocation of Funds for BDP and CRP Programs [*Action – Karla Campbell*]
3. Allocation of Funds for Administration and Extension of MOU [*Action – Karla Campbell*]
4. Credit Suisse Change in Ownership [*Action – Ricardo Gonzalez*]
5. Credit Suisse Quarterly Report [*Information Item – Michael Flanagan*]

Adjourn to Closed Session

Appendices – Delegated Quarterly Reports [*Informational Items Only*]

- a. MBDP and MCRP Delegated Approval
- b. MEGA Tax Credit Administrative Amendments
- c. 21st Century Jobs Fund Loan/Grant Portfolio Delegated Authority
- d. MSDF and SSBCI Programs

MICHIGAN STRATEGIC FUND BOARD MEETING

August 28, 2013

PROPOSED MEETING MINUTES

A meeting of the Michigan Strategic Fund [MSF] Board was held on August 28, 2013, at the Michigan Economic Development Corporation [MEDC], Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan.

MEMBERS PRESENT: Craig DeNooyer, Mike Finney, Mike Jackson, Sabrina Keeley, Andrew Lockwood (serving on behalf of Andy Dillon, designation attached), Bill Martin, Richard Rassel (via phone), Shaun Wilson (via phone), Michael Zimmer (serving on behalf of Steve Arwood, designation attached).

MEMBERS ABSENT: Ron Boji and W. Howard Morris.

CALL TO ORDER: Mr. Finney called the meeting to order at 1:35 p.m.

PUBLIC COMMENT: Mr. Finney asked if there was any public comment. Ryan Bennett, Business Agent for Local Union #174, Pipefitters and Welders, came forward to voice the complaints of the Union pertaining to a project incited by the Michigan Economic Development Corporation (MEDC). According to Mr. Bennett, a project located in Coopersville, Michigan, involving the companies of Fairlife, LLC and Fair Oaks Farms have been outsourcing construction jobs to less skilled workers who opt to work for lower wages. He is asking that the MSF reinstate the now defunct MEGA statutory requirement that a statutory requirement and it specifically stated that the eligible business will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

ADOPTION OF MSF PROPOSED MEETING MINUTES – July 24, 2013: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for the July 24, 2013 MSF Board Proposed Meeting Minutes. Mr. DeNooyer seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

COMMUNICATION: Andrea Robach, Executive Assistant, advised the Board of the following:

- Changes have been made to the Briefing Memo, and Exhibit ‘A’ of the MSF Back Ground Check policy Revision. A revised copy has been provided to the Board.

PRIVATE ACTIVITY BOND PROGRAM [PABP]

Resolution 2013-124 – NSF International

Mike Flanagan, Manager, Equity Capital Programs, provided the Board with information regarding this action item and introduced Bowden Brown, Bond Counsel, Dykema Gossett, PLLC

Mr. Flanagan indicated the project will include refunding two prior bonds issued by the MSF: (a) \$31,275,000 original principal amount Michigan Strategic Fund Limited Obligation Revenue and Revenue Refunding Bonds (NSF International Project), Series 2004 (approximately \$12,080,000 principal outstanding) (the “2004 Bonds”). The 2004 Bonds were issued (i) to refund in advance prior bonds issued by the MSF for the benefit of NSF to finance the acquisition, construction and equipping of an approximately 150,000 square foot headquarters building, housing NSF’s principal office and laboratory operations, located at 789 Dixboro Road, Ann Arbor Charter Township, and (ii) finance an expansion of the headquarters project consisting of an approximately 80,000 square feet of laboratory,

office and warehouse facilities; (b) \$10,000,000 original principal amount Michigan Strategic Fund Limited Obligation Revenue Bonds (NSF International Project), Series 2007 (approximately \$6,222,000 outstanding) (the “2007 Bonds”). The 2007 Bonds were issued to finance the acquisition, construction

and equipping of an approximately 80,000 square foot headquarters building expansion consisting of laboratory, office and warehouse facilities, the renovation and equipping of existing laboratory facilities, and other related capital improvements.

Recommendation: MEDC staff recommends the adoption of a Bond Authorizing Resolution in the amount of NTE \$25,000,000.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2013-124. Mr. DeNooyer seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-125 – Foley and Lardner, LLC

Mike Flanagan, Manager, Equity Capital Programs, provided the Board with information regarding this action item and introduced Heidi Jeffery, Laura Bilas, and Rob Nederhood from Foley & Lardner, LLP.

Mr. Flanagan presented the request. Foley & Lardner LLP is requesting to be added to the approved bond counsel list for the Michigan Strategic Fund and has submitted their qualifications for review. Upon review, Foley & Lardner LLP does meet criteria to be added to the MSF list of approved bond counsel firms.

Recommendation: MEDC staff recommends approval of the addition of Foley & Lardner LLP to the MSF approved bond counsel list as the firm meets the criteria of the bond counsel operations resolution.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2013-125. Mr. Jackson seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2013-126 – USF Westland, LLC/U.S. Farathane Corporation

Mike Flanagan, Manager, Equity Capital Programs, provided the Board with information regarding this action item and introduced Rick Knappe, CFO, U.S. Farathane.

Mr. Flanagan indicated USF Westland, LLC/U.S. Farathane Corporation (the “Company”) is seeking approval for a first amendment to the loan agreement originally executed in connection with the issuance of bonds by the MSF for the benefit of USF Westland, LLC. This request requires a change in the loan agreement, one of the bond documents. The bonds were purchased by GE Government Finance, Inc. in April of 2008 in the amount of \$3,299,045. The company is requesting an amendment to the loan agreement, the original parties to which were the MSF, GE Government Finance, Inc. and USF Westland, LLC. USF Westland is currently owned 85% by U.S. Farathane Corporation, and is also a tenant at the facility, and owned 15% by the management of U.S. Farathane Corporation. A newly formed entity known as U.S. Farathane, LLC which as part of a corporate reorganization will receive all of the operating assets of U.S. Farathane Corporation, and will be the operating entity going forward. As part of this transaction, the 85% owner interest in USF Westland will be transferred from U.S. Farathane Corporation to U.S. Farathane, LLC. The lease of the facility will also be assigned by U.S. Farathane Corporation to U.S. Farathane, LLC.

Recommendation: MEDC Staff is recommending approval of the resolution to amend the Loan Agreement.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. DeNooyer motioned approval for Resolution 2013-125. Ms. Keeley seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

JOBS CREATION AMENDMENT

Resolution 2013-127 – US Farathane Corporation

Karla Campbell, MSF Fund Manager, provided the Board with information on this action item and once again introduced Rick Knappe, CFO, U.S. Farathane.

Ms. Campbell indicated U.S. Farathane Corporation is requesting an amendment to their Michigan Economic Growth Authority (MEGA) job creation standard and retention credits. The company has reorganized and the portion that now retains the employees is U.S. Farathane, LLC. Per the Company's amendment application, the reason for the restructuring is to allow management to acquire a greater equity interest in the overall corporate structure and obtain additional financing. With the restructuring, the company will have the new name as well as a new Employer Identification Number, but will continue to file under the Michigan Business Tax as a unitary business group. Mr. Knappe thanked the Board for their consideration, and shared the appreciation of the company in providing the credits.

Recommendation: MEDC Staff recommends that the MEGA job creation and retention credits awarded to U.S. Farathane Corp. by the MEGA in December 2009, and amended in December 2011, be amended again to change the name of the company to U.S. Farathane, LLC, with a new EIN that will be noted in the new amendment. If the amendment is approved, the effective date of this change is July 26, 2013. All other terms and conditions of the MEGA remain the same.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Martin asked for confirmation that this was just a conversion of the entity from a Corporation to an LLC, and are there fundamental differences in the organization of the business? Mr. Knappe stated that the operation of the company was changing from a corporation to an LLC due to new ownership within the LLC, which had been previously privately held by family members. This move was made to stabilize the business's future. Ms. Campbell added these changes are allowable under MEGA statute. After discussion concluded, and there being no further questions, **Mr. Lockwood motioned approval for Resolution 2013-127. Mr. DeNooyer seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

21ST CENTURY JOBS FUND

Resolution 2013-128 – Pure Michigan Venture Match – Approval of Pure Michigan Venture Match Fund Guideline Amendments

Antonio Luck, Director, Business Acceleration, provided the Board with information on the next two action items.

Mr. Luck asked the Board to support changes to the Pure Michigan Venture Match Funding to allocate an additional \$3 million from the Jobs for Michigan Investment Fund (the "Investment Fund") to the PMVMF and to approve a decision document as required under the Michigan Strategic Fund Act. The investment environment continues to be extremely challenging for Michigan based companies. This is especially true for venture backed investments in earlier stage technology companies. The lack of venture capital investment in Michigan is evident as most venture capital firms that consider Michigan opportunities often require companies to have fairly significant revenues prior to considering an investment. Many Michigan based venture capital funds do not have sufficient capital or the risk profile to make earlier stage investments that typically have a longer timeframe to exit, and are often difficult to syndicate with other venture capital firms. The Pure Michigan Venture Match Fund ("PMVMF"), the Michigan Strategic Fund ("MSF") provides a match of up to \$500,000 for eligible venture investments in Michigan based technology companies. The program addresses four issues in Michigan regarding early stage venture investing:

1. Attract venture funds, within and outside of Michigan, to consider investments in early stage and pre-revenue Michigan based technology companies.
2. Mitigate some risk for venture fund investments at this stage by participating with MSF Funds in early rounds, allowing the venture fund to retain dry powder for future investment rounds.
3. Give Michigan based companies a program that they can immediately point to as a syndication possibility when they approach venture firms.
4. Create an investment program that is primarily market driven.

Recommendation: MEDC Staff recommends approval of the Pure Michigan Venture Match Fund Amended Guidelines.

Board Discussion: Mr. Finney asked if there were any questions from the Board. It was asked if there was a report available on the first round of funding. Mr. Luck responded that as of June 6, 2013, there has been \$2.8 million leveraged. Mr. Luck also stated he had previously spoken with Ms. Keeley, and that she had advised him of an error in the language of the resolution. Ms. Keeley offered an amendment to the request, changing the resolution language to “Be it further resolved to allocate an additional \$3 million from the Jobs for Michigan Investment Fund to the PMVMF.” **Mr. Lockwood motioned approval for Resolution 2013-128. Mr. Jackson seconded the motion.** The motion carried – 7 ayes; 0 nays 0 recused; 4 absent.

Resolution 2013-129 – Pure Michigan Venture Match Fund Guideline Amendments

Recommendation: The MEDC staff recommends that the changes that were noted at the Public Hearing on July 17, 2013, and by email, with respect to amending the Pure Michigan Venture Match Fund Guideline to the MEDC Staff be implemented into the official guidelines.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. DeNooyer asked how the MEDC who attended the public hearing. Mr. Luck responded that there were 8 people, staff included, representing the MEDC at the hearing. There being no further questions. **Mr. Zimmer motioned approval for Resolution 2013-129. Mr. Jackson seconded the motion.** Motion carried 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-130 – Verndale Products, Inc. - Michigan Business Development Program

Marcia Gebarowski, Development Finance Manager, provided the Board with information regarding this action item and introduced Dale Johnson, President of Verndale Products, Inc.

Ms. Gebarowski stated that this is a request from the Michigan Strategic Fund (“MSF”) of \$436,000 in the form of a Michigan Business Development Program (“MBDP”) performance-based grant for Verndale Products, Inc. (“Company”) which will be repaid to the MSF beginning in 2016. This project involves the creation of 13 Qualified New Jobs and a capital investment of up to \$15,991,458 in the City of Detroit, Wayne County. Additionally, the project is requesting a waiver to the MBDP Guidelines that the project create a minimum of 50 Qualified New Jobs to be eligible for the incentive. This waiver is being requested on the grounds that this project is an agriculture processing company undertaking a large redevelopment, expansion, and retention initiative in the City of Detroit. The Company is projecting growth of 30% through this expansion effort. The company was approved for \$894,200 in SSBCI-Collateral Support funds by the delegation of the MSF on July 24, 2013 related to this project.

Recommendation: MEDC Staff recommends the following: a) Approval of the MBDP Proposal for Verndale Products, Inc. as outlined in the term sheet attached to the proposed Resolution (collectively, “MBDP Proposal”); b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing, (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions: Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Martin asked to see a map of the project as provided by Ms. Gebarowski. Mr. DeNooyer asked Mr. Johnson where their product competition was located. Mr. Johnson indicated that these companies were located in Europe and New Zealand. Mr. Finney asked if the company was currently exporting products, to which Mr. Johnson replied, no, not at this time. There being no further questions, **Mr. DeNooyer motioned approval for Resolution 2013-130 Mr. Jackson seconded the motion.** Motion carried 7 ayes; 0 nays; 0 recused; 4 absent.

[At this time a short recess was taken so Mr. Rassel and Mr. Wilson could be conferenced in to the meeting, as they were caught in a traffic jam en route to the MSF Board meeting.]

[Ms. Keeley recused]

Resolution 2013-131– Norplas Industries, Inc. - Michigan Business Development Program Amendment

Mr. Josh Hundt, Manager, Development Finance, provided the Board with information regarding this action item. Mr. Hundt explained that the amendment request is to modify the grant requirements, and the grant amount to reflect the project changes. It is requested that the total Qualified New Job Creation requirement be reduced from 620 to 520 and that the due date for the first milestone be moved from December 31, 2013 to June 30, 2014. As a result of these modifications, it is requested that the total grant amount be reduced to \$1.7 million from \$2 million.

Recommendation: MEDC Staff recommends approval of the MBDP amendment as outlined in the term sheet attached to the proposed Resolution.

Board Discussion: Mr. Finney asked if there were any questions. Mr. DeNooyer asked for confirmation that all milestones related to this incentive were still occurring. Mr. Hundt confirmed that they were.

There being no further questions **Mr. DeNooyer motioned approval for Resolution 2013-131. Mr. Jackson seconded the motion.** Motion carried 8 ayes; 0 nays; 1 recused; 2 absent.

[Ms. Keeley returns]

[Mr. Wilson recused]

Resolution 2013-132 – Southwest Michigan First Corporation – Michigan Business Development Program Amendment

Mr. Josh Hundt, Manager, Development Finance, provided the Board with information regarding this action item. Mr. Hundt stated this amendment request is to add language to the Michigan Business Development Program performance-based Loan agreement to allow Southwest Michigan First Corporation the ability to delegate certain duties and assign certain benefits to Southwest Michigan Buildings, LLC. During the milestone one review process MEDC Staff was notified that Southwest Michigan First Corporation created a newly formed entity, Southwest Michigan Buildings, LLC to be the building and land owner for the Project, and to act on behalf of the original borrower. Southwest Michigan Buildings, LLC is a wholly owned entity of Southwest Michigan First Corporation. Southwest Michigan Buildings, LLC was created to streamline accounting purposes, allow for easier tracking of project related expenses, and to make for a clean an easier transition of the building to Newell Rubbermaid upon purchase after five years.

Recommendation: MEDC Staff recommends approval of the MBDP Proposal as outlined in the Resolution to amend the Loan Agreement to allow Southwest Michigan First Corporation the ability to delegate certain duties and assign certain benefits to Southwest Michigan Buildings, LLC.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. DeNooyer asked if the MEDC was restricting the new entity. Mr. Hundt responded yes. Mr. Martin asked if this was still a single person entity, to which Mr. Hundt also responded yes. There being no further questions, **Ms. Keeley motioned approval for Resolution 2013-132. Mr. Lockwood seconded the motion.** Motion carried 8 ayes; 0 nays; 1 recused; 2 absent.

[Mr. Wilson returns]

Resolution 2013-133 – URC FJ, LLC – Uptown Reinvestment Co., Michigan Community Revitalization Program

Mr. Joe Martin, Manager, MCRP and Brownfield, provided the Board with information on this item, and introduced Mr. Eric Hanna, Director, Debt Capital Programs.

Mr. Martin stated that URC FJ, LLC plans to redevelop four city blocks in Downtown Flint to create an emerging health and wellness district. The redevelopment rests on three pillars: the renovation of the former Flint Journal Headquarters to make way for Michigan State University's Flint Public Health & Medical Campus project; the relocation of the 70-plus vendor Flint Farmer's Market to the vacant Flint Journal printing facility; and the demolition of the Genesee Towers property to make way for an engaging urban plaza. The renovation of the Former Flint Journal Headquarters will also include 16 loft-style apartments, and 10,000 square feet of renovated office space, to be marketed for future use. In addition to relocating the Flint Farmer's Market, the renovation of the vacant Flint Journal printing facility will include a community commercial kitchen to be used by local entrepreneurs. The proposed project takes place on approximately 7.2 acres of property located on and adjacent to 200 East First Street, in the City of Flint. The project includes a mix of uses including commercial, residential, public and farmer's market spaces. The project is "functionally obsolete" and a "historic resource" as authorized under the program. The Applicant(s) plans to make an investment of \$29,760,335 to the project for demolition, building renovations, and the purchase of furniture and fixtures as authorized under the program. The project will be located in the City of Flint. The City of Flint has offered a "staff, financial, or economic commitment to the project" in the form of a Community Development Block Grant totaling \$880,000 and the approval of an Obsolete Property Rehabilitation Certificate (OPRA). The project is located in a downtown or traditional commercial center. Preference was given to project based on the project's considerable impact on the redevelopment of downtown Flint and the projects ability to act as a catalyst to further development in the downtown area.

Recommendation: MEDC Staff recommends the following: a) Rescission of the June 26, 2013 approvals granted to this project discussing a similarly sized loan and grant combination, b) Approval of the MCRP Proposal as outlined above (collectively, "MCRP Proposal"); Closing the MCRP Proposal, subject to available funding under the MCRP at the time of closing ("Available Funding"), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, "Due Diligence"); finalization of all MCRP transaction documents, and that commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. DeNooyer noted that the original approval for this project was issued by the Board only 60 days ago, and asked what has changed in the short time. Mr. Martin responded in saying that there is no change in the underlying economics, but the change was based on the ability of the MEDC to provide service to the company and gain excess cash flow. This gives greater benefit to the MSF and the MEDC in receiving part of that return. Mr. DeNooyer noted that he thought the project was great, but if we had taken our time in reviewing and packaging it, would "we have gotten it right the first time?" Mr. Martin responded yes, but that the New Market Tax Credit is limited, and moving early provided some level of comfort to the recipients. Ms. Keeley asked for verification that the Board would be rescinding the two prior resolutions. Mr. Martin verified that we are rescinding their previous approval, and approving a new resolution. There being no further questions, **Mr. Jackson motioned approval for Resolution 2013-133. Mr. Lockwood seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2013-134 – Midtown Village Hotel – Michigan Community Revitalization Program

Mr. Joe Martin, Manager, MCRP and Brownfields, provided the Board with information regarding this action item, and introduced Max benedict from Third Coast Development. Mr. Martin stated that Third Coast Development Partners, LLC (“Third Coast”) is a Grand Rapids based real estate development company formed by Brad Rosely and Dave Levitt. Third Coast is the development entity behind Mid Towne Village, which is a multi-phase project that consisted of razing a blighted neighborhood including the demolition of 50 homes near Michigan Street’s intersection with College Avenue. An SBT amendment request is currently under consideration to combine the remaining two phases (III and IV) into a single phase (III) and utilize the remaining \$700,000 in credits to construct a five-story, 94,000 square foot, 148 room hotel on Lot A, which is also subject to the MCRP below. Mid Towne Hospitality, LLC was formed in in June 2013 specifically for the development of the 148 unit Hampton Inn & Suites proposed below. The managing entity behind Mid Towne Hospitality, LLC is Lodgco Management, LLC, which currently manages the operations of 16 hotels across Michigan and is affiliated with Hilton, Marriott, Wyndam, and InterContinental Hotel Group. Third Coast has been retained to undertake the development work including securing the financing and construction contract, but is only a minority investor at 15%. At this time Mr. Benedict thanked the Board, and noted that this incentive would create 250 construction jobs; 50 of which were full time once the hotel opens, and that there was tremendous support from the surrounding businesses who realize the positive impact which will be created by this project.

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

a) Approval of the MCRP Proposal as outlined above (collectively, “MCRP Proposal”); b) Closing the MCRP Proposal, subject to available funding under the MCRP at the time of closing (“Available Funding”), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, “Due Diligence”), finalization of all MCRP transaction documents, and further subject to the following terms and conditions: Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Bill Martin asked what the appeal was for a tower over a surface lot at the site. Mr. Joe Martin replied by saying that the MEDC’s community development efforts encourage this design as a better use of space, and as a benefit to a walkable community, which is why we are supporting the project. There being no further questions, **Mr. Lockwood motioned approval for Resolution 2013-134. Mr. DeNooyer seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

BROWNFIELD AMENDMENT

Resolution 2013-135 (TIF) and 2013- 136 (SBT) – Midtown Village – SBT/TIF Amendments

Mr. Joe Martin, Manager, MCRP and Brownfields presented the Board with information regarding this action item as the project is the same as the previous Community Revitalization Program approval.

Recommendation: For the Brownfield SBT credit amendment request, the MEDC recommends approval of the request to combine the remaining two phases (III and IV) into a single phase (III) and apply the remaining credits, capped at \$700,000, to phase III.

For the Brownfield work plan amendment request (TIF), the MEDC also recommends approval to increase local and school tax capture for the MSF eligible activities totaling \$7,490,284 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$3,954,869. In addition, MEDC recommends extending the time to complete eligible activities for eight years, five months and 18 days, until December 31, 2017.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. DeNooyer motioned approval for Resolution 2013-135. Mr. Lockwood seconded the motion.** Motion carried 9 ayes; 0 nays; 0 recused; 2 absent. **Mr. Lockwood motioned approval for Resolution 2013 – 136. Mr. Jackson seconded the motion.** Motion carried 9 ayes; 0 nays; 0 recused; 2 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT

Resolution 2013-137 – City of Dowagiac – Blight Elimination

Ms. Deborah Stuart, Community Development Incentives Director, presented the Board with information regarding this action item. The City of Dowagiac is requesting \$171,005 in Community Development Block Grant (CDBG) funds for blight elimination through historic preservation in Cass County. This project involves a complete renovation of 115 South Front Street in downtown Dowagiac by Forrest Finn, LLC. Decatur State Bank currently owns the property and acquired it through a foreclosure. Forest Finn, LLC will be purchasing the property once they are CDBG approved and will be completing the full rehabilitation of the building. A movie theatre will be added on the first story and three residential market rate units on the second story. The property is blighted due to structural issues, non-compliance with the Exterior Maintenance Code, and utilities rendering being unsafe. This blighted, foreclosed, vacant property will be returned to active use and will act as a catalyst in the revitalization efforts for downtown Dowagiac. CDBG funded activities include historic façade renovations, roof repair, mechanical and electrical upgrades that will eliminate the blighted conditions. Private activities include acquisition, architecture/engineering and interior rehabilitation.

Recommendation: MEDC Staff recommends a CDBG Blight Elimination grant agreement in the amount of \$171,005 be authorized for the City of Dowagiac for the Forrest Finn, LLC Blight Elimination through Historic Preservation Project with the following contingency: Forrest Finn, LLC, shall provide to the MEDC documentation that it has closed on the First State Bank loan prior to executing the grant agreement.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2013-137. Mr. Jackson seconded the motion.** Motion carried 9 ayes; 0 nays; 0 recused; 2 absent.

TOOL & DIE RECOVERY ZONE REVOCATIONS

Resolution 2013-138 – Kraftwood Engineering Company

Ms. Amy Lux, Program Specialist, provided the Board with information regarding this action item.

Ms. Lux informed the Board that Kraftwood Engineering Company's (the "Company") Tool and Die Recovery Zone is being recommended for revocation to the Michigan Strategic Fund ("MSF") Board. There are 6 years remaining on the Company's 10-year Tool and Die Recovery Zone, designated on December 19, 2009 and currently set to expire on December 31, 2019. The Company was in the business of jig and fixture manufacturing, among others, at a facility in Commerce Township (the "Township"), Oakland County. Its operations were supported by a Tool and Die Recovery Zone designation with the

Third Coast Tooling Alliance (the "Collaborative"), awarded in 2009 by the MSF Board. The President of the Collaborative notified Staff at the Michigan Economic Development Corporation ("MEDC") that the Company's operations had ceased on their Recovery Zone-designated property and that the Company was no longer a participating member of the Collaborative. Therefore, the Company is no longer qualified to receive the benefits of a Recovery Zone because the Company is not using the incented property primarily for tool and die business operations, nor is the Company currently a party to a qualified collaborative agreement, as required by the Michigan Renaissance Zone Act. Under the Act, the MSF Board has the

authority to revoke the designation of a Recovery Zone for a qualified tool and die business if the qualified tool and die business fails or ceases to participate in or comply with a qualified collaborative agreement. The MEDC confirmed with the Township Treasurer that the Company ceased tool and die business operations and notified the Collaborative a recommendation would be made to the MSF Board to formally revoke the Company's Recovery Zone designation.

Recommendation: MEDC staff recommends the MSF Board revoke the Tool and Die Recovery Zone designation for Kraftwood Engineering Company's site in Commerce Township. All properties will go back on the tax rolls effective December 31, 2013 for property tax purposes and January 1, 2014, for other tax purposes.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. DeNooyer asked how the fact that the business was no longer in operation came to our attention. Ms. Lux replied in stating that there was an internal audit of these Zones conducted by MEDC staff. Though there are no reporting requirements by the MEDC, the audit contacted 320 companies, out of which 91% reported. There being no further questions, **Mr. Lockwood motioned approval for Resolution 2013-138. Ms. Keeley seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2013-139 – L.S. Precision Tool and Die, Inc.

Ms. Amy Lux, Program Specialist, provided the board with information regarding this action item. Ms. Lux informed the Board that The Company was in the business of prototype manufacturing for automotive seating components, as well as building and repairing stamping dies at a facility in the City of Battle Creek (the "City"). Its operations were supported by a Tool and Die Recovery Zone designation with the Southwest Michigan Tooling Collaborative (the "Collaborative"), awarded in 2005 by the MSF Board. The President of the Collaborative notified Staff at the Michigan Economic Development Corporation ("MEDC") that the Company's operations had ceased on their Recovery Zone-designated property and that the Company was no longer a participating member of the Collaborative. Therefore, the Company is no longer qualified to receive the benefits of a Recovery Zone because the Company is not using the incented property primarily for tool and die business operations, nor is the Company currently a party to a qualified collaborative agreement, as required by the Michigan Renaissance Zone Act.

Recommendation: MEDC Staff recommends the MSF Board revoke the Tool and Die Recovery Zone designation for L.S. Precision Tool & Die, Inc.'s site in the City of Battle Creek. All properties will go back on the tax rolls effective December 31, 2013 for property tax purposes and January 1, 2014 for other tax purposes.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2013-139. Mr. DeNooyer seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recusals; 2 absent.

Resolution 2013-140 – H. S. Technologies, Inc.

Ms. Amy Lux, Program Specialist, provided the Board with information regarding this action item. Ms. Lux informed the Board that The Company was in the business of tooling secondary equipment, at a facility in Tallmadge Charter Township (the "Township"), Ottawa County. Its operations were supported by a Tool and Die Recovery Zone designation with the Coopersville Tooling Coalition's (the "Collaborative"), awarded in 2009 by the MSF Board. The President of the Collaborative notified Staff at the Michigan Economic Development Corporation ("MEDC") that the Company's operations had ceased on their Recovery Zone-designated property and that the Company was no longer a participating member of the Collaborative. Therefore, the Company is no longer qualified to receive the benefits of a Recovery Zone because the Company is not using the incented property primarily for tool and die business operations, nor is the Company currently a party to a qualified collaborative agreement, as required by the Michigan Renaissance Zone Act. Under the Act, the MSF Board has the authority to revoke the designation of a Recovery Zone for a qualified tool and die business if the qualified tool and die business fails or ceases to

participate in or comply with a qualified collaborative agreement. The MEDC confirmed with the State of Michigan Department of Labor & Economic Growth that the Company was dissolved in January of 2013 and notified the Collaborative a recommendation would be made to the MSF Board to formally revoke the Company's Recovery Zone designation. .

Recommendation: The MEDC Staff recommends the MSF Board revoke the Tool and Die Recovery Zone designation for H.S. Technologies, Inc.'s site in Tallmadge Charter Township. All properties will go back on the tax rolls effective December 31, 2013 for property tax purposes and January 1, 2014 for other tax purposes

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2013-140. Mr. Martin seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recusals; 2 absent.

Resolution 2013-141 – Imperial Laser, Inc.

Ms. Amy Lux, Program Specialist, provided the Board with information regarding this action item. Ms. Lux stated that The Company is in the business of laser cutting and fabricating at its facility in the Township. Its operations were supported by a Tool and Die Recovery Zone designation with the Central Michigan Collaborative, awarded in 2005 by the MSF Board. President of the Central Michigan Collaborative notified Staff at the Michigan Economic Development Corporation ("MEDC") that the Company is no longer occupying the site of their Recovery Zone designation and moved on to a different facility within the Township in 2011. The MEDC has confirmed the move with our local partner in the Ottawa County Economic Development Office. Under the Michigan Renaissance Zone Act, the abandoned Recovery Zone is no longer eligible for Recovery Zone benefits because it is not being used primarily for tool and die business operations by the designated company. The Company and the Township have been notified of the MEDC's intent to recommend revocation to the MSF Board.

Recommendation: The MEDC Staff recommends the MSF Board revoke the Tool and Die Recovery Zone designation for the site formerly occupied by Imperial Laser, Inc. in Tallmadge Charter Township. All properties will go back on the tax rolls effective December 31, 2013 for property tax purposes and January 1, 2014 for other tax purposes.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2013-141. Mr. Zimmer seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

RENAISSANCE ZONE REVOCATION

Resolution 2013 – 142 – Frontier Renewable Resources

Ms. Amy Lux, Program Specialist, provided the Board with information regarding this action item. Ms. Lux stated that The Company is in the business of developing and operating a cellulosic ethanol biorefinery at a site in Kinross Charter Township, Chippewa County. As a condition to receiving the Renaissance Zone, the Company entered into a development agreement (the "Agreement") with the MSF, within which the Company committed to investing \$290.5 million and to creating 70 new jobs by December 31, 2013, as well as, commencing construction on the facility within one-year of the designation, December 7, 2011. This condition is echoed in the MSF Resolution recommending the designation and it is a statutory requirement contained in the Renaissance Zone Act, 1996 PA 376, as amended. Based on representations made by the Company in their annual progress reports, and confirmed in subsequent discussions MEDC Staff have had with the Company's leadership, construction commencement has yet to occur and less than \$12,000 of capital investment has been put in to the site of the project so far. The MEDC notified the Company of their non-compliance and initiated the 90-day cure period required in the Agreement. The Company subsequently waived their entitlement to the cure period, conceding that unforeseen setbacks have delayed the start-up of this project, such as a reduction in

commitment of the primary investor, Valero Energy Corporation. Due to the Company's failure to commence construction by the one-year deadline, the MSF Board has both contractual and statutory authority to recommend revocation of the Company's Renewable Energy Renaissance Zone designation to the SAB. For this project, the Company has received federal and other state incentives, including funds from the Centers of Energy Excellence ("COEE") Program. The MEDC Staff is currently still in negotiations with the Company to determine the appropriate course of action as the Company continues to work for sufficient financing and attempts to move forward with their project on the delayed-time line.

Recommendation: MEDC Staff recommends that the MSF Board approve the resolution to recommend to the SAB the revocation of Frontier Renewable Resources, LLC's Renewable Energy Renaissance Zone. All properties will go back on the tax rolls effective December 31, 2013 for property tax purposes and January 1, 2014 for other tax purposes.

Board Discussion: Mr. Finney asked the MSF Fund Manager and Attorney General Representative, Jarrod Smith why these Zones were not automatically revoked. Ms. Campbell, MSF Fund Manager stated that she is working with our attorneys and the Department of Treasury to establish authority. As it stands, the local community is the only authority with authorization to collect property taxes. Most dissolved companies have no assets. Mr. Smith further noted that because the MSF Board approved the Zone, they have to also approve the revocation of the Zone. Mr. Finney asked if there were any further questions from the Board. There being none, **Mr. Martin motioned approval of Resolution 2013 – 142. Mr. DeNooyer seconded the motion.** The motion carried: 9 ayes; 0 nays; 0 recusals; 2 absent.

ADMINISTRATIVE

Resolution 2013-143 – MSF Background Check Policy Revision

Ms. Karla Campbell, MSF Fund Manager, provided the Board with information regarding this action item, and introduced Mr. Bradley Heffner, Senior Corporate Counsel and Risk Management Officer.

Ms. Campbell stated that General duties of the MSF Board include that the MSF is to establish requirements to ensure that monies awarded under certain 21CJF programs, including the Michigan Business Development Program ("MBDP") and the Michigan Community Revitalization Program ("MCRP"), are not provided to any person that has been convicted of a criminal offense or held liable in civil proceedings that negatively reflects on the business integrity of the person based on a finding of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or violation of state or federal antitrust statutes. Additionally, the MSF Act provides that if the person is a business entity, it includes the affiliates, subsidiaries, officers, directors, managerial employees, and anyone holding 20% or more of a pecuniary interest, directly or indirectly in that business entity (collectively, "Key Personnel")("Background Review"). Historically, the 21CJF incentives were limited to awards to start-up or small business entities or funds, such as those awards involving the 2006 and 2008 Business Competition programs, the Company Formation Growth Fund program, Accelerator Fund program, and Angel Tax Incentive Programs. To comply with the general duties under Section 88c(4), the Background Review for historical start-up and small businesses have included requiring representations and warranties by the awardee, that neither it or its Key Personnel have such criminal or civil findings, as well as an actual background check being conducted, via available databases on the company and its Key Personnel (even though such background check is not required by the MSF Act).

Recommendation: It is recommended that the background check process be modified to require a background check via Westlaw, LexisNexis, Google, or any other internet search engine to be conducted only on the applicant and the following Key Personnel: the Chief Executive Officer, or the similarly situated position in charge of the applicant's executive operations; the Chief Financial Officer, or the similarly situated position in charge of applicant's financial affairs; and the position that is responsible for managing the incentive for the applicant, including the Chief Operating Officer. Further, the applicant will be required to certify, through representations and warranties in the agreement, that its Key Personnel, and parent and subsidiary entities, do not have a criminal conviction or civil liability that

would negatively reflect on the business integrity of the Key Personnel under Section 88c(4) and 88k(6)(b). For incentives that flow through a financial institution from the MSF for the benefit of a borrower, the background check will be performed on the borrower and the positions above the borrower.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Martin asked for confirmation that automatic check was done on corporations. Ms. Campbell responded yes, it is. There being no further questions, Mr. Lockwood **motioned approval for Resolution 2013-143. Ms. Keeley seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2013-144 – MSF/MEDC CDBG – Memo of Understanding Amendment

Ms. Deborah Stuart, Community Development Incentives Director, provided the Board with information regarding this action item.

Ms. Stuart explained that the U.S. Department of Housing and Urban Development (HUD) allocates Community Development Block Grant (CDBG) funding to the State of Michigan, through the Michigan Strategic Fund (MSF), for further distribution to eligible Units of General Local Government to carry out State approved activities. During a monitoring visit by HUD in 2012, it was recommended that the MSF and the MEDC enter into a MOU for the purpose of specifying responsibilities between the MSF and the MEDC in administering the CDBG program. The attached document is the current MOU which outlines responsibilities and signing authority between the two entities. The term of the MOU has expired and needs to be extended. Staff is recommending the term be extended for two years.

Recommendation: The MEDC Staff recommends the MSF authorize an amendment to the existing MOU between the Michigan Strategic Fund and the Michigan Economic Development Corporation to extend the term of the agreement to June 30, 2015.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. DeNooyer motioned approval for Resolution 2013-144. Ms. Keeley seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Mr. Finney adjourned the meeting at 2:43 p.m.

**MICHIGAN STRATEGIC FUND
BOARD MEETING
September 25, 2013**

PROPOSED MEETING MINUTES

A meeting of the Michigan Strategic Fund [MSF] Board was held on Wednesday, September 25, 2013, at the Michigan Economic Development Corporation [MEDC], Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan.

MEMBERS PRESENT:

Michael A. Finney
J. Craig DeNooyer
H. William Morris
Richard Rassel
Andrew Lockwood [acting for and on behalf of Treasurer Andy Dillon, designation attached]
Steve Arwood
Michael J. Jackson, Sr.

MEMBERS ABSENT:

Shaun W. Wilson
Ron Boji
Sabrina Keeley
Bill J. Martin

CALL TO ORDER: Mr. Finney called the meeting to order at 1:36 p.m.

PROPOSED MEETING MINUTES: Mr. Finney requested the August 28, 2013 Proposed Meeting Minutes and was advised by Andrea Robach that the minutes would be presented at the October 23, 2013 Board Meeting.

PUBLIC COMMENT: Mr. Finney asked if there was any comment from the public. There was none.

COMMUNICATION: Andrea Robach, Executive Assistant, advised the Board of various changes within their board packets

COMPREHENSIVE PROJECTS

Resolution 2013-145 – Dairy Farmers of America, Inc.

Resolution 2013-146 – Dairy Farmers of America, Inc.

Resolution 2013-147 – Village of Cass City

Ken Murdoch, Development Finance Manager, provided the Board with information regarding this action item and introduced Keith A. Gomes, Chief Operating Officer, Dairy Farmers of America, and Peter Cristiano, Village Manager, Village of Cass City.

The Applicant is requesting a \$500,000 Michigan Business Development Program Performance-based grant, a \$1,000,000 Community Development Block Grant (“CDBG”) infrastructure grant for wastewater treatment facility improvements needed for Dairy Farmers of America, Inc.’s new dairy manufacturing plant as outlined in Exhibit A. Additionally, Tuscola County (the “County”) and the Village of Cass City (the “Village”) are requesting a new 15-year Agricultural Processing Renaissance Zone designation on behalf of the Company, beginning on January 1, 2014 and ending on December 31, 2028. This project involves the creation of 25 Qualified New Jobs and a capital investment of \$40 million dollars in the Village.

Recommendation:

The MEDC Staff recommends the following:

- Approval of the Michigan Business Development Program Proposal for Dairy Farmers of America, Inc., as outlined in the term sheet attached to the proposed resolution
- Approval of the recommendation to the State Advisory Board for the designation of an Agricultural Processing Renaissance Zone for Dairy Farmers of America, Inc. at its site in the Village of Cass City for a term of 15 years, beginning January 1, 2014 and ending on December 31, 2028.
- Authorization for a Community Development Block Grant agreement in the amount of \$1,000,000 for the Village of Cass City related to the project.

Board Discussion:

Don Brown, on behalf of Congresswoman Candice Miller, expressed her full support of the project. He identified the current unemployment rate in the thumb area of Michigan as being 10% and noted the positive effect this project would have on that rate as well as the ancillary jobs it would support.

Mr. Finney asked if there were any questions from the Board. There were questions regarding general transportation logistics of for the raw material that will be utilized at the project and the company clarified. **Mr. Arwood motioned approval for Resolutions 2013-145, 2013-146 and 2013-147. Mr. Lockwood seconded the motion.** Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT

Resolution 2013-148 – County of Charlevoix

Ken Murdoch, Development Finance Manager, provided the Board with information regarding this action item and introduced John Truckey, President, Precision Edge and Andy Hayes, President, Northern Lakes Economic Alliance.

Charlevoix County is requesting \$350,000 in Community Development Block Grant funds for job training for the Precision Edge expansion project in Boyne City, Charlevoix County and administration of the grant.

Recommendation:

MEDC Staff has concluded that the project meets the minimum program requirements to be eligible under the Community Development Block Grant program. MEDC Staff recommends that a Community Development Block Grant agreement for job training, in the amount of \$350,000, be authorized for Charlevoix County for the Precision Edge expansion project.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. Intended usage was confirmed as both a training and “teaser” vehicle for commercial and scholastic organizations. “Teaser” was interpreted as a method in which to pique the interest of potential students. The curriculum is currently under development. **Mr. Arwood motioned approval for Resolutions 2013-148. Mr. Lockwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-149 – City of Houghton, County of Houghton

Deborah Stuart, Community Development Incentives Director, provided the Board with information regarding this action item.

The City of Houghton is requesting \$640,811 in Community Development Block Grant funds for façade improvements on four buildings located within their traditional downtown core.

Recommendation:

After reviewing the proposal, MEDC Staff has concluded that the project meets the minimum program requirements to be eligible under the Community Development Block Grant program. Staff recommends that a grant agreement, in the amount of \$640,811, be authorized for the City of Houghton.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Arwood motioned approval for Resolutions 2013-149. Mr. Lockwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

21ST CENTURY MICHIGAN COMMUNITY REVITALIZATION PROGRAM

Resolution 2013-150 – Capitol Park Lofts – 1145 Griswold, LLC

Eric Hanna, Director, Debt Capital, provided the Board with information regarding this action item and introduced Richard Hosey, Member, 1145 Griswold, LLC

1145 Griswold Street LLC and Develop Michigan, Inc. are requesting approval of a Michigan Community Revitalization Program incentive in the amount of \$4,114,456 in the form of a performance-based loan participation under Other Economic Assistance. The company anticipates that the project could result in eligible investment of \$16,752,827 and total capital investment in the amount of \$22,523,488 in the City of Detroit; and the creation of 60 jobs.

Recommendation:

The MEDC Staff recommends the approval of the Michigan Community Revitalization Program proposal in the amount of \$4,114,456 in the form of a performance-based loan participation under Other Economic Assistance.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. The Board was advised that there currently is no preleasing taking place and that the Farwell Building is next in line for completion and expected to be the hardest.

Andrew Lockwood motioned approval for Resolution 2013-150. Mr. DeNooyer seconded the motion.

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-151 – The Balmoral – Woodward Brown Associates, LLC

Joseph Martin, Manager, Community Revitalization and Brownfield Programs, provided the Board with information regarding this action item and introduced Harvey Weiss, Woodward Brown Associates, LLC.

Woodward Brown Associates, LLC (Applicant) and The Private Bank (Lender) are requesting approval of a Michigan Community Revitalization Program incentive in the amount of \$3,278,890 in the form of performance-based loan participation under other economic assistance. The Applicant anticipates that the project could result in eligible investment of \$17,691,761 and total capital investment in the amount of \$27,790,284 in the City of Birmingham and the creation of 200 jobs.

Recommendation:

The MEDC Staff recommends approval of a Michigan Community Revitalization Program, performance-based loan participation in the amount of \$3,278,890 for Woodward Brown Associates, LLC.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. The location of the project was clarified for the Board. Mr. Weiss stated that some preleasing negotiations are underway. **Mr. DeNooyer motioned approval for Resolution 2013-151. Mr. Morris seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-152 – Parkland Muskegon, Inc. Amendment

Joseph Martin, Manager, Community Revitalization and Brownfield Programs, provided the Board with information regarding this action item.

MEDC Staff is seeking reauthorization of the original approval of the Michigan Community Revitalization Program incentive for Parkland Muskegon, Inc.

Recommendation:

The MEDC Staff recommends approval of the Michigan Community Revitalization Program loan, as outlined in the briefing memos dated, September 25, 2013 and February 27, 2013, and the reauthorization of the commitment.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Rassel motioned approval for Resolution 2013-152. Mr. Arwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

21ST CENTURY MICHIGAN BUSINESS DEVELOPMENT PROGRAM

Resolution 2013-153 – Sakthi Automotive Group USA, Inc. Amendment

Josh Hundt, Manager - Development Finance Manager, provided the Board with information regarding this action item.

The Company was required, as part of Milestone 1, to secure ownership of the manufacturing facility located at 6401 W. Fort St, Detroit Michigan, create seven Qualified New Jobs above their base employment and obtain approval of municipality support. The Company has met the intent of Milestone 1. However, due to the Business Entity structure, ownership of the property was secured by Sakthi Real Estate Holdings, Inc. on behalf of the Company. This entity does meet the Affiliate definition as outlined in the Agreement.

Due to the items listed above the Company was not able to meet the requirements as set forth in Milestone 1 by the deadline of August 30, 2013.

Recommendation:

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

- Amend Milestone 1 to reflect the Company, or its Affiliates, secure ownership of the manufacturing facility at 6401 W. Fort Street, Detroit, Michigan 48209 and obtain municipality support related to the project;
- All other aspects of the approval remain unchanged.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2013-153. Mr. Arwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

21ST CENTURY – TRAVEL MICHIGAN

Resolution 2013-154 – Travel Michigan Fulfillment Guide

George Zimmermann, Vice President, Travel Michigan, provided the Board with information regarding this action item.

That the Michigan Strategic Fund award and enter into a contract for the fulfillment and inquirer data entry services.

Recommendation:

MEDC Staff recommends that the MSF Board award and enter into a contract for the fulfillment and inquirer data entry services, with First Fulfillment, Inc., a Michigan corporation, for the period of October 1, 2013 to September 30, 2016, and two one-year additional extensions, exercisable at the sole discretion of the MSF Fund Manager.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2013-154. Mr. Arwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-155 – Brand USA

George Zimmermann, Vice President, Travel Michigan, provided the Board with information regarding this action item.

Travel Michigan is requesting approval to enter into an agreement with Brand USA for the purpose of establishing a co-branding campaign in the amount of \$104,367.

Recommendation:

The MEDC Staff recommends that the MSF Board allocate \$104,367 and authorize the Fund Manager to enter into an agreement with Brand USA for the purpose of establishing a co-branding campaign in accordance with the federal Travel Promotion Act of 2009.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Rassel motioned approval for Resolution 2013-155. Mr. Lockwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

21ST CENTURY – JOBS FUNDS PROGRAMS

Resolution 2013-156 – Small Business Loan Program

Michael Flanagan, Director, Capital Services, provided the Board with information regarding this action item.

The Small Business Loan Program is designed to increase the availability of capital to Community Development Finance Institutions and similarly oriented lenders (collectively “small business lenders”), which are the typical financiers of our underserved small and micro businesses. The Small Business Loan Program will rely upon and complement bank, credit union and/or other non-depository lenders (collectively “lending institutions”) seeking to provide loan(s) to small business lender(s) to support small and micro-businesses. The Program will provide support through loan loss reserve account(s) (which can also be referred to as “collateral support” or “funded guarantees”) that can be accessed in order to offset potential losses, thereby incentivizing private lenders into the small and micro market that they have historically avoided.

Small business lenders that wish to enroll in the Program will be evaluated by the lending institution and MSF staff based upon historical performance, financial capacity, and knowledge of the local market, among other factors. The role of the small business lender will be to provide the outreach, technical assistance, origination, underwriting and servicing of small and micro loans. Based on terms mutually acceptable to the small business lender, the lending institution, and the MSF, supporting loan loss reserve account(s) can be situated and accessed on either the front end by the small business lender or on the back end by the lending institution providing the initial loan. Loan loss reserve accounts will be established at the lending institution or at a mutually agreed upon

third party depository institution and will remain in place for the term of the loan. Additional capital that is required by the small business lenders to pay for technical assistance associated with the increased loan volume is anticipated to come from philanthropic contributions.

The Small Business Loan Program will operate under the Michigan Supplier Diversification Fund. Returns on any unused portion of loan loss reserves will be returned to the Michigan Supplier Diversification Fund and may be reused for any eligible program included as a part of the Michigan Supplier Diversification Fund. Additionally, approval is being requested to operate the Small Business Loan Program using SSBCI funding under MSF general powers.

Recommendation:

The MEDC Staff makes the following recommendations with respect to the program:

- Authorization for a Public Hearing for the Small Business Loan Program;
- Authorize funding of Small Business Loan Program using SSBCI funds, subject to approval from US Treasury, and to operate under the general powers of the MSF; and
- Authorize the Fund Manager or MSF Chairperson to approve individual small business lenders for support in accordance with previously approved Michigan Supplier Diversification Fund and SSBCI delegations of authority.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Arwood motioned approval for Resolution 2013-156. Mr. Morris seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

BROWNFIELD MBT AMENDMENTS

Resolution 2013-157 – Harbor Shores HV Construction, LLC

Dan Wells, Brownfield Program Specialist, provided the Board with information regarding this action item.

Harbor Shores HV Construction, LLC requests a third amendment be made to the Hotel/Water Park/Town Homes Project in the city of Benton Harbor, county of Berrien originally approved by the Michigan Economic Growth Authority Board on December 19, 2006. The applicant is requesting to add four qualified taxpayers; Maria G. Hopp Trust, Marc and Dawn Williams, Michael and Deborah O'Connor, and Falcon Custom Homes, Inc., and to change the scope of the previously approved project.

Recommendation:

The MEDC Staff recommends the approval of the requested amendment to add four qualified taxpayers; Maria G. Hopp Trust, Marc and Dawn Williams, Michael and Deborah O'Connor, and Falcon Custom Homes, Inc., and to change the scope of the previously approved project.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. DeNooyer motioned approval for Resolution 2013-157. Mr. Lockwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

RENAISSANCE ZONES

Resolution 2013-158 – Lawton Processing, LLC

Amy E. Lux, Renaissance Zone Program Specialist, provided the Board with information regarding this action item.

Michigan Economic Development Corporation Staff requests the Michigan Strategic Fund Board approve the recommendation to revoke Lawton Processing, LLC's (the "Company") Agricultural Processing Renaissance Zone to the State Administrative Board. There are 11 years remaining on the Company's 15-year Renaissance Zone term, designated on June 16, 2009 and currently set to expire on December 31, 2024.

Recommendation:

The MEDC Staff recommends that the MSF Board approve the resolution recommending the revocation of Lawton Processing, LLC's Renewable Energy Renaissance Zone to the State Administrative Board. All properties will go back on the tax rolls effective December 31, 2013 for property tax purposes and immediately for other tax purposes.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Arwood motioned approval for Resolution 2013-158. Mr. Morris seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

TOOL & DIE RECOVERY ZONES

Resolution 2013-159 – Accu-Mold, LLC

Amy E. Lux, Renaissance Zone Program Specialist, provided the Board with information regarding this action item.

Accu-Mold, LLC (the "New Company") requests, with the support of the applicable local government, the City of Portage, the Michigan Strategic Fund Board approve the transfer of Tool & Die Recovery Zone benefits to the new company from Accu-Mold, Inc. (the "Original Company"). Six years remain in the 15-year Recovery Zone designation, which is set to expire December 31, 2019.

Recommendation:

The MEDC Staff recommends the MSF Board approve the transfer of Tool & Die Recovery Zone benefits from Accu-Mold, Inc. to Accu-Mold, LLC at the site originally designated in the City of Portage, under the same terms and conditions, for remainder of the designation to expire December 31, 2019, subject to the condition that the New Company report annually to the MSF through the life of the Recovery Zone.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2013-159. Mr. Morris seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-160 – Labor Aiding systems Corporation

Amy E. Lux, Renaissance Zone Program Specialist, provided the Board with information regarding this action item.

Labor Aiding Systems Corporation (the "New Company") requests, with the support of the applicable local government, Napoleon Township, that the MSF Board approve the transfer of Tool & Die Recovery Zone benefits to the new company from Labor Aiding Systems, Inc. (the "Original Company"). Seven years remain in the 15-year Recovery Zone designation, which is set to expire December 31, 2020.

Recommendation:

The MEDC Staff recommends the MSF Board approve the transfer of Tool & Die Recovery Zone benefits from Labor Aiding Systems, Inc. to Labor Aiding Systems Corporation at the original site in Napoleon Township for the remainder of the designation, set to expire December 31, 2020, subject to the condition that the new company report annually to the MSF through the life of the Recovery Zone.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2013-160. Mr. Arwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

ADMINISTRATIVE

Resolution 2013-161 – Legal Services Related to Tribal Gaming

Karla Campbell, MSF Fund Manager, provided the Board with information regarding this action item.

The Michigan Economic Development Corporation and the Michigan Strategic Fund are requesting the reauthorization of the Memorandum of Understanding for Legal Services Related to Tribal Gaming Matters.

Recommendation:

The MEDC Staff and the MSF Staff recommend the reauthorization of this Memorandum of Understanding for the term beginning October 1, 2013 until September 13, 2014.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Morris motioned approval for Resolution 2013-161. Mr. Arwood seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

Resolution 2013-162 – Credit Suisse

Ricardo Gonzalez, Public Assets Manager Assistant, Capital Markets provided the Board with information regarding this action item.

The MEDC Staff, as well as the 21st Century Investment Fund Manager, Credit Suisse (“Fund Manager”) are requesting a change to the 21st Century Investment Fund - Fund Manager Agreement. The two parties would like to revise the language in Section 1.5(b) that requires the Fund Manager to attend MSF Board meetings on a quarterly basis. Instead the MSF Board will require the attendance of the Fund Manager by request only. The Fund Manager will still be required to submit quarterly reports as information items to the Board.

Recommendation:

The MEDC Staff recommends that the MSF Board delegate authority to the MSF Fund Manager to revise the 21st Century Investment Fund - Fund Manager Agreement to remove the requirement that representatives of the Fund Manager appear in person to the MSF Board meetings quarterly. However, the agreement will reflect that the Fund Manager will continue to provide quarterly reports to the MSF Board for information purposes and appear in person by request.

Board Discussion:

Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Arwood motioned approval for Resolution 2013-162. Mr. Morris seconded the motion.**

Motion carried – 7 ayes; 0 nays; 0 recused; 4 absent.

The meeting adjourned at 2:38 p.m.

Public Comment

Notes:

Communication

Notes:



MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Kenneth Murdoch, Development Finance Manager
Deborah Stuart, Community Development Incentives Director

Subject: *Community Development Block Grant Program
ACAT Global, LLC Job Training Expansion Project
Township of Marion, County of Charlevoix*

Request

Marion Township is requesting \$500,000 in Community Development Block Grant (CDBG) funds for job training for the ACAT Global, LLC expansion project in Charlevoix County and for administration of the grant. The Company expects that this project could result in an investment of \$7,000,000 and the creation of 100 jobs.

Background

ACAT Global, LLC (05339 M-66 N Hwy. Charlevoix, Michigan 49720) is a manufacturer of aftermarket catalytic converters. The company was formed in 2010 when the company acquired the assets of Delphi's metallic catalytic converter division. The company is currently producing converters that can be used in all sized engines from lawn mowers to power generators.

The company is growing and has acquired Oliver Racing Parts and Emico Technologies. They have also started an in-house R&D Company, California Coating Technology, which will develop an emission coating technology. ACAT Global, LLC will produce catalytic converters for EMICO exhaust systems and will continue making connecting rods for Oliver Racing Parts.

The alternative site for this project is California where the company has significant business ties and the technology developers. The company would also have access to California engineering talent.

This CDBG grant will assist ACAT Global, LLC by funding on the job training for its 100 new employees. Funds will be available for up to 26% of new employees' wages for a six month training period. New jobs must be maintained for a minimum of 90 days following the end of the six month training period. Grant funds will be made available upon the completion of the job training milestones for the 100 new employees.

Program Requirements

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

- **National Objective**

This project qualifies for CBDG funding as the project activities are expected to result in the creation of 100 full time positions over the next two years. The company has agreed that at least 51 of the 100 positions will be held by low to moderate income persons. The project meets a National Objective by providing benefit to at least 51 percent low and moderate income persons. The CDBG cost per job is \$5,000, with an average wage of \$18.61 per hour.

- **Eligible Activity**

This project involves eligible activities identified in Section 105(a) (17) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project would create added value to the local community by bringing in tax revenue, job creation and additional business to local and state suppliers. The company is ready to order the new machinery and job creation will occur in the near term.
- **Minimum Local Participation:** Marion Township will be offering property tax abatements for this project. The estimated value of these abatements is \$251,000.
- **Minimum Leverage Ratio:** The private leverage contribution, to be provided by ACAT Global, LLC, is noticed in Attachment A and equals \$7,000,000, which results in a leverage ratio of 14:1 of the CDBG grant.
- **Financial Viability and Background Check:** The business receiving the benefit from this project has completed a background check with no concerns and has been determined to be financially viable.
- **Project Budget:** See Attachment A.
- **Project Map:** See Attachment B.

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

Recommendation

The MEDC Staff recommends:

- A CDBG Job Training grant agreement, in the amount of \$500,000, be authorized for Marion Township for the ACAT Global, LLC Expansion Project.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013- _____

APPROVAL OF TOWNSHIP OF MARION'S JOB TRAINING PROJECT

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

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

WHEREAS, the CDBG program has policies, criteria, and parameters which are enumerated in the 2012 Program Guidelines, as amended (the "Criteria") and the 2012 Application Guide (the "Guide"). The MSF by Resolution 2012-28 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2012-67 guidelines for grants;

WHEREAS, the Township of Marion (the "Community") has submitted a complete application for approval requesting funding to be used to fund the ACAT Global Job Training Project (the "Project");

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

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

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

BE IT FURTHER RESOLVED, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the proposed Project; and

BE IT FURTHER RESOLVED, if the Community fails to execute and return the grant agreement to staff within 180 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void.

Ayes:

Nayes:

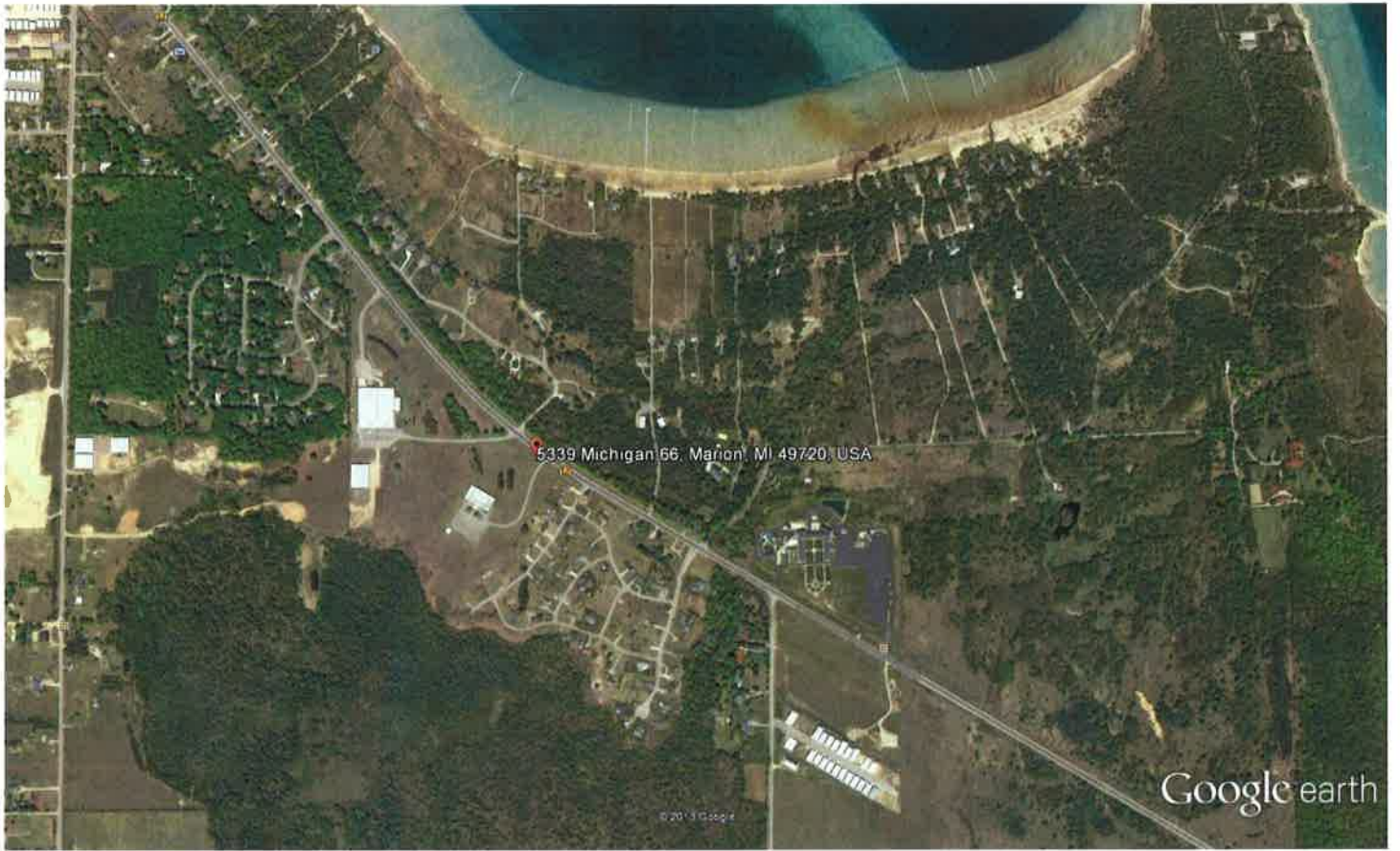
Recused:

Lansing, Michigan
October 23, 2013

PROJECT BUDGET
MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

1. Applicant: Township of Marion		2. Project Title: ACAT Global, LLC Job Training Project					
3. Project Cost Elements		4. Project Funding Sources (Identify all other funding sources)					
Activities	CDBG	Private					TOTAL
On the Job Training	\$490,000	\$1,445,440					\$1,935,440
Administration	\$10,000	\$0					\$10,000
Building Construction	\$0	\$606,860					\$606,860
M & E Acquisition	\$0	\$4,847,700					\$4,847,700
Personal Property	\$0	\$100,000					\$100,000
TOTAL	\$500,000	\$7,000,000					\$7,500,000



Google earth

feet
km





MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Marilyn Crowley, Community Assistance Team Specialist
Deborah Stuart, Community Development Incentives Director

Subject: *Community Development Block Grant Program
Arclight Brewing Company Façade Improvement Project
City of Watervliet, County of Berrien*

Request:

The City of Watervliet is requesting \$115,800 in Community Development Block Grant (CDBG) funds for façade improvements to a building located within its traditional downtown core in Berrien County. The City anticipates that the proposed project will result in private investment of \$573,550 and the creation of fifteen (15) jobs.

Background

Arclight Brewing Company is a new brewing company that will provide high quality alcoholic and non-alcoholic beverages in the local market. The brewery will house a 7BBL Brew System, fermenters, and equipment to support brewing and serving. The brewery will have a taproom where patrons can purchase beer for on and off premise consumption. Additionally, interested patrons will be able to observe the brewing process during the day and will be offered guided educational tours of the brewing facility.

This proposed project will redevelop a vacant, former car dealership within the northernmost area of downtown Watervliet in the DDA. The end use will be a new brewery and restaurant. The portions of the former dealership used for automotive work will be transformed into the production/brew house and kitchen/delivery areas of the repurposed facility. The exterior renovations will enhance the overall character and provide for an outdoor dining experience and create a pedestrian friendly experience.

CDBG dollars will pay to remove exterior brick to expose original block, repair and tuck point masonry, repair existing overhead door openings, provide a new glass system, replace and repair doors and windows, remove and repair inappropriate overhang, provide partial walls/piers with trellis/partial cover for outdoor dining and patch and repair exterior finish, including new paint and appropriate signage. The match dollars will be used to repair exterior finish, including new paint and appropriate signage, renovate and install all new interior finishes, provide accessible restroom facilities, provide trash enclosure, resurface parking lots, and repair and replace roof over existing office space.

Program Requirements

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

National Objective:

This project qualifies for CBDG funding as the project activities are expected to result in the creation of 15 full time positions over the next two years. The company has agreed that at least eight of the 15 positions will be held by low to moderate income persons. The project meets a

National Objective by providing benefit to at least 51 percent low and moderate income persons. The CDBG cost per job is \$7,720 with an average wage of \$10.80.

Eligible Activity:

This project involves eligible activities identified in Section 105(a)(4) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

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

Economic Impact:

The economic impact of this project was evaluated and given priority based on:

- The project being located in the City's Downtown Development Authority
- The project being located in a highly visible location
- The City having the local organizational capacity to successfully complete this project
- The project resulting in a completely vacant building being returned to active use
- The community having adopted a downtown development plan

Minimum Local Participation:

The City of Watervliet will make an anticipated contribution of \$15,000, which is approximately two percent (2%) of the total project costs.

Minimum Leverage Ratio:

The private leverage funds, to be provided by Arclight Brewing Company owner David Coyle, are noted in Attachment A and equal \$573,550.00 which results in a leverage ratio of approximately 5:1 of the CDBG grant.

Financial Viability and Background Check:

The business receiving the benefit from this project has completed a background check with no concerns and has been determined to be financially viable.

Project Budget:

See Attachment A.

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

Recommendation:

The MEDC staff recommends:

- A CDBG Facade Grant Agreement in the amount of \$115,800 be authorized for the City of Watervliet's Arclight Brewing Company Façade Improvement Project.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013- _____

APPROVAL OF CITY OF WATERVLIET REHABILITATION PROJECT

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

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

WHEREAS, the CDBG program has policies, criteria, and parameters which are enumerated in the 2012 Program Guidelines, as amended (the "Criteria") and the 2012 Application Guide (the "Guide"). The MSF by Resolution 2012-28 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2012-67 guidelines for grants;

WHEREAS, the City of Watervliet (the "Community") has submitted a complete application for approval requesting funding to be used to fund the Arclight Brewing Company Rehabilitation Project (the "Project");

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$115,800 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$115,800 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds;

BE IT FURTHER RESOLVED, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the proposed Project; and

BE IT FURTHER RESOLVED, if the Community fails to execute and return the grant agreement to staff within 180 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

PROJECT BUDGET
MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

1. Applicant: City of Watervliet			2. Project Title: Arclight Brewing Company Rehabilitation Project				
3. Project Cost Elements		4. Project Funding Sources (Identify all other funding sources)					
Activities	CDBG	Private	UGLG				TOTAL
Architecture & Engineering	\$0	\$0	\$10,000				\$10,000
Façade Improvements	\$115,800	\$0	\$0				\$115,800
Interior Improvements	\$0	\$455,600	\$0				\$455,600
Exterior Improvements including roofing	\$0	\$85,850	\$0				\$85,850
Administration	\$0	\$0	\$5,000				\$5,000
Contingency	\$0	\$32,100	\$0				\$32,100
TOTAL	\$115,800	\$573,550	\$15,000				\$704,350



MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Deanna Richeson, Director

Subject: *MI-STEP (Michigan State Trade Export Promotion Program) - New Funding Opportunity*

Request

The Michigan Economic Development Corporation (MEDC) Staff requests \$3.2 million to support the MI-STEP program. These funds are available through MCL 125.2088b(4) in the Michigan Strategic Fund (MSF) Act for business development and business marketing costs. Approved funds will be utilized as follows:

MI-STEP

Export Promotion Incentives and Services	\$1,470,000
Foreign Trade Offices	\$ 615,000
Export Network Partners	\$ 473,000
Marketing, Training, Travel and Administration	\$ 368,430
International Trade Shows/Events	\$ 273,570
Total MI-STEP Request	\$3,200,000

Background

The MI-STEP 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 and medium-sized enterprises, which by the United States Small Business Association's definition are companies with less than 500 employees, 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 MI-STEP 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.

In previous years, the State Trade Export Promotional (STEP) Program was supported by federal funds that required matching funds provided by the State of Michigan. For the period October 1, 2011 through June 30, 2013, the STEP Program assisted 616 companies resulting in \$128.3 million in facilitated export sales. Because of the federal budget shutdown, federal funds are not available for FY14 at this time, and there is uncertainty whether or not the same level of funding will be available when a budget is passed.

MI-STEP Program Summary

MI-STEP Program – The MI-STEP program provides direct reimbursements to qualified small and medium-sized export (SME) companies to develop or expand export-related activities via cost reimbursement of 50 percent of allowable export-related activities to a maximum of \$12,000.

Export Network Partners – Regional export network host organizations (RENs) and international service providers coordinate the MI-STEP program applications and delivery of services in collaboration with the MEDC and its strategic export partners.

Foreign Trade Offices – To help open foreign markets, the MEDC has established offices in Canada, Brazil, Mexico and China. The Michigan Foreign Trade Offices provide services that include Governor Delegation support, market research, agent/distributor/representative searches, end-user searches, matchmaking services for buyer missions and trade mission support.

Recommendation

- Staff recommends approval of \$3.2 million to support activities of the MI-STEP program utilizing funds from the 21st Century Jobs Fund as provided in MCL 125.2088b(4);
- Authorize the Memorandum of Understanding between the Michigan Strategic Fund and the Michigan Economic Development Corporation to provide administrative services for the MI-STEP program;
- Approve the proposed eligibility and application guidelines and grant template;
- Approve the grant amounts to the following recipients (the change in grant amount from the last fiscal year under the MEDC and federal STEP Program is shown in parentheses):
 - Automation Alley – \$713,000 (+\$160,000);
 - Van Andel Global Trade Center – \$610,000 (+\$135,000);
 - Northwest Michigan Council of Governments – \$345,000 (-\$30,000);
 - Michigan Small Business and Technology Development Center – \$225,000 (-\$5,000);
 - Michigan State University-International Business Center – \$50,000 (-\$121,000);
 - Council of Great Lakes Governors – \$615,000 (+\$134,000);
- Approve the delegation of authority to determine and make certain MI-STEP program awards.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

MI-STEP PROGRAM

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 “MI-STEP 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, under the Act, in particular Sections 88b(4), not more than five (5%) percent of the annual appropriation from the 21st century jobs trust fund may be used for business development and business marketing costs (“BDBM Funds”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for a variety of programs overseen by the MSF, recommends the creation and operation of the MI-STEP 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 (“State”);

WHEREAS, the MEDC recommends the creation and operation of the MI-STEP Program, and approval of the guidelines and template for the MI-STEP Program, as set forth below:

- (i) Eligibility and Application Guidelines. That the MSF adopt and approve the proposed MI-STEP Program Eligibility and Application Guidelines, attached as Exhibit 1 to be utilized for the operation of the MI-STEP Program (the “MI-STEP Program Guidelines”); and
- (ii) Grant Template. That the MSF adopt and approve the proposed Grant Agreement template in substantially the form attached as Exhibit 2 (“MI-STEP Program Template”), to be utilized for the operation of the MI-STEP Program (collectively, the “MI-STEP Program Guidelines and Template”).

WHEREAS, based on the recommendation of the MEDC, the MSF Board desires to adopt and approve the MI STEP Program Guidelines and Template for the MI-STEP Program;

WHEREAS, the MEDC recommends that the MSF authorize the preparation of an MI-STEP Program Grant Application consistent with the MI-STEP Program Guidelines for the MI-STEP Program; and

WHEREAS, the MEDC recommends that the MSF approve the use of \$3,200,000 for a MI-STEP Program budget from the BDBM Funds.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby adopts and approves the MI-STEP Program Guidelines and Template for the MI-STEP Program;

BE IT FURTHER RESOLVED, that the MSF hereby authorizes the preparation of an MI-STEP Program Grant Application consistent with the MI-STEP Program Guidelines for the MI-STEP Program;

BE IT FURTHER RESOLVED, that the MSF hereby authorizes the use of \$3,200,000 for a MI-STEP Program budget from the BDBM Funds; and

BE IT FURTHER RESOLVED, the MSF Fund Manager or the MSF Chairperson, with only one required to act, is authorized to negotiate the terms and conditions of the MI-STEP Program Template and sign the final documents so long as the final terms and conditions of each are (i) in accordance with any applicable award decisions made pursuant to any delegations of authority from the MSF Board for the MI-STEP Program or as otherwise approved by the MSF Board, and not otherwise materially adverse to the interests of the MSF, and/or (ii) otherwise required to comply with the MI-STEP Program.

Ayes:

Nays:

Recused:

Lansing, Michigan

October 23, 2013

MI-STEP Program Support for SMEs

Section 1 – General Information on the MI-STEP Program

The MI-STEP Program provides direct reimbursements to qualified small and medium-sized export companies to develop or expand export-related activities. Interested applicants should review these guidelines prior to completing the online application intake form.

A – Program Purpose

The MI-STEP Program is designed to spur job creation by empowering Michigan small and medium-sized enterprises (SMEs) 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

B – Eligibility

Eligible companies may qualify for up to \$12,000 (\$7,000 Tier 2; \$12,000 Tier 3) in assistance to offset 50 percent of their export marketing-related costs. Michigan companies must meet the following eligibility criteria to qualify for MI-STEP Program funds:

1. Have 500 or fewer employees, or otherwise in accordance with Small Business Administration (SBA) guidelines.
2. Represent significant potential impact to the regional economy.
3. Have two years of domestic sales.
4. Register profit during the last year (venture capital and government grants do not qualify as sales revenue).
5. Provide an EIN number linked to a Michigan address.
6. Be in good standing with the Michigan Department of Treasury and other regulatory agencies.

C – Grant Allocation and Limitation

1. Funds will be approved for specific and measurable export initiatives.
2. Applicants agree to respond to MI-STEP Program quarterly surveys and provide export sales totals, export transactions and business activities resulting from the MI-STEP Program.
3. All funds are pre-approved based on submitted application.
4. Companies are reimbursed for 50 percent of pre-approved expenses.
5. The Michigan Strategic Fund (MSF) retains final authority in the allocation of MI-STEP Program funds.
6. Funds for the MI-STEP Program are subject to availability.

7. Recommendations by economic development organizations may be required.

D – Allowable Uses of MI-STEP Program Funds

MI-STEP Program funds may be approved for export marketing-related activities including:

1. Overseas trade mission participation
2. International or domestic trade show participation
3. Foreign market sales trips
4. U.S. Department of Commerce services
5. Website and/or marketing material translation services
6. Agent, distributor and/or customer searches
7. Foreign market research

Section 2 – The Application Process

A – Following is a summary of the application and approval process for the MI-STEP Program:

1. Interested companies complete and submit the online intake form at www.michiganadvantage.org/export.
2. MEDC staff will review intake forms:
 - Qualified companies will be contacted regarding next steps.
 - Companies that do not qualify will be contacted with rationale for decision.
3. Tier 1 companies will be referred to SBTDC for training and market research to enhance their readiness.
4. Tier 2 and Tier 3 companies will be contacted by an MEDC export representative to review:
 - Information needed for the MI-STEP Program application and required forms
 - Export assistance resources
5. Companies seeking export incentives will complete and submit the MI-STEP Program application.
6. Upon receipt and review of the MI-STEP Program application, the MEDC export team will make a recommendation to the MSF Fund Manager
 - Approve application and contact company for next steps, or
 - Deny application with explanation (Note: denied applicants may be given feedback on how to revise and resubmit)

B – Program Guidelines

1. Eligible expenses must be approved in advance by the Regional Export Network (REN) host and International Trade Manager (ITM).

2. Funding received from other government sources (grants or subsidies from any level of government) does not satisfy the company's matching requirements for this program.
3. Companies receiving funding must submit all receipts and proof of payment documents within 30 days of event/activity completion.
4. Companies must submit a MI-STEP Program application to the REN host or ITM at least 30 days before the event/activity for which funding is sought.
5. Companies will receive MEDC's quarterly survey to track export activity results.

C – Expense documentation is forwarded to the REN host (if not received directly by them) for audit, review, and approval. Upon review and final approval, payment will be made by the REN host to the company.

NOTES

1. "Export ready" is defined as a company that has the commitment and ability to export products to foreign markets.
2. Tier 1 is defined as a company that may be less than two years old and/or has not established strong domestic sales. They will be offered consultation and training to advance to Tier 2.
3. Tier 2 is defined as a company that has established strong domestic sales and has not yet become a proactive exporter. They may be new to exporting or have exported reactively.
4. Tier 3 is defined as a company that has strategically exported and is ready to expand into new foreign markets.

Questions may be directed to export@michigan.org.

MI-STEP Program Grant Application and Agreement with
[Insert Full Company Name]
[Insert Full Company Address]

A complete application includes:

- Initials at the bottom of each page
- A completed Exporting Strategic Plan
- A completed Export Activity Summary
- A proposed Budget for the Export Activity
- A signed Debarment Certification Form
- A signed MI-STEP Program Grant Agreement

Program Purpose

The MI-STEP Program is designed to spur job creation by empowering Michigan companies to export their products.

Eligibility

Michigan companies must meet the following eligibility criteria to qualify for MI-STEP Program funds:

1. Has demonstrated understanding of the costs associated with exporting and doing business with foreign purchasers, including the costs of freight forwarding, customs brokers, packing and shipping.
2. Has in effect a strategic plan for exporting.
3. Represent significant potential impact to the regional economy.
4. Have two years of domestic sales.
5. Register profit during the last year (venture capital and government grants do not qualify as sales revenue).
6. Provide an EIN number linked to a Michigan address.
7. Be in good standing with the Michigan Department of Treasury and other regulatory agencies.

This application and agreement shall remain fully contingent upon written approval by the Michigan Economic Development Corporation (MEDC). Upon written approval, the MEDC representative shall countersign confirming approval. Only at this point in time shall the application be fully approved and the agreement be fully in effect.

Grant Terms and Conditions

1. Funds for this program are limited and subject to availability.
2. Eligible expenses must be approved in advance by the MI-STEP Program International Trade Manager (ITM). Funding received from other government sources (grants or subsidies from any level of government) does not satisfy the matching requirements for this program.
3. Company must submit the MI-STEP Program Grant Application to the ITM.

4. Funds will be approved for eligible, specific and measurable export initiatives that require financial support. Company agrees to measure and share the results of the MI-STEP Program initiative for which they receive funding with the MEDC.
5. Company agrees to respond to quarterly MI-STEP Program Activity Surveys and provide export activity status and outcomes resulting from the MI-STEP Program for a period of two years following funded activity.
6. Eligible reimbursements are those in which the company invests at least 50 percent of the cost of the event or activity.
7. This agreement may be terminated by giving thirty calendar days prior written notice to the company. In the event that the Legislature of the State of Michigan (the "State"), the State Government, or any State official, commission, authority, body, or employee or the federal government (a) takes any legislative or administrative action which fails to provide, terminates or reduces the funding necessary for this agreement, or (b) takes any legislative or administrative action, which is unrelated to the source of funding for the agreement, but which affects the MEDCs ability to fund and administer this agreement, provided, however, that in the event such action results in an immediate absence or termination of funding, cancellation may be made effective immediately upon delivery of notice to the company.
8. The company shall indemnify, defend and hold harmless the MEDC, its corporate board of directors, executive committee members including its participants, its officers, agents, and employees from any damages that it may sustain through the negligence of the company pertaining to the performance of this agreement.
9. The company shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this agreement.
10. The company and MEDC hereby agree that the faxed signatures of the parties to this agreement shall be as binding and enforceable as original signatures; and that this agreement may be executed in multiple counterparts with the counterparts together being deemed to constitute the complete agreement of the parties. Copies (whether photostatic, facsimile or otherwise) of this agreement may be made and relied upon to the same extent as though such copy was an original.
11. This application is subject to final approval by the MEDC, and does not constitute an agreement until final written authorization has been received from this entity.

Allowable Uses of MI-STEP Program Funds

MI-STEP Program funds can be approved for allowable export marketing-related activities and must be approved in advance. The funds may support, but are not limited to*, marketing-related activities such as:

- Overseas trade mission participation
- International or domestic trade show participation
- Foreign market buyer missions
- U.S. Department of Commerce services
- Website and/or marketing material translation services
- Match-Making and Appointment Setting
- Translation and Interpreter Services
- Foreign Market Research
- Customer, Agent, or Distributor Searches

** Prospective applicants are encouraged to propose any export marketing-related activities that they believe will benefit and enhance their ability to launch and grow export operations.*

Export Summary

Exporting Strategic Plan:

1. Briefly describe your product or service.
2. Please list the new markets you intend to pursue. (Typically limited to 1 market for new exporters; 2 to 3 markets for seasoned exporters.)
3. What led you to choose each market?
4. What objectives do you aim to achieve in your prospective export markets?
5. What is the timeframe for meeting these objectives? (Specify by month or quarter)?
6. How appropriate or culturally compatible is the product or service you wish to export and what market research have you performed?
7. What is your competitive advantage in each of your prospective markets?
8. How capable is your company in supporting both **market entry** and **market expansion** with respect to your financial capabilities, production capacity and business development/marketing?
9. What knowledge or experience do you have with the international trade procedures in your prospective markets? How are you working to ensure your strategy is a success? (U.S. export requirements, foreign market import market requirements, logistics, export financing, etc.)

Title of Export Activity: (“Trade Mission to Canada” or “Market Research”):

Description of Export Activity: In one or two paragraphs please describe the export activity to which you would apply the MI-STEP Program funding (Note: Export activity must be completed by 9/30/2014 or the expiration date – whichever comes first). Explain the role this activity plays in your Exporting Strategic Plan.

Success Measures: Describe or list the anticipated and intended economic outcomes you expect to achieve as a direct, measurable result of this export activity (value of sales growth, new markets, number of jobs created, etc.):

Budgeting and Justification

If you intend to send more than one traveler, please justify.

Per-Diem Rates can be found at: http://aoprals.state.gov/web920/per_diem.asp

For guidelines regarding airfare, please see: <http://www.gsa.gov/portal/content/103191>

Activity: Trade Mission Budget

Dates:

Name and Title of Traveler(s):

Item	Description & Calculations	Amount (USD)
Airfare:	Indicate number of people traveling. Name of U.S. Airline (Ensure compliance with Open Skies Agreement) Include a general flight itinerary with airport of departure, any transfer airports, a final destination and the names of any airlines used.	\$\$\$
Hotel:	Number of persons multiplied by the number of nights at the regional Federal Per-diem Rate	\$\$\$
Ground Transportation:	Taxis, busses, trains, etc.	\$\$\$
Gold Key Services:		\$\$\$
Miscellaneous:		\$\$\$
Total:		\$\$\$

Activity: International Services Budget**Dates:****Name and Title of Traveler(s):**

Item	Description & Calculations	Amount (USD)
Market Entry Strategy	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
Market Research	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
Logistics & Planning	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
Miscellaneous:		\$\$\$
Total:		\$\$\$

Activity: Marketing Budget**Dates:****Name and Title of Traveler(s):**

Item	Description & Calculations	Amount (USD)
Printing	Specify the quantity to the best of your knowledge. (Number of pages per brochure, the number of brochures, etc.)	\$\$\$
Development of Marketing Materials	Name the marketing service provider, public relations firm, advertising agency, etc. To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
Translation	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
Miscellaneous		\$\$\$
Total:		\$\$\$

Application Number: _____

Activity: International Trade Show Budget

Dates:

Name and Title of Traveler(s):

Item	Description & Calculations	Amount (USD)
Airfare:	Indicate number of people traveling. Justify if requesting more than one traveler. Name of U.S. Airline (Ensure compliance with Open Skies Agreement) Include a general flight itinerary with airport of departure, any transfer airports, a final destination and the names of any airlines used.	\$\$\$
Hotel:	Number of persons multiplied by the number of nights at the regional Federal Per-diem Rate	\$\$\$
Ground Transportation:	Taxis, busses, trains, etc.	\$\$\$
Trade Show:	Trade show participations fee, booth shipping (include shipping carrier), booth set-up, electricity, etc.	\$\$\$
Miscellaneous:		\$\$\$
Total:		\$\$\$

Application Number: _____

Authorization

I confirm that I am authorized by my company to execute this application and agreement, and agree that the company and its representatives will adhere to all of the terms and conditions set forth in this application and agreement. These include, but are not limited to, providing the MEDC with all results from approved activities for documentation and success tracking purposes. I certify on behalf of the company that all of the documents submitted and information contained in this application and accompanying documents are true and accurate.

Authorized Company Representative/Title **Date**

Authorized MEDC Export Representative/Title **Date**

MEDC Approval Date **MEDC Initial** **Tracking #**

Effective Date

Expiration Date

Authorized REN Host Representative/Title **Date**

Authorized MSF Certifying Official **Date**

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**MI-STEP PROGRAM
MEMORANDUM OF UNDERSTANDING**

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 “MI-STEP 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, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for a variety of programs overseen by the MSF;

WHEREAS, the MEDC desires to provide administrative services to the MSF for activities approved by the MSF under the MI-STEP Program by Resolution 2013-___; and

WHEREAS, the MSF Board has indicated its intent that, under the attached Memorandum of Understanding and subject to the direction and control of the MSF, the MEDC staff shall provide certain MI-STEP Program administrative services, to the MSF.

NOW, THEREFORE, BE IT RESOLVED, subject to the direction and control of the MSF Board, that the MEDC shall provide certain administrative services, for the MSF's MI-STEP Program consistent with the terms of the attached Memorandum of Understanding (MOU);

BE IT FURTHER RESOLVED, that the MSF Board approves the attached MOU and authorizes the MSF Fund Manager to sign the MOU on its behalf.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MICHIGAN STRATEGIC FUND
AND
THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
FOR THE MI-STEP PROGRAM**

This Memorandum of Understanding (“MOU”) is entered into as of October ___, 2013 between the Michigan Strategic Fund (“MSF”) and the Michigan Economic Development Corporation (“MEDC”) to set forth the parties’ duties, functions and responsibilities with respect to the administration of the MI STEP Program (“MI-STEP Program”) effective October 1, 2013.

The MSF shall retain ultimate control and direction over the MI-STEP Program and related activities. Pursuant to this MOU, the MEDC, under the direction and control of the MSF Board, shall provide administrative services associated with the MI-STEP Program and related activities to the MSF. It is the intent of the parties that the MSF and the MEDC will work together to ensure that administrative services are conducted in such a way as to maximize economic benefit to the State of Michigan.

I. PURPOSE

The purpose of this MOU is to specify the responsibilities between the MSF and the MEDC in administering the MI-STEP Program.

II. MSF RESPONSIBILITIES

The MSF agrees to:

- A. Pursuant to MSF Resolution 2013-___ and its declared intent at the October 23, 2013 MSF Board Meeting, the MSF engages the MEDC to provide administrative services to the MSF for the MI-STEP Program;
- B. In consideration for those services as provided below, the MSF shall reimburse the MEDC for administrative services and associated expenses provided in connection with the MI-STEP Program out of MI-STEP Program funds. The MEDC shall provide the MSF with a quarterly invoice describing all authorized expenditures the MEDC incurs in connection with the MI-STEP Program, including but not limited to MEDC’s authorized administrative costs. Expenses subject to reimbursement may not exceed that allowable by state and federal law; and
- C. The MSF shall make available to the MEDC funds in the amount of \$3,200,000 for eligible reimbursements and expenses in connection with the MI-STEP Program.

III. MEDC RESPONSIBILITIES

The MEDC agrees to:

- A. Administer all daily operations of the MI-STEP Program;
- B. Ensure compliance with all requirements of all applicable state and federal laws and regulations in connection therewith, and any MSF resolutions addressing the MI-STEP Program. Among its responsibilities, the MEDC shall use its best efforts to ensure compliance with state and federal merit staffing requirements, if any, applicable to the MI-STEP Program being serviced by this MOU;
- C. Prepare and present program reports on a periodic basis to the MSF Board and as requested and prepare any additional reports required by enabling legislation, MSF resolutions, or law;

- D. Properly manage, review and monitor all MI-STEP Program resolutions approved by the MSF Board in compliance with applicable state and federal laws, rules, regulations and program requirements;
- E. Maintain appropriate financial records and source documents for all MI-STEP Program funds disbursed at the direction of the MSF Board;
- F. After disclosure to and as directed in consultation with the MSF Board, review audit reports and take appropriate actions to assist with federal and state audit findings and questioned costs;
- G. Submit invoices for reimbursement to the MSF on a quarterly basis detailing the project expenditures and administrative costs to date;
- H. Not incur obligations in excess of the funding authorized by the MSF Board for the MI-STEP Program;
- I. Coordinate its administrative services with all other state and federal agencies and departments that have any responsibilities in connection with the administration of the MI-STEP Program or this MOU; and
- J. The MEDC shall provide the Salesforce database for use by the regional partners for quarterly export activity tracking and reporting; make access to the database available to the regional partners for data entry; and assimilate export data. Any reasonable expense for the Salesforce database and associated costs shall be reimbursable from MI-STEP Program funds.

IV. DURATION OF MOU

This MOU remains in effect until terminated in writing by the parties, or by giving the other party 90 days written notice of such termination.

V. INDEMNIFICATION

The MSF and the MEDC must each seek its own legal representation and bear its own costs, including judgments, in any litigation that may arise from the performance of this MOU. It is specifically understood and agreed that none of the parties will indemnify the others in any litigation.

VI. MODIFICATION OF AGREEMENT

The MSF and the MEDC agree that this MOU may be amended, in writing, by the parties. The modification must be signed by the representative of each party or his/her authorized designee.

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

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION,
a public body corporate

Dated: _____

By: _____
Michael A. Finney
President & CEO

MICHIGAN STRATEGIC FUND,
an agency of the State of Michigan

Dated: _____

By: _____
Karla Campbell
MSF Fund Manager

MICHIGAN STRATEGIC FUND

**RESOLUTION
2013-**

**APPROVAL OF THE DELEGATION OF AUTHORITY
FOR MI-STEP PROGRAM AWARDS**

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 “MI-STEP 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, subject to the control and direction of the MSF Board, the Michigan Economic Development Corporation (“MEDC”) provides certain administrative services to the MSF for the MI-STEP Program created and operated by the MSF pursuant to Resolution 2013-___;

WHEREAS, under MCL 125.2005(7), the MSF Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

WHEREAS, in order for the MSF to facilitate responsive evaluation, recommendations, and closings of awards to distribute MI-STEP Program funds, the MEDC recommends that the MSF delegate authority to determine the amount of the awards to the RENs under the MI-STEP Program and additional grants (the “Delegation of Authority”) as follows:

Level of Award under the MI STEP Program	Delegates
Awards less than or equal to \$725,000	Any two (2) of the following required to act: a. MSF Fund Manager, or b. MSF Chairperson, or c. the directorship seat of the MSF Board held by the state treasurer (or as permitted, his or her designee from within the Department of Treasury (“MSF State Treasurer Director”))

WHEREAS, based on the recommendation of the MEDC, the MSF Board deems it necessary and appropriate, and desires, to approve the Delegation of Authority for the MI-STEP Program.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves the Delegation of Authority for the MI-STEP Program;

BE IT FURTHER RESOLVED, that should a matter not be initially approved under the Delegation of Authority for the MI-STEP Program, the matter must be presented to the MSF Board in the event any further recommendation to approve the matter is desired; and

BE IT FURTHER RESOLVED, the MSF Fund Manager or the MSF Chairperson, with only one required to act, is authorized to negotiate the terms and conditions of the awards under the MI-STEP Program and sign the final documents so long as the final terms and conditions of each are (i) in accordance with any applicable delegations of authority from the MSF Board for the MI-STEP Program or as otherwise approved by the MSF Board, and not otherwise materially adverse to the interests of the MSF, and/or (ii) otherwise required to comply with the MI-STEP Program.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *Aisin Technical Center of America Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Request

This is request from the Applicant for a \$1,200,000 Performance-based grant. This project involves the creation of 50 Qualified New Jobs and 101 Related New Jobs, as a result of the project, and a capital investment of up to \$32.7 million in the Northville Township.

Background

Aisin Technical Center of America, Inc. (the ‘Company’), a subsidiary of Aisin Seiki, was established in 2008 as Aisin Seiki’s first technical center outside of Japan. The Company leads Aisin’s product development for the North, Central and South America marketplace. Aisin Seiki, established in 1965, and headquartered in Japan, began manufacturing automotive components in North America in 1970. Aisin’s product line includes drivetrain, engine and body components. The Company and related entities are growing to meet customer demand; the requested BDP incentive, in addition to local incentives committed by Northville Charter Township, will ensure that Aisin growth occurs in Michigan.

The Applicant has received incentives from the MSF in the past. The Company was awarded a high tech MEGA credit in 2008 for the establishment of the technical center in Michigan. The credit was approved for seven years, valued at \$1.5 million based on 82 new jobs. The Company is foregoing the remaining years of the MEGA credit to enter into the Corporate Income Tax structure.

The Applicant and its affiliated company, Aisin World Corporation, Inc., plan to purchase a building to expand existing operations in Northville Charter Township, make investments and create jobs related to the design, development and testing of automotive components.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in Northville Charter Township. The Township has offered a “staff, financial, or economic commitment to the project” in the form of a PA 198 property tax abatement for a period of time up to 12 years. The abatement over 12 years is estimated to be valued up to \$566,000.
- c) The Applicant has demonstrated a need for the funding. Aisin’s North American operations have facilities in multiple states throughout the Midwest that, if growth were regionalized, the project could be done without the need to purchase a new building which is required for the project to occur in Michigan.

Michigan Economic Development Corporation

- d) The Applicant plans to create 50 Qualified New Jobs and 101 Related New Jobs above a statewide base employment level of 772.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company indicates that investment will begin in the fall of 2013, job creation is expected to commence in 2013 and the project results in a positive ROI for Michigan.

Recommendation

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

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
AISIN TECHNICAL CENTER OF AMERICA, INC.**

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

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

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

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

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

WHEREAS, Aisin Technical Center of America, Inc. (“Company”) has requested a performance based MBDP grant of up to \$1,200,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

WHEREAS, the MSF Advisory Committee has indicated its support of the MBDP Award Recommendation;

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



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: 10/11/2013

- 1. Company Name:** Aisin Technical Center of America, Inc. ("Company")
- 2. Company Address:** 46501 Commerce Center Drive
Plymouth, MI 48170
- 3. Project Address ("Project"):** 15300 Centennial Drive
Northville, MI 48168
- 4. MBDP Incentive Type:** Performance Based Grant
- 5. Maximum Amount of MBDP Incentive:** Up to \$1,200,000 ("MBDP Incentive Award")
- 6. Base Employment Level** 772 The number of jobs currently maintained in Michigan by the Company, Aisin World Corporation of America, FTO Techno of America, ADVICS North America, Aisin Personal Service, Inc., AW Transmission Engineering USA, Inc., IMRA America Inc., and AW Technical Center USA, Inc. based on data submitted by the Company to the MEDC reflecting the Company's **statewide** employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
- 7. Total Qualified New Job Creation:** 50 The minimum number of total Qualified New Jobs the Company shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if
(above Base Employment Level)

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

a. **Related New Jobs** 101 The minimum number of total Related New Jobs the Company, Aisin Personal Services or Aisin World Corporation of America shall be required to create at the Project, in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Related New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), be employed by the Applicant or Aisin Technical Center of America and each Related New Job must be in excess of the Base Employment Level plus any Qualified New Jobs thus created.

b. **Start Date for Measurement of Creation of Qualified New Jobs:** August 29, 2013 (date of accepted offer letter)

8. **Company Investment:** \$32,724,600 in building purchase, machinery and equipment, furniture and fixtures, computers, *or any combination thereof, for the Project by the Company or its related entity Aisin World Corporation of America.*

9. **Municipality supporting the Project:** Northville Charter Township

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

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

by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

- | | | |
|-------------------------------------|-----------------|--|
| b. Disbursement Milestone 1: | Up to \$400,000 | Upon demonstrated creation of 50 Qualified New Jobs or Related New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than April 30, 2015. |
| c. Disbursement Milestone 2: | Up to \$400,000 | Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 50 additional Qualified New Jobs or Related New Jobs (for a total of 100 Qualified New Jobs or Related New Jobs, of which at least 50 must be Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2017. |
| d. Disbursement Milestone 3: | Up to \$400,000 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 51 additional Qualified New Jobs or Related New Jobs (for a total of 151 Qualified New Jobs or Related New Jobs) above the Base Employment Level, by no later than April 30, 2019. |

11. Term of Agreement: Execution of Agreement to April 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 moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

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

14. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by October 14, 2013., the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Aisin Technical Center of America, Inc.
Corporation

By: 

Printed Name: ATSUSHI OMSHI

Its: Treasurer

Dated: 10/11/2013

Michigan Economic Development

By: Marcia Gebarowski

Printed Name: Marcia Gebarowski

Its: Development Finance Mgr

Dated: October 14, 2013



MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Paula Sorrell, Managing Director Entrepreneurial Services
Subject: *FY 2014 Early Stage Funding (ESF) Program – Request for Proposals*

Action

The MEDC requests that the MSF release the 2014 Early Stage Funding Request for Proposals (attached as Exhibit A) in the amount of \$7,958,000 (using funds allocated for the Fiscal Year 2013 21st Century Jobs Fund to support Entrepreneurship and Innovation). The purpose of the ESF RFP is to award grants to non-profit organizations that operate fund programs. The non-profit awardee(s) through a review board and due diligence process will then provide funding to companies or universities to support their efforts in moving competitive-edge technologies to commercialization.

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

Issue RFP to the public: October 24, 2013
Applications deadline: November 22, 2013
JEC Application Reviews completed: December 11, 2013
Applicant Oral Presentations (as necessary): December 16-17, 2013
JEC Review Process completed: December 20, 2013
Results of the JEC Review presented to MSF Board: January 2014 MSF Board Meeting

The MEDC requests the MSF approve a Joint Evaluation Committee (“JEC”) comprised of MEDC Staff and external partners to review the proposals submitted and make award recommendations to the MSF Board, including:

Lewis C. Attardo, Florida Small Business Advocate
Dan Watkins, Managing Director, Mercury Fund
Brian Abraham, Executive Director, MSU Spartan Innovations
Stephen Snowdy, Founder, Ansley Ventures
Paula Sorrell, Managing Director, MEDC

The MEDC requests the MSF approve the attached Proposal Evaluation Form (attached as Exhibit B) to be used by the JEC to evaluate proposals.

Background

On June 26, 2013 the MSF Board approved the release of the 2013 Early Stage Funding Request for Proposals in the amount of \$8,958,000. Six proposals were received. The written reviews were completed and the JEC met to discuss and agree to a consensus score. Although two of the proposals (Michigan Entrepreneurship & Innovation Fund and Ann Arbor Spark’s Michigan Pre-Seed Capital Fund) scored considerably higher than the others, questions still remained, so the JEC recommended the two applicants proceed to an oral interview process. The average score of the written and oral reviews for the Michigan Entrepreneurship & Innovation Fund proposal was 62.57 and for the Ann Arbor Spark’s Michigan Pre-Seed Capital Fund proposal was 64.88. The Michigan Pre-Seed Capital Fund has an existing grant that funds administration through December 31, 2014, and will run out of funds to make investments soon. To ensure the availability of funds for companies that require pre-seed investment, the

JEC recommended funding of \$3,000,000 to the Michigan Pre-Seed Capital Fund only to be used for investments. The JEC recommended this partial award because although the Michigan Pre-Seed Capital Fund has successful processes to make investment decisions, they fall short in their administrative budgetary transparency, statewide marketing and branding, and follow-on portfolio management/support.

Recommendation

Although the JEC recommended funding for the highest scoring proposal, JEC members did have some concerns with the proposals. Additionally, MEDC staff had concerns with the JEC process because several members recused themselves from the JEC because of perceived conflict of interest within Michigan's entrepreneurial ecosystem. MEDC staff also had concerns that the JEC confusion with scoring of proposals may have been caused by the RFP itself lacking clear direction, though the RFP was identical to its predecessor, which was released in 2011.

MEDC Staff recommends that rather than requesting approval of the JEC recommendation, that the MSF Board approve the following actions:

- 1) Approval of the revised RFP attached as Exhibit A to this Memo;
- 2) Approval of the Proposal Evaluation Form attached as Exhibit B for the review of proposals; and
- 3) Approval of the JEC.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

EARLY STAGE FUNDING REQUEST FOR PROPOSALS

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

WHEREAS, MCL 125.2088k created the Strategic Economic Investment and Commercialization Board (“SEIC Board”) for the purposes of awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”), including those powers, duties, and functions provided under MCL 125.2088k;

WHEREAS, on April 11, 2011 a public hearing was held and public comments were received on a Request for Proposals (“RFP”) to make awards to non-profit organizations that invest in pre-seed and early stage companies that require capital to transition from research to early stages of the commercialization process in the competitive edge technology sectors (“Early Stage Funding RFP”);

WHEREAS, on April 27, 2011, the MSF Board approved the issuance of the Early Stage Funding RFP;

WHEREAS, the MEDC recommends, and the MSF Board desires, to issue a second Early Stage Funding RFP;

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for awarding grants to non-profit organizations related to Early Stage Funding. A copy of this RFP form is attached to this Resolution; and

WHEREAS, the MSF desires to initiate the competitive proposal process to award grants to non-profit organizations and authorize the issuance of the Early Stage Funding RFP.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the attached Early Stage Funding RFP and authorizes its issuance; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Early Stage Funding 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
October 23, 2013

EXHIBIT A

REQUEST FOR PROPOSALS

Michigan Strategic Fund

EARLY STAGE FUNDING PROGRAMS

RFP-CASE-51891

DRAFT

REMINDER

Please check your proposal to make sure you have included all of the specifications and required documents listed in the Request for Proposals. Please email one document that includes contact page, check list page, and proposal.

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-51891” with Company Name.

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

IMPORTANT DUE DATES

- **November 4, 2013 at 3:00 p.m.:** Questions from potential Applicants are due via email to contractsandgrants@michigan.org. Please note: The Michigan Strategic Fund (“MSF”) will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.
- **November 8, 2013, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, <http://www.michiganbusiness.org/Public-Notices-RFPs>.
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REQUEST FOR PROPOSAL
EARLY STAGE FUNDING PROGRAMS
RFP-CASE-XXXXXXXXXXXX

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

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SECTION I
WORK STATEMENT

A) PURPOSE

Public Act 215 of 2005, Section 88k(2) allows the Strategic Economic Investment and Commercialization (“SEIC”) Board to award grants and loans from the 21st Century Jobs Fund for “... basic research, applied research, university technology transfer and commercialization of products, processes and services to encourage the development of competitive-edge technologies to create jobs in the state.” Under Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”).

Through this Early Stage Funding Request for Proposals, the MSF Board desires to allocate up to \$7.958 million (“Award Amount”), disbursed over 1 to 3 years, to non-profit organizations that operate fund programs to 1) provide financial support to university research that requires capital to transition from research to the earliest stages of the commercialization process and/or 2) invest in pre-seed and start-up stage competitive edge technologies that require capital to transition from research to the earliest stages of the commercialization process (the “Fund(s)”).

B) BACKGROUND STATEMENT AND OBJECTIVES

Under the umbrella of the 21st Century Jobs Fund, the MSF Board has been given the opportunity to foster the growth of innovative companies with the potential for high growth in Michigan by investing in the most promising, nationally competitive, commercialization opportunities. The program objective is to oversee a

competitive process to award funds to encourage economic diversification in competitive edge technology sectors and create jobs in Michigan.

Funding (in the form of a grant) will be awarded to one or more non-profit organizations through a competitive process in which all submitted proposals will be reviewed by a Joint Evaluation Committee ("JEC"). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

C) ELIGIBILITY

- Only non-profit organizations are eligible for funding under this Request for Proposals; AND
- The non-profit must be a Michigan non-profit by March 31, 2014; AND
- Able to commence operations by April 1, 2014; AND
- The non-profit must be an independent entity of the Michigan SmartZones and Michigan Business Incubator network and Universities; AND
- Demonstrate successful prior fund management; AND
- Have a statewide reach and focus.

D) QUALIFICATIONS

Additionally, to be eligible, the Applicant must:

- Propose an Early Stage Funding program that focuses on one or more of the following program categories:
 - **Pre-Seed Investment Fund:** Invest in pre-seed and start-up stage competitive edge technology companies in the form of equity investments or loans.
 - **University Commercialization Fund:** Provide grants to universities for projects for the commercialization of competitive edge technology, with a specific plan to spin-out start-up companies from the universities; **AND**
- Actively engage the Michigan SmartZone network and Michigan institutions of higher education; **AND**
- Have the capacity to originate, process, and monitor loans, equity investments, and/or other funding instruments to companies; **AND**
- Demonstrate a proven ability of providing business acceleration services to competitive edge technology companies; **AND**
- Provide financing that serves as a complement, rather than replacement for, other funding vehicles in their market areas which creates a blended suite of available capital; **AND**
- Have an articulated strategy for identification of opportunities for investment; **AND**
- Have an articulated strategy/and or experience for providing portfolio management to companies or projects that receive funding; **AND**
- Have a working knowledge of Michigan's entrepreneurial ecosystem, strong relationships within the ecosystem, and a platform for collaboration that demonstrates the ability to market the programs

and to promote these investment opportunities in order to expand the investment base of Michigan;
AND

- Have the administrative ability and desire to provide efficient, transparent operations and funding detail on a systematic basis; **AND**
- Have experience leveraging a qualified volunteer network to deliver a screening and due diligence process from the investment community with successful experience in venture financing or growing companies based on competitive edge technologies; **AND**
- Require recipients to provide, at a minimum, the performance metrics required by PA 215 of 2005, and other metrics that may be specified by the MEDC or MSF.

E) DELIVERABLES

Proposals must demonstrate an ability and willingness to invest in the earliest stages of a company's development and/or university commercialization projects:

- The university commercialization stage – At this stage, the Fund(s) should be assisting university technology commercialization projects with activities including, but not limited to, technology and market assessment, intellectual property protection, proof of concept development, business plan development, and company formation. Note, per legislation, the Fund(s) must be able to leverage additional resources to assist in these acceleration activities.
- The pre-seed/start-up stage – At this stage, the Fund(s) should be assisting companies or university technology commercialization projects with activities including, but not limited to, prototype development and testing, customer and partnership sourcing, continued pre-clinical data compilation, meeting staffing requirements, and securing follow-on financing. Investments at this stage must leverage matching financial contributions, and preference will be given to proposals based on their ability to secure matching funds.

For proposed investment or loan fund programs, all returns must be reinvested by the Fund(s) for the same purposes as outlined in this Request for Proposals. If the Fund(s) are unable or unwilling to continue this investment activity, the principal shall be returned to the Jobs for Michigan Investment Fund (the "Permanent Fund") and all loans and future returns will be assigned to the MEDC.

- The Fund(s) shall pay a return to the Jobs for Michigan Investment Fund (the "Permanent Fund") from any royalties, license fees, interest, dividends, distributions above basis, capital gains, or other return on investment actually received net of any applicable taxes, including but not limited to unrelated business income taxes (collectively, "ROI") until such time as an amount equal to the entire award given to the Fund has been paid to the Permanent Fund.

Once the Award Amount has been repaid in its entirety, the Fund(s) shall pay further returns to the Permanent Fund in perpetuity.

SECTION II PROPOSAL FORMAT

To be considered, each Applicant must submit a COMPLETE proposal in response to this RFP using the format specified. APPLICANTS MUST NOT COMMUNICATE REGARDING THIS RFP WITH MEDC PERSONNEL OR JEC MEMBERS DURING THE ENTIRE PROCESS THROUGH THE APPROVAL OF THE MSF BOARD APPROVAL. Applicant'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 Applicant to be essential to a complete understanding of the proposal. All proposals must be signed by an individual authorized by the Applicant to submit the application on its behalf. Each section of the proposal should be clearly identified with appropriate headings:

A) COMPLETE PROPOSAL

- 1) Contact Page – State the Organization’s full name, address, and phone and facsimile number. Also included should be contact information, including phone number, email, cell phone number, and fax numbers. Also include signature of the authorized signor of the applicant organization.
- 2) Check List Page – Include a checklist of the required sections of the proposal, as listed in this Section II-A) 3 a-g and an indication that the section is included in the proposal.
- 3) Proposal (up to 10 pages) – Provide a proposal and include the required elements a-g, as described here. **In the Proposal clearly identify the following sections as headers. PLEASE REVIEW FREQUENTLY ASKED QUESTIONS document for additional clarification.**

a) **Executive Summary**

The Executive Summary should summarize the information provided in response to paragraphs (b) through (g), below. And specifically indicate:

- **THE NAME OF THE APPLICANT ORGANIZATION**
- **THE AMOUNT OF FUNDS REQUESTED**
- **THE AMOUNT OF MATCHING FUNDS**
- **THE TERM (Number of years)**
- **THE PROPOSED EARLY STAGE FUNDING PROGRAM (See list on Page 2)**
- **TARGETED NUMBERS FOR:**
 - **Number of investments**
 - **Companies Created**
 - **Jobs Created**
 - **Jobs Retained**
 - **Increase Investment/Revenue**
 - **Federal grant funds leveraged**
 - **Private investment leveraged**

b) **Proposed Early Stage Funding Program**

The Applicant should clearly describe how the proposed Early Stage Funding program(s) will promote job creation and start-up company formation in Michigan. Applicants proposing a

University Commercialization funding program must also include a description of how the program will promote the technology transfer and commercialization of university research. The following must be identified in the proposal:

- The services proposing to deliver including but not limited to: identifying opportunities, marketing program, branding program, collaborating with partners, identifying and managing investment review board, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring of deals, handling conflict of interest, reporting.
- The competition or others that provide similar services

c) Past Experience

The Applicant should indicate past experience in university technology commercialization, in pre-seed investing and/or investment/loan portfolio management, including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, paid for by clients, etc. Also indicate if Applicant is currently receiving funds from state programs and how if the Applicant receives an award from this RFP, all state funds will be used in the most effective manner. Clearly indicate the Applicant's past experience and expertise in all areas of the Program, specifically examples of past experience in identifying opportunities, marketing programs, branding programs, collaborating with partners, identifying and managing investment review boards, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring of deals, reporting.

d) Team and Partners

Summarize key personnel, their time commitment to the proposed Program(s), their specific responsibilities, and their value to the proposed Program(s). Identify collaborative partners, their responsibilities, and value.

e) Milestones/Deliverables

Identify semi-annual milestones/deliverables that the Applicant will commit to as a result of providing the proposed services. If Applicant is awarded funding, Progress Reports are due April 15 and October 15 every year throughout the award, therefore provide milestones/deliverables that will be completed in April and October over the course of the proposal. Identify how milestone completion will result in specific Economic Impact identified in (g).

Additionally, Applicants selected for funding will be required to submit monthly performance metrics to measure the effectiveness of the Early Stage Funding program(s); these metrics include, but are not limited to: dollars leveraged, new companies created, companies expanded, companies served, jobs created, jobs retained, new sales, and funding obtained by client companies, including amount and source of such funding (sources including state funds, federal funds, venture capital, angel funds, bank/loan, owner investment, other), as well as the names and amounts of companies funded by the Early Stage Funding program(s).

f) Budget/Request

Attach a schedule of all expenses covering each of the services and activities identified in your proposal. Specifically identify THE AMOUNT OF FUNDS REQUESTED, the TERM

REQUESTED, PUBLIC AND/OR PRIVATE LEVERAGED FUNDS, and what the Applicant proposes to do with FUNDS APPLIED THROUGH THIS RFP and the TIMING OF THE FUNDS. Progress Reports are due in April and October so proposals should include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, Start of grant—4/1/2014-9/30/2014, etc. and rows should include the expense line-items. Clearly identify and detail administrative expenses including salaries, fringes, travel, marketing, etc. Provide detail of repayment terms to the Permanent Fund.

g) Economic Impact

Identify the targeted number of investments, number of companies created, jobs created, retained, increases in investment/revenue, federal grant funds leveraged, and private investment leveraged resulting from the services. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports. Explain how you define success and will deliver a successful program. Identify how you will make an economic development impact and be sustainable.

B) PROPOSAL SUBMITTAL

Submit an electronic version of your proposal (one document that includes contact page, check list page and proposal) to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. on November 22, 2013**. 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.**

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: *"RFP-CASE-51891" with Company Name.*

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

A) QUESTIONS

Questions from Applicants concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm on November 4, 2013**. Questions must be submitted to:

Contracts and Grants
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Applicants must submit a complete response to this RFP, using the format provided

in Section II of this RFP, by **3:00 p.m. on November 22, 2013**. No other distribution of proposals is to be made by the Applicant.

C) ECONOMY OF PREPARATION

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Applicant'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 two-step review 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. Incomplete proposals will not be accepted or reviewed.

1) Step I – Initial evaluation for compliance

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

- Timely submission of the proposal
- Executive Summary
- Proposed Early Stage Funding and/or University program(s) Past Experience
- Team, Partners
- Milestones/deliverables
- Budget
- Economic impact – Expected number of investments, businesses created, jobs created, jobs retained, federal funds leveraged, and private investment leveraged
- Proposal signed physically or electronically by an official of the Applicant authorized to bind the Applicant to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Proposals

a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee ("JEC") comprised of individuals selected by the MSF. Only those proposals that satisfy the technical 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 Applicant.

b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Applicant 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 Applicant 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 Applicant’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.	Executive Summary	5
2.	Proposed Services	20
3.	Past Experience	15
4.	Team, Facilities, Partners, Vision	20
5.	Milestones / Deliverables	10
6.	Budget	15
7.	Economic Impact	15
TOTAL		100

c.) During the JEC’s review, Applicants may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Applicants to clarify the proposals. The MEDC will schedule these presentations, if required by the JEC.

E) TAXES

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

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

F) CONFLICT OF INTEREST

The Applicant must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from an award under this RFP.

Except as otherwise disclosed in the proposal, the Applicant affirms that to the best of its knowledge there exists no actual or potential conflict between the Applicant, the Applicant’s project manager(s) or its family’s business or financial interests (“Interests”) and the MSF or MEDC. In the event of any change in the RFP, the Applicant will inform the MSF and the MEDC 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 Applicant 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 an official, officer, or employee of the MSF or the MEDC with the intent of receiving an award 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 award, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Applicant’s performance of its duties and responsibilities to the MSF under the award or otherwise create the appearance of impropriety with respect to the award or performance of the award;

or

3. Currently in possession of or accepting during the RFP process or the term of the award anything of value based on an understanding that the actions of the Applicant or its affiliates or Interests on behalf of the MSF will be influenced.

G) BREACH OF CONTRACT

Except as otherwise disclosed in an exhibit to Applicant's proposal, Applicant 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, Applicant represents and warrants that it has not been a party to any contract with the State or any public body that was terminated within the previous five (5) years because the Applicant failed to perform or otherwise breached an obligation of such contract.

H) FALSE INFORMATION

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

I) DISCLOSURE

All Applicants 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 Applicant's proposals. Applicants, however, are encouraged to provide sufficient information to enable the MSF to determine the Applicant'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.

J) CLARIFICATION/CHANGES IN THE RFP

Any change or update to the acceptance of proposals will be posted on the MEDC website. Such postings shall constitute constructive notice to the general public and to all Applicants of any modifications or alterations of the deadline for proposals. Therefore, Applicants are strongly encouraged to continuously check the MEDC website at <http://www.michiganbusiness.org/Public-Notices-RFPs>.

K) ELECTRONIC RECEIPT OF PROPOSALS

AN ELECTRONIC VERSION OF YOUR PROPOSAL MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE **3:00 p.m. on November 22, 2013**. Applicants 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.

L) 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 application process or in any proposal;
- 3) reissue the RFP;
- 4) negotiate with any Applicant for a different award amount;
- 5) reduce the scope of the project, and reissue the RFP or negotiate with any Applicant regarding the revised project
- 6) extend the term of the project and add additional funding as necessary or appropriate; or
- 7) defer or abandon the project.

Decisions by the MSF are 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.

M) PROTEST PERIOD

If an Applicant wishes to initiate a protest of the award recommendation, the Applicant must submit a protest in writing by 5:00 p.m. within (10) ten calendar days from the date of the notice of award sent by the MSF. The written protest should include the RFP number, clearly state the facts believed to constitute an error in the award recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF Fund Manager or MSF Chairperson will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a decision. This decision is final.

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

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

In fairness to Applicants who meet the RFP specifications and to prevent delays in program implementation, the MSF will not withdraw an award or re-evaluate proposals when a protest maintains that the RFP specifications were faulty.

N) JURISDICTION

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

O) ADDITIONAL CERTIFICATION

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit an application or proposal to a request for proposal issued by a public entity.

Applicants must include the following certification in the proposal:

“Applicant 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

REQUEST FOR PROPOSALS

Michigan Strategic Fund

EARLY STAGE FUNDING PROGRAMS

RFP-CASE-

DRAFT

REMINDER

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REQUEST FOR PROPOSAL
EARLY STAGE FUNDING PROGRAMS
RFP-CASE-XXXXXXXXXXXX

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300 North Washington Square, 3rd Floor
Lansing, Michigan 48913
contractsandgrants@michigan.org

SECTION I
WORK STATEMENT

A) PURPOSE

Public Act 215 of 2005, Section 88k(2) allows the Strategic Economic Investment and Commercialization (“SEIC”) Board to award grants and loans from the 21st Century Jobs Fund for “... basic research, applied research, university technology transfer and commercialization of products, processes and services to encourage the development of competitive-edge technologies to create jobs in the state.” Under Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”).

Through this Early Stage Funding Request for Proposals, the MSF Board desires to allocate up to \$7.958 million (“Award Amount”), disbursed over 1 to 3 years, to non-profit organizations that operate fund programs to 1) provide financial support to university research that requires capital to transition from research to the earliest stages of the commercialization process and/or 2) invest in pre-seed and start-up stage competitive edge technologies that require capital to transition from research to the earliest stages of the commercialization process (the “Fund(s)”).

B) BACKGROUND STATEMENT AND OBJECTIVES

Under the umbrella of the 21st Century Jobs Fund, the MSF Board has been given the opportunity to foster the growth of innovative companies with the potential for high growth in Michigan by investing in the most promising, nationally competitive, commercialization opportunities. The program objective is to oversee a

competitive process to award funds to encourage economic diversification in competitive edge technology sectors and create jobs in Michigan.

Funding (in the form of a grant) will be awarded to one or more non-profit organizations through a competitive process in which all submitted proposals will be reviewed by a Joint Evaluation Committee ("JEC"). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

C) ELIGIBILITY

- Only non-profit organizations are eligible for funding under this Request for Proposals; **AND**
- The non-profit must be a Michigan non-profit by March 31, 2014; **AND**
- Able to commence operations by April 1, 2014; **AND**
- The non-profit must be an independent entity of the Michigan SmartZones and Michigan Business Incubator network and Universities; **AND**
- Have a statewide reach and focus.

D) QUALIFICATIONS

Additionally, to be eligible, the Applicant must:

- Propose an Early Stage Funding program that focuses on one or more of the following program categories:
 - **Pre-Seed Investment Fund:** Invest in pre-seed and start-up stage competitive edge technology companies in the form of equity investments or loans.
 - **University Commercialization Fund:** Provide grants to universities for projects for the commercialization of competitive edge technology, with a specific plan to spin-out start-up companies from the universities; **AND**
- Actively engage the Michigan SmartZone network and Michigan institutions of higher education; **AND**
- Have the capacity to originate, process, and monitor loans, equity investments, and/or other funding instruments to companies; **AND**
- Demonstrate a proven ability of providing business acceleration services to competitive edge technology companies; **AND**
- Provide financing that serves as a complement, rather than replacement for, other funding vehicles in their market areas which creates a blended suite of available capital; **AND**
- Have an articulated strategy for identification of opportunities for investment; **AND**
- Have an articulated strategy/and or experience for providing portfolio management to companies or projects that receive funding; **AND**
- Have a working knowledge of Michigan's entrepreneurial ecosystem, strong relationships within the ecosystem, and a platform for collaboration that demonstrates the ability to market the programs and to promote these investment opportunities in order to expand the investment base of Michigan; **AND**

- Have the administrative ability and desire to provide efficient, transparent operations and funding detail on a systematic basis; **AND**
- Have experience leveraging a qualified volunteer network to deliver a screening and due diligence process from the investment community with successful experience in venture financing or growing companies based on competitive edge technologies; **AND**
- Require recipients to provide, at a minimum, the performance metrics required by PA 215 of 2005, and other metrics that may be specified by the MEDC or MSF.

E) DELIVERABLES

Proposals must demonstrate an ability and willingness to invest in the earliest stages of a company's development and/or university commercialization projects:

- The university commercialization stage – At this stage, the Fund(s) should be assisting university technology commercialization projects with activities including, but not limited to, technology and market assessment, intellectual property protection, proof of concept development, business plan development, and company formation. Note, per legislation, the Fund(s) must be able to leverage additional resources to assist in these acceleration activities.
- The pre-seed/start-up stage – At this stage, the Fund(s) should be assisting companies or university technology commercialization projects with activities including, but not limited to, prototype development and testing, customer and partnership sourcing, continued pre-clinical data compilation, meeting staffing requirements, and securing follow-on financing. Investments at this stage must leverage matching financial contributions, and preference will be given to proposals based on their ability to secure matching funds.

For proposed investment or loan fund programs, all returns must be reinvested by the Fund(s) for the same purposes as outlined in this Request for Proposals. If the Fund(s) are unable or unwilling to continue this investment activity, the principal shall be returned to the Jobs for Michigan Investment Fund (the "Permanent Fund") and all loans and future returns will be assigned to the MEDC.

- The Fund(s) shall pay a return to the Jobs for Michigan Investment Fund (the "Permanent Fund") from any royalties, license fees, interest, dividends, distributions above basis, capital gains, or other return on investment actually received net of any applicable taxes, including but not limited to unrelated business income taxes (collectively, "ROI") until such time as an amount equal to the entire award given to the Fund has been paid to the Permanent Fund.

Once the Award Amount has been repaid in its entirety, the Fund(s) shall pay further returns to the Permanent Fund in perpetuity.

SECTION II PROPOSAL FORMAT

To be considered, each Applicant must submit a COMPLETE proposal in response to this RFP using the format specified. APPLICANTS MUST NOT COMMUNICATE REGARDING THIS RFP WITH MEDC PERSONNEL OR JEC MEMBERS DURING THE ENTIRE PROCESS THROUGH THE APPROVAL OF THE MSF BOARD APPROVAL. Applicant'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 Applicant to be essential to a complete understanding of the proposal. All proposals must be signed by an individual authorized by the Applicant to submit the application on its behalf. Each section of the proposal should be clearly identified with appropriate headings:

A) COMPLETE PROPOSAL

- 1) Contact Page – State the Organization's full name, address, and phone and facsimile number. Also included should be contact information, including phone number, email, cell phone number, and fax numbers. Also include signature of the authorized signor of the applicant organization.
- 2) Check List Page – Include a checklist of the required sections of the proposal, as listed in this Section II-A) 3 a-g and an indication that the section is included in the proposal.
- 3) Proposal (up to 10 pages) – Provide a proposal and include the required elements a-g, as described here. **In the Proposal clearly identify the following sections as headers. PLEASE REVIEW FREQUENTLY ASKED QUESTIONS document for additional clarification.**

a) **Executive Summary**

The Executive Summary should summarize the information provided in response to paragraphs (b) through (g), below. And specifically indicate:

- **THE NAME OF THE APPLICANT ORGANIZATION**
- **THE AMOUNT OF FUNDS REQUESTED**
- **THE AMOUNT OF MATCHING FUNDS**
- **THE TERM (Number of years)**
- **THE PROPOSED EARLY STAGE FUNDING PROGRAM (See list on Page 2)**
- **TARGETED NUMBERS FOR:**
 - **Number of investments**
 - **Companies Created**
 - **Jobs Created**
 - **Jobs Retained**
 - **Increase Investment/Revenue**
 - **Federal grant funds leveraged**
 - **Private investment leveraged**

b) **Proposed Early Stage Funding Program**

The Applicant should clearly describe how the proposed Early Stage Funding program(s) will promote job creation and start-up company formation in Michigan. Applicants proposing a

University Commercialization funding program must also include a description of how the program will promote the technology transfer and commercialization of university research. The following must be identified in the proposal:

- The services proposing to deliver including but not limited to: identifying opportunities, marketing program, branding program, collaborating with partners, identifying and managing investment review board, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring of deals, handling conflict of interest, reporting.
- The competition or others that provide similar services

c) Past Experience

The Applicant should indicate past experience in university technology commercialization, in pre-seed investing and/or investment/loan portfolio management, including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, paid for by clients, etc. Also indicate if Applicant is currently receiving funds from state programs and how if the Applicant receives an award from this RFP, all state funds will be used in the most effective manner. Clearly indicate the Applicant's past experience and expertise in all areas of the Program, specifically examples of past experience in identifying opportunities, marketing programs, branding programs, collaborating with partners, identifying and managing investment review boards, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring of deals, reporting.

d) Team and Partners

Summarize key personnel, their time commitment to the proposed Program(s), their specific responsibilities, and their value to the proposed Program(s). Identify collaborative partners, their responsibilities, and value.

e) Milestones/Deliverables

Identify semi-annual milestones/deliverables that the Applicant will commit to as a result of providing the proposed services. If Applicant is awarded funding, Progress Reports are due April 15 and October 15 every year throughout the award, therefore provide milestones/deliverables that will be completed in April and October over the course of the proposal. Identify how milestone completion will result in specific Economic Impact identified in (g).

Additionally, Applicants selected for funding will be required to submit monthly performance metrics to measure the effectiveness of the Early Stage Funding program(s); these metrics include, but are not limited to: dollars leveraged, new companies created, companies expanded, companies served, jobs created, jobs retained, new sales, and funding obtained by client companies, including amount and source of such funding (sources including state funds, federal funds, venture capital, angel funds, bank/loan, owner investment, other), as well as the names and amounts of companies funded by the Early Stage Funding program(s).

f) Budget/Request

Attach a schedule of all expenses covering each of the services and activities identified in your proposal. Specifically identify THE AMOUNT OF FUNDS REQUESTED, the TERM

REQUESTED, PUBLIC AND/OR PRIVATE LEVERAGED FUNDS, and what the Applicant proposes to do with FUNDS APPLIED THROUGH THIS RFP and the TIMING OF THE FUNDS. Progress Reports are due in April and October so proposals should include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, Start of grant—4/1/2014-9/30/2014, etc. and rows should include the expense line-items. Clearly identify and detail administrative expenses including salaries, fringes, travel, marketing, etc. Provide detail of repayment terms to the Permanent Fund.

g) Economic Impact

Identify the targeted number of investments, number of companies created, jobs created, retained, increases in investment/revenue, federal grant funds leveraged, and private investment leveraged resulting from the services. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports. Explain how you define success and will deliver a successful program. Identify how you will make an economic development impact and be sustainable.

B) PROPOSAL SUBMITTAL

Submit an electronic version of your proposal (one document that includes contact page, check list page and proposal) to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. on November 22, 2013**. 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.**

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: "RFP-CASE-000xxx" with *Company Name*.

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

A) QUESTIONS

Questions from Applicants concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm on November 4, 2013**. Questions must be submitted to:

Contracts and Grants
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Applicants must submit a complete response to this RFP, using the format provided

in Section II of this RFP, by **3:00 p.m. on November 22, 2013**. No other distribution of proposals is to be made by the Applicant.

C) ECONOMY OF PREPARATION

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Applicant'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 two-step review 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. Incomplete proposals will not be accepted or reviewed.

1) Step I – Initial evaluation for compliance

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

- Timely submission of the proposal
- Executive Summary
- Proposed Early Stage Funding and/or University program(s) Past Experience
- Team, Partners
- Milestones/deliverables
- Budget
- Economic impact – Expected number of investments, businesses created, jobs created, jobs retained, federal funds leveraged, and private investment leveraged
- Proposal signed physically or electronically by an official of the Applicant authorized to bind the Applicant to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Proposals

a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee ("JEC") comprised of individuals selected by the MSF. Only those proposals that satisfy the technical 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 Applicant.

b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Applicant 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 Applicant 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 Applicant'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.	Executive Summary	5
2.	Proposed Services	20
3.	Past Experience	15
4.	Team, Facilities, Partners, Vision	20
5.	Milestones / Deliverables	10
6.	Budget	15
7.	Economic Impact	15
TOTAL		100

c.) During the JEC's review, Applicants may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Applicants to clarify the proposals. The MEDC will schedule these presentations, if required by the JEC.

E) TAXES

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

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

F) CONFLICT OF INTEREST

The Applicant must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from an award under this RFP.

Except as otherwise disclosed in the proposal, the Applicant affirms that to the best of its knowledge there exists no actual or potential conflict between the Applicant, the Applicant's project manager(s) or its family's business or financial interests ("Interests") and the MSF or MEDC. In the event of any change in the RFP, the Applicant will inform the MSF and the MEDC 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 Applicant 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 an official, officer, or employee of the MSF or the MEDC with the intent of receiving an award 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 award, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Applicant's performance of its duties and responsibilities to the MSF under the award or otherwise create the appearance of impropriety with respect to the award or performance of the award;

or

3. Currently in possession of or accepting during the RFP process or the term of the award anything of value based on an understanding that the actions of the Applicant or its affiliates or Interests on behalf of the MSF will be influenced.

G) BREACH OF CONTRACT

Except as otherwise disclosed in an exhibit to Applicant's proposal, Applicant 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, Applicant represents and warrants that it has not been a party to any contract with the State or any public body that was terminated within the previous five (5) years because the Applicant failed to perform or otherwise breached an obligation of such contract.

H) FALSE INFORMATION

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

I) DISCLOSURE

All Applicants 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 Applicant's proposals. Applicants, however, are encouraged to provide sufficient information to enable the MSF to determine the Applicant'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.

J) CLARIFICATION/CHANGES IN THE RFP

Any change or update to the acceptance of proposals will be posted on the MEDC website. Such postings shall constitute constructive notice to the general public and to all Applicants of any modifications or alterations of the deadline for proposals. Therefore, Applicants are strongly encouraged to continuously check the MEDC website at <http://www.michiganadvantage.org/Public-Notices-Requests-for-Proposals/>.

K) ELECTRONIC RECEIPT OF PROPOSALS

AN ELECTRONIC VERSION OF YOUR PROPOSAL MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE **3:00 p.m. on November 22, 2013**.

Applicants 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.

L) 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 application process or in any proposal;
- 3) reissue the RFP;
- 4) negotiate with any Applicant for a different award amount;
- 5) reduce the scope of the project, and reissue the RFP or negotiate with any Applicant regarding the revised project
- 6) extend the term of the project and add additional funding as necessary or appropriate; or
- 7) defer or abandon the project.

Decisions by the MSF are 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.

M) PROTEST PERIOD

If an Applicant wishes to initiate a protest of the award recommendation, the Applicant must submit a protest in writing by 5:00 p.m. within (10) ten calendar days from the date of the notice of award sent by the MSF. The written protest should include the RFP number, clearly state the facts believed to constitute an error in the award recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF Fund Manager or MSF Chairperson will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a decision. This decision is final.

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

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

In fairness to Applicants who meet the RFP specifications and to prevent delays in program implementation, the MSF will not withdraw an award or re-evaluate proposals when a protest maintains that the RFP specifications were faulty.

N) JURISDICTION

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

O) ADDITIONAL CERTIFICATION

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit an application or proposal to a request for proposal issued by a public entity.

Applicants must include the following certification in the proposal:

“Applicant 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.

MICHIGAN STRATEGIC FUND

RESOLUTION

2013-

APPROVAL OF JOINT EVALUATION COMMITTEE AND SCORING FOR EARLY STAGE FUNDING REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative;

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

WHEREAS, MCL 125.2088k created the Strategic Economic Investment and Commercialization Board (“SEIC Board”) for the purposes of awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the MSF, including those powers, duties, and functions provided under MCL 125.2088k;

WHEREAS, under Section 125.2005(7) of the Act, the MSF Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

WHEREAS, on October 23, 2013, the MSF issued a Request for Proposals (“RFP”) to make awards to non-profit organizations that invest in pre-seed and early stage companies that require capital to transition from research to early stages of the commercialization process in the competitive edge technology sectors (the “Early Stage Funding RFP”);

WHEREAS, the Act requires that proposals received in response to the Early Stage Funding RFP be reviewed by a joint evaluation committee (“JEC”);

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Early Stage Funding RFP:

Lewis C. Attardo, Florida Small Business Advocate
Dan Watkins, Managing Director, Mercury Fund
Troy Henikoff, Managing Director, Techstars Chicago
Brian Abraham, Executive Director, MSU Spartan Innovations
Stephen Snowdy, Founder, Ansley Ventures
Paula Sorrell, Managing Director, MEDC.

WHEREAS, the MEDC also recommends and the MSF desires to approve the scoring and evaluation criteria contained in Attachment A for use by the JEC in its review of proposals (the “Early Stage Funding RFP Scoring Criteria”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the JEC set forth above and approves the Early Stage Funding RFP Scoring Criteria.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

EXHIBIT B

Proposal Evaluation Form 2014 Early Stage Funding RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Executive Summary: Overview</p> <ul style="list-style-type: none"> • NAME OF THE APPLICANT ORGANIZATION • AMOUNT OF FUNDS REQUESTED • AMOUNT OF MATCHING FUNDS • TERM (Years) • PROGRAM • SUMMARY • The TARGETED NUMBERS FOR: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increased Investment/Revenues 		<p>Max. Possible Points: 5</p> <p>Score: _____</p>
<p>Proposed Services: The services proposing to deliver included but not limited to: identifying opportunities, marketing program, branding program, collaborating with partners, identifying and managing investment review board, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring of deals, handling conflict of interest, reporting.</p>		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>Past Experience:</p> <ul style="list-style-type: none"> • Indicated past experience in university technology commercialization, in pre-seed investing and/or investment/loan portfolio management, including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, paid for by clients, etc. • Indicated the Applicant's past experience and expertise in all areas of the Program specifically examples of past experience in identifying opportunities, marketing program, branding program, collaborating with partners, identifying and managing investment review board, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving unding, providing portfolio management to applicants receiving funding, restructuring of deals, reporting. 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Team, Facilities, Partners, Vision: Summarized key personnel, their time commitment to Program, their specific responsibilities, and their value. Identified collaborative partners, their responsibilities, and value.</p>		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>Milestones/Deliverables:</p> <ul style="list-style-type: none"> • Identified meaningful milestones/deliverables • Achievable and leading to economic impact • Transparency in reporting 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Budget:</p> <ul style="list-style-type: none"> • Identified meaningful budget for proposal • Included detail of admnistration • Provided detail of repayment terms to the Permanent Fund 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>

<p>Economic Impact:</p> <ul style="list-style-type: none">• Identified targeted metrics:<ul style="list-style-type: none">○ Companies Created○ Jobs Created○ Jobs Retained○ Increase Investment/Revenue• Defined success and how will deliver a successful program• Identified economic development impact and sustainability		Max. Possible Points: 15 Score: _____
<p>Total Score:</p>		Max. Possible Points: 100 Score: _____



MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Paula Sorrell, Managing Director Entrepreneurial Services
Subject: *Grant Amendment to Ann Arbor Spark
21st Century Jobs Fund 2011 Early Stage Funding*

Action

The MEDC requests that the MSF Board approves funding of \$1,000,000 to Ann Arbor Spark for its Early Stage Funding Program, the Michigan Pre-Seed Capital Fund.

Background

Since 2006, Ann Arbor SPARK's Michigan Pre-Seed Capital Fund has received \$23.97 million from the 21st Century Jobs Fund. The Michigan Pre-Seed Capital Fund has invested in 95 companies for a total of \$22 million with matching funds of \$25 million. To date, total follow on funding from investors was \$215 million, the companies also received \$40 million from grants, and 57 of the companies have achieved sales of \$28 million. Companies that received Michigan Pre-Seed Capital Fund investments leveraged the investment by 12:1. To date, the return on investments to the Pre-Seed Capital Fund was \$2 million and the program has created 170 jobs. The Michigan Pre-Seed Capital Fund has an existing grant through the 2011- 21st CJF Early Stage Funding Program (total grant of \$9,170,000) that runs through December 31, 2014. As the Michigan Pre-Seed Capital Fund has run out of funds to make investments, this Grant Amendment increase of \$1,000,000 will allow Ann Arbor SPARK to make further investments.

Recommendation:

MEDC Staff recommends the MSF Board approve a grant amendment for the amount of \$1,000,000, using funds allocated for the Fiscal Year 2013 21st Century Jobs Fund to support Entrepreneurship and Innovation. The grant would be administered under an amended grant agreement with Ann Arbor Spark.

MEDC Staff, in a separate memo, will be requesting approval to issue an Early Stage Funding Program Request for Proposals to ensure continuation of a Pre-Seed funding program that is so crucial to early stage companies.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**ALLOCATION OF FUNDING
ANN ARBOR SPARK EARLY STAGE FUNDING AWARD**

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 (“MSF”);

WHEREAS, MCL 125.2088k created the Strategic Economic Investment and Commercialization Board (“SEIC Board”) for the purposes of awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the MSF, including those powers, duties, and functions provided under MCL 125.2088k;

WHEREAS, at its April 27, 2011 meeting, the MSF Board issued a request for proposals soliciting proposals from non-profit entities in the State of Michigan in the area early stage funding (“Early Stage Funding RFP”);

WHEREAS, at its May 25, 2011 meeting, the MSF Board selected a panel of independent peer review experts to review proposals received in response to the Early Stage Funding RFP;

WHEREAS, consistent with the requirements of the Act, the proposals were reviewed, scored and ranked by independent peer review experts;

WHEREAS, Ann Arbor SPARK (“SPARK”) received one of two highest scores through the written and oral presentation phases of the independent peer review process;

WHEREAS, at its July 27, 2011 meeting, the MSF accepted the recommendations of the independent peer reviewers to fund SPARK in the amount of \$9,170,000 (“SPARK Grant”);

WHEREAS, the MEDC recommends that the MSF Board allocate an additional \$1,000,000 from the FY 2013 appropriation for Entrepreneurship and Innovation to the SPARK Grant (the “Grant Amendment”); and

WHEREAS, the MSF Board desires to approve the Grant Amendment;

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

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate and execute all documents necessary to effectuate the Grant Amendment.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Paula Sorrell, Managing Director, Entrepreneurial Services
Subject: *FY 2014 Entrepreneurial Support Services Request for Proposals*

Action

The MEDC requests that the MSF release the 2014 Entrepreneurial Support Services (“ESS”) Request for Proposals (“RFP”) in the amount of \$6.45 million. The purpose of this ESS RFP is to award grants to non-profit organizations that provide specialized support services to assist companies and institutions in commercializing competitive-edge technologies. Specifically, this ESS RFP allows for applicants to submit proposals under one or more of the following program areas:

- **Business Accelerator Services Fund:** The selected grantee would administer a pool of capital that may be accessed by any of the SmartZones to assist a company with specialized business acceleration services and resources
- **SBIR / STTR Federal Grant Match:** The selected grantee would administer a pool of capital that provides commercialization matching funds to companies receiving Federal SBIR / STTR grants
- **Consulting and Business Counseling Services for Technology Companies:** The selected grantee would provide consulting and business counseling services to small and start-up competitive-edge technology companies in Michigan.

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

Issue RFP to the public: November 1, 2013
Applications deadline: November 22, 2013
JEC Review Process completed: December 18, 2013
Results of the JEC Review presented to the MSF Board: January 2014 MSF Board (date TBD)

The MEDC requests the MSF approve Proposal Evaluation Form (attached as Exhibit B) and the following Joint Evaluation Committee (“JEC”) comprised of MEDC staff and external partners to review the proposals submitted and make award recommendations to the MSF Board, including:

Roselyn Zator, MEDC Entrepreneurial Services Director
Hugo Braun, Co-Founder, North Coast Technology Investors
Jim Baker, MTU, Executive Director of Innovation & Industry Engagement
Kristopher Wiljanen, Director of Business Development, Renaissance Venture Capital Fund
David Gregorka, Venture Partner at Baird Capital

Background

Through the 21st Century Jobs Fund program, the Michigan Strategic Fund (“MSF”) provides funding for entrepreneurship and innovation projects. Pursuant to Section 88k(2) of the MSF Act, the MSF shall award grants and loans from the 21st century jobs fund trust for basic research, applied research, university technology transfer, and commercialization of products, processes, and services to encourage the development of competitive edge technologies to create jobs in this state.

Since 2011, the MSF has approved over \$17 million in grants to support entrepreneurial support service providers. The proposed 2014 ESS RFP, included as Exhibit A to this memo, would solicit applications for funding under the above-listed program areas.

Recommendation

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

- 1) Allocation of \$6.45 million for the program from the 2014 21st Century Jobs Fund;
- 2) Approval of the RFP attached as Exhibit A to this Memo;
- 3) Approval of the scoring and evaluation criteria as Exhibit B for the review of proposals.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

ENTREPRENEURIAL SUPPORT SERVICES REQUEST FOR PROPOSALS

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

WHEREAS, MCL 125.2088k created the Strategic Economic Investment and Commercialization Board (“SEIC Board”) for the purposes of awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”), including those powers, duties, and functions provided under MCL 125.2088k;

WHEREAS, on April 11, 2011 a public hearing was held and public comments were received on a Request for Proposals (“RFP”) to award grants to non-profit organizations that provide specialized entrepreneurial support services to companies and institutions in commercializing competitive edge technologies and building innovative businesses with the potential for high growth and job creation (“Entrepreneurial Support Services RFP”);

WHEREAS, on April 27, 2011, the MSF Board approved the issuance of the Entrepreneurial Support Services RFP;

WHEREAS, the MEDC recommends, and the MSF Board desires, to issue a second Entrepreneurial Support Services RFP;

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for awarding grants to non-profit organizations related to Entrepreneurial Support Services. A copy of this RFP form is attached to this Resolution; and

WHEREAS, the MSF desires to initiate the competitive proposal process to award grants to non-profit organizations and authorize the issuance of the Entrepreneurial Support Services RFP.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the attached Early Stage Funding RFP and authorizes its issuance; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Entrepreneurial Support 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
October 23, 2013

EXHIBIT A

REQUEST FOR PROPOSALS

Michigan Strategic Fund

2014 ENTREPRENEURIAL SUPPORT SERVICES

RFP-CASE-

DRAFT

REMINDER

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

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE- [REDACTED] with Company Name, and “message 1 of 3” as appropriate if the proposal consists of multiple emails.

THE MSF WILL NOT RESPOND TO TELEPHONE INQUIRIES, OR VISITATION BY APPLICANTS OR THEIR REPRESENTATIVES. APPLICANTS OR ANY OF THEIR AUTHORIZED REPRESENTATIVES MAY NOT INITIATE CONTACT WITH MEDC OR MSF STAFF OR ANY MEMBER OF THE APPOINTED JOINT EVALUATION COMMITTEE (JEC), OTHER THAN THE CONTACT LISTED BELOW, FOR ANY REASON DURING THE RFP OR PROPOSAL EVALUATION PROCESS. APPLICANT’S SOLE POINT OF CONTACT CONCERNING THE RFP IS BELOW AND ANY COMMUNICATION OUTSIDE OF THIS PROCESS WILL RESULT IN DISQUALIFICATION.

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

IMPORTANT DUE DATES

- **November 6, 2013, at 3:00 p.m.:** Questions from potential Applicants are due via email to contractsandgrants@michigan.org. Please note: The Michigan Strategic Fund (“MSF”) will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.
- **November 13, 2013, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, www.michiganadvantage.org/
- **November 22, 2013, at 3:00 p.m.:** Electronic versions of your Proposal due to the MSF via email to contractsandgrants@michigan.org. **Proposals will not be accepted via U.S. mail or any other delivery method.**

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REQUEST FOR PROPOSAL

RFP-CASE-

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

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

**SECTION I
WORK STATEMENT**

A) PURPOSE

Public Act 215 of 2005, Section 88k(2) allows the Strategic Economic Investment and Commercialization (“SEIC”) Board to award grants and loans from the 21st Century Jobs Fund for “...basic research, applied research, university technology transfer and commercialization of products, processes and services to encourage the development of competitive-edge technologies to create jobs in the state.” Under Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”).

Through this Entrepreneurial Support Services Request for Proposals (“RFP”), the MSF desires to allocate up to \$6.45 million (“Award Amount”), disbursed over 2 years, to non-profit organizations that provide specialized support services to assist companies and institutions in commercializing competitive-edge technologies, building successful, innovative businesses with the potential for high-growth and job retention and promoting a culture of entrepreneurship in Michigan.

B) BACKGROUND STATEMENT AND OBJECTIVES

Under the umbrella of the 21st Century Jobs Fund, the MSF Board has been given the opportunity to foster the growth of Michigan’s technology-based economy by investing in the most promising, nationally competitive commercialization opportunities in innovative competitive-edge technology sectors as defined in the act.

Funding (in the form of a grant) will be awarded to one or more non-profit organizations or institutions of higher education through a competitive process in which all submitted proposals will be reviewed by a Joint Evaluation Committee (“JEC”). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

C) QUALIFICATIONS

Only non-profit organizations and public institutions of higher education are eligible for funding under this RFP. Additionally, to be eligible the Applicant must:

- Propose an Entrepreneurial Support Service that focuses on one or more of the following program areas. **NOTE:** For those Applicants that apply under more than one of the below program areas, please submit **only one application for all program areas.**
 - Business Accelerator Services Fund: Administer a pool of capital that may be accessed by any of the **SmartZones or local or regional economic development organizations** to assist a company with specialized business acceleration services and resources regardless of their geography. NOTE: This organization will not be funded to provide said services, but rather to administer the pool of capital which will pay for the provision of these services. However, preference will be given to organizations with a demonstrated track record of providing entrepreneurial services statewide. To be considered in this area, an organization must provide letters of collaboration from no less than five (5) SmartZones.
 - SBIR / STTR Federal Grant Match: Administer a pool of capital that provides commercialization matching funds to companies receiving Federal SBIR / STTR grants.
 - Provide consulting and business counseling services to small and start-up competitive-edge technology companies in Michigan. Services proposed under this program area should cover the entire state of Michigan and demonstrate a clear alignment with the State’s strategy for small business and entrepreneurial development which includes developing entrepreneurial talent, increasing access to capital, building capacity within the entrepreneurial ecosystem, accelerating innovation, and promoting an entrepreneurial culture. Applicants must demonstrate a proven ability to provide direct assistance to emerging technology companies through services including, but not limited to, strategic financial planning, capital access, financial analysis, roadmapping, strategic needs assessment, market research, SEO analysis, business counseling, training, business and market planning, technology assessments, and sector specific expertise; **AND**
- **Have a minimum three (3) years of experience providing entrepreneurial support services to competitive edge technology companies; AND**
- Have a statewide reach and focus: **AND**

- Actively engage the Michigan SmartZone network and Michigan institutions of higher education; **AND**
- Demonstrate a proven ability to provide business acceleration services to competitive edge technology companies; **AND**
- Have a working knowledge of Michigan’s entrepreneurial ecosystem, strong relationships with the ecosystem, and a platform for collaboration that demonstrates the ability to market and successfully execute the proposed programs; **AND**
- Have the administrative ability and desire to provide efficient, transparent operations and funding details on a systematic basis; **AND**
- Require recipients to provide, at a minimum, the performance metrics required by PA 215 of 2005, and other metrics that may be specified by the MEDC or MSF.

D) DELIVERABLES

Applicants must identify semi-annual milestones / deliverables that the Applicant will commit to as a result of providing the proposed services. If Applicant is awarded funding, Progress Reports are due in April and October every year throughout the award, therefore, provide milestones / deliverables that will be completed in April and October over the course of the proposal. Identify how milestone completion will result in Economic Impact, as detailed in Section II(A)3(f).

SECTION II PROPOSAL FORMAT

To be considered, each Applicant must submit a COMPLETE proposal in response to this RFP using the format specified. Applicant'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 Applicant to be essential to a complete understanding of the proposal. All proposals must be signed by an individual authorized by the Applicant to submit the application on its behalf. Each section of the proposal should be clearly identified with appropriate headings:

A) PROPOSAL

- 1) Contact Page – State the Organization's full name, address, and phone and facsimile number. Also included should be contact information, including phone number, e-mail, cell phone number, and fax numbers.
- 2) Check List Page- Include a checklist of the required sections of the proposal, as listed in this Section II-A and an indication that the section is included in the proposal.
- 3) Proposal (up to 10 pages) – Provide a proposal and include the required elements a-g as described below. **In the Proposal, clearly identify the following sections as headers.**

a) **Executive Summary**

The Executive Summary should summarize the information provided in response to paragraphs b-f as listed below. And specifically indicate:

- **THE NAME OF THE APPLICANT ORGANIZATION**
- **THE AMOUNT OF FUNDS REQUESTED**
- **THE AMOUNT OF MATCHING FUNDS**
- **THE TERM (Number of Years)**
- **THE PROPOSED ENTREPRENEURIAL SUPPORT SERVICE PROGRAM (See list on Page 2)**
- **TARGETED NUMBERS FOR:**
 - **Number of awards made to companies**
 - **Companies Created**
 - **Jobs Created**
 - **Jobs Retained**
 - **Increases in company investment / revenues**
 - **Federal grant funds leveraged**
 - **Private investment leveraged**

b) **Proposed Specialized Support Service Program**

The following must be identified in the proposal:

- The service(s) proposing to deliver
- The competition or others that provide similar services
- The Applicant's ability to deliver services

The Applicant should clearly describe how the proposed Entrepreneurial Support Service program(s) will promote job creation and competitive-edge technology start-up company formation in Michigan.

c) Past Experience

The Applicant should indicate past experience in providing Entrepreneurial Support Services to competitive-edge technology companies, and the source of funding for these services. For example, were they supported by state programs, federal programs, other services, paid for by clients, etc. Also indicate if Applicant is currently receiving funds from state programs and how, if the Applicant receives an award from this RFP, all state funds will be used in the most effective manner.

d) Team and Partners

Summarize key personnel, their time commitment to the proposed Program(s), their specific responsibilities, and their value to the proposed Program(s). Identify collaborative partners, their responsibilities, and value.

e) Milestones / Deliverables

Identify semi-annual milestones / deliverables that the Applicant will commit to as a result of providing the proposed services. If Applicant is awarded funding, Progress Reports are due April 15 and October 15 every year throughout the award, therefore provide milestones / deliverables that will be completed in April and October over the course of the proposal. Identify how milestone completion will result in specific Economic Impact identified in Section II(f) as detailed below.

f) Budget / Requested for Funding

Attach a schedule of all expenses covering each of the services and activities identified in your proposal. Specifically identify THE AMOUNT OF FUNDS REQUESTED, THE TERM REQUESTED, PUBLIC AND / OR PRIVATE LEVERAGED FUNDS, and what the Applicant proposes to do with FUNDS APPLIED FOR THROUGH THIS RFP and the TIMING OF THE FUNDS. Progress Reports are due in April and October, so proposals should include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings for each 6 month budget period and rows including the proposed expense line-items.

g) Economic Impact

Identify the targeted number of awards, number of companies created, jobs created, jobs retained, increases in company investment / revenues, federal grant funds leveraged, and private investment leveraged resulting from the services. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports.

B) PROPOSAL SUBMITTAL

Submit an electronic version of your proposal to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. on November 22, 2013**. 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.**

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

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

A) QUESTIONS

Questions from Applicants concerning the specifications in this RFP must be received via e-mail no later than 3:00 pm on November 6, 2013. Questions must be submitted to:

Contracts and Grants
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Applicants must submit a complete response to this RFP, using the format provided in Section III of this RFP, by **3:00 p.m. on November 22, 2013**. No other distribution of proposals is to be made by the Applicant.

The proposal must be **signed physically or electronically** by an official of the Applicant authorized to bind the Applicant to its provisions.

C) ECONOMY OF PREPARATION

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Applicant'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 two-step selection process. The proposal must address the requirements described in Section II of this RFP.

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

1) Step I – Initial evaluation for compliance

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

- Timely submission of the proposal
- Executive Summary
- Proposed Entrepreneurial Support Service program(s) from the list on Page 2
- Past Experience
- Team, Facilities, Partners, Vision
- Milestones / Deliverables
- Economic Impact – Expected number of awards, businesses created, jobs created, jobs retained, federal funds leveraged, and private investment leveraged
- Proposal signed physically or electronically by an official of the Applicant authorized to bind the Applicant to its provisions
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Proposals

- a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee (“JEC”) comprised of individuals selected by the MSF. Only those proposals that satisfy the requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Applicant.
- b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Applicant 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 Applicant intends to assign to the project, including education and experience, with particular reference to experience on projects similar to that described in this RFP.

		Weight
1.	Executive Summary	5
2.	Proposed Services	20
3.	Past Experience	15
4.	Team, Facilities, Partners, Vision	20
5.	Milestones / Deliverables	10
6.	Budget	15
7.	Economic Impact	15
	TOTAL	100

- c.) During the JEC’s review, Applicants may be required to make oral presentations of their proposals at the discretion of the JEC. These presentations provide an opportunity for the Applicants to clarify the proposals. The MSF will schedule these presentations, if required by the JEC.

E) TAXES

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

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

F) CONFLICT OF INTEREST

The Applicant 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 Applicant affirms that to the best of its knowledge there exists no actual or potential conflict between the Applicant, the Applicant’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 Applicant 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 Applicant may be

disqualified from consideration under this RFP. As used in this Section, “conflict of interest” shall include, but not be limited to, the following:

1. Giving or offering a gratuity, kickback, money, gift, or any thing of value to a MSF official, officer, or employee with the intent of receiving a contract from the MSF or favorable treatment under a contract;
2. Having or acquiring at any point during the RFP process or during the term of the Contract, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Applicant’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 Applicant or its affiliates or Interests on behalf of the MSF will be influenced.

G) BREACH OF CONTRACT

Except as otherwise disclosed in an exhibit to Applicant’s proposal, Applicant 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, Applicant represents and warrants that it has not been a party to any contract with the State or any public body that was terminated within the previous five (5) years because the Applicant failed to perform or otherwise breached an obligation of such contract.

H) FALSE INFORMATION

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

I) DISCLOSURE

All Applicants 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 Applicants’ proposals. Applicants, however, are encouraged to provide sufficient information to enable the MSF to determine the Applicant’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.

J) 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.michiganadvantage.org/>. Applicants are encouraged to regularly check this site for changes or other information related to the RFP.

K) ELECTRONIC RECEIPT OF PROPOSALS

ELECTRONIC VERSIONS OF YOUR PROPOSAL MUST BE RECEIVED AND TIME-STAMPED BY

THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE **3:00 p.m. on November 22, 2013**. Applicants 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.

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE- [REDACTED] with Company Name, and “message 1 of 3” as appropriate if the proposal consists of multiple emails.

L) 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 application process or in any proposal;
- 3) reissue the RFP;
- 4) negotiate with any Applicant for a different award amount;
- 5) reduce the scope of the project, and reissue the RFP or negotiate with any Applicant regarding the revised project; or
- 6) defer or abandon the project.

Decisions by the MSF are 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.

M) PROTEST PERIOD

If an Applicant wishes to initiate a protest of the award recommendation, the Applicant must submit a protest in writing by 5:00 p.m. within (7) seven calendar days from the date of the notice of award sent by the MSF. The written protest should include the RFP number, clearly state the facts believed to constitute an error in the award recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF’s CEO or designee will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a decision. This decision is final.

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

1. Failure of an Applicant to submit the proposal by the due date and time;
2. Failure of an Applicant to provide samples, descriptive literature or other required documents by the date and time specified;
3. Failure of an Applicant to submit a protest within the time stipulated in the notice to award or as

determined by the MSF.

In fairness to Applicants who meet the RFP specifications and to prevent delays in program implementation, the MSF will not withdraw an award or re-evaluate proposals when a protest maintains that the RFP specifications were fault.

N) JURISDICTION

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

O) ADDITIONAL CERTIFICATION

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit an application or proposal in response to a Request for Proposals issued by a public entity.

Applicants must include the following certification in the proposal:

“Applicant certifies that it is now an Iran-linked business as defined in MCL 129.312.”

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

APPROVAL OF JOINT EVALUATION COMMITTEE AND SCORING FOR ENTREPRENEURIAL SUPPORT SERVICES REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative;

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

WHEREAS, MCL 125.2088k created the Strategic Economic Investment and Commercialization Board (“SEIC Board”) for the purposes of awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the MSF, including those powers, duties, and functions provided under MCL 125.2088k;

WHEREAS, under Section 125.2005(7) of the Act, the MSF Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

WHEREAS, on October 23, 2013, the MSF issued a Request for Proposals (“RFP”) to award grants to non-profit organizations that provide specialized entrepreneurial support services to companies and institutions in commercializing competitive edge technologies and building innovative businesses with the potential for high growth and job creation (the “Entrepreneurial Support Services RFP”);

WHEREAS, the Act requires that proposals received in response to the Entrepreneurial Support Services RFP be reviewed by a joint evaluation committee (“JEC”);

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Entrepreneurial Support Services RFP:

Roselyn Zator, MEDC Entrepreneurial Services Director

Hugo Braun, Co-Founder, North Coast Technology Investors

Jim Baker, MTU, Executive Director of Innovation & Industry Engagement

Kristopher Wiljanen, Director of Business Development, Renaissance Venture Capital Fund

David Gregorka, Venture Partner at Baird Capital.

WHEREAS, the MEDC also recommends and the MSF desires to approve the scoring and evaluation criteria contained in Attachment A for use by the JEC in its review of proposals (the “Entrepreneurial Support Services RFP Scoring Criteria”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the JEC set forth above and approves the Entrepreneurial Support Services RFP Scoring Criteria.

Ayes:

Nays:

Recused:

EXHIBIT B

Proposal Evaluation Form 2014 Entrepreneurial Support Services RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Executive Summary: Overview</p> <ul style="list-style-type: none"> • NAME OF THE APPLICANT ORGANIZATION • AMOUNT OF FUNDS REQUESTED • AMOUNT OF MATCHING FUNDS • TERM (Number of Years) • PROGRAM • SUMMARY • The TARGETED NUMBERS FOR: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increased Investment/Revenues 		<p>Max. Possible Points: 5</p> <p>Score: _____</p>
<p>Proposed Services: The following must be identified in the proposal:</p> <ul style="list-style-type: none"> • The service(s) proposed • The market focus • The competition or similar programs offered by another entity • The applicant's expertise, experience, and value added that provides the ability to deliver services • Identified collaborative partners and their value • Summarized key personnel and their value 		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>Past Experience:</p> <ul style="list-style-type: none"> • Applicant has the minimum three (3) years of experience providing entrepreneurial support services to competitive-edge technology companies • Applicant's past experience and expertise in all proposed program areas, including specific examples of past experience in the proposed program area(s); supported with metrics • Detailed prior / current State funding, the purpose of the funding, and the outcomes/results 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Team, Facilities, Partners, Vision:</p> <ul style="list-style-type: none"> • Summarized key personnel, their time commitment to Program, their specific responsibilities, and their value. • Identified collaborative partners, their responsibilities, and value. 		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>Milestones/Deliverables:</p> <ul style="list-style-type: none"> • Identified meaningful milestones/deliverables • Achievable and leading to economic impact • Transparency in reporting 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Budget:</p> <ul style="list-style-type: none"> • Identified meaningful budget for proposal • Included detail of administration 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>

<p>Economic Impact:</p> <ul style="list-style-type: none"> • Identified targeted metrics: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increase Investment/Revenue • Defined success and how will deliver a successful program • Identified economic development impact and sustainability 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Total Score:</p>		<p>Max. Possible Points: 100</p> <p>Score: _____</p>



Memorandum

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Terri Fitzpatrick, Vice President, Federal Procurement and Tribal Business Development
Sean Carlson, Executive Director, Michigan Defense Center
Subject: *Michigan Defense Center Background and Funding Request of \$1,287,500 for FY2014*

Request

The Michigan Defense Center requests \$1,287,500 for FY2014 to support Procurement Technical Assistance Centers operations.

Procurement Technical Assistance Centers Support:	\$1,272,000
Technology:	\$ 15,500 *
Total Request:	\$1,287,500

* comprehensive parts information management system and contract set-aside alerts

Background

The Michigan Defense Center was created within the Michigan Strategic Fund (MSF) pursuant to 2006 PA 317 in order to leverage business development opportunities associated with Department of Defense and Department of Homeland Security contracts. In particular, the Michigan Defense Center was tasked within the legislation to support the Procurement Technical Assistance Centers and to focus on communities most impacted by the contraction in the manufacturing sector. Procurement Technical Assistance Centers information can be found at www.ptacsformichigan.org.

In 2012, the Michigan Defense Center completed a 5-year strategic plan, which relies on two core defense industry related strengths in Michigan: 1) a robust Procurement Technical Assistance Centers network, and 2) manufacturing research and development.

Michigan has a network of 11 Procurement Technical Assistance Centers in 13 locations, distributed regionally throughout the state, who provide no-fee comprehensive assistance to companies interested in entering the government contracting marketplace. Services include technical assistance and counseling, bid-match, contracting preparation and workshops designed to position companies for selling to and performing government contracts.

Procurement Technical Assistance Centers are funded collaboratively by the Defense Logistics Agency, the Michigan Development Corporation and local economic development offices. The Defense Logistics Agency will fund up to 50% of a Procurement Technical Assistance Centers annual operations, and up to

75% in distressed communities as defined in their funding notice. The MSF provides 36% of total Procurement Technical Assistance Centers funding.

Michigan Procurement Technical Assistance Centers Budget

FY2014	Defense Logistics Agency	Local & In-Kind	MSF/21st Century	TOTAL
Funding Amount	\$1,976,758	\$273,932	\$1,272,000	\$3,522,690
% Funding	56%	8%	36%	100%

Contracts awarded to Procurement Technical Assistance Centers customers in FY2012 reached **\$1.4 billion**, up from \$766 million in 2011, with 994 Procurement Technical Assistance Centers clients successfully being awarded contracts, and creating 6,789 jobs (at \$200,000 per job), not including 36 Procurement Technical Assistance Centers employees. (The Defense Logistics Agency uses a formula for \$50,000 per job, which equates to 27,156.) Projections for FY2014 are \$1.44 billion, with \$1.2 billion having been achieved as of the third quarter 2013.

Recommendation

The Michigan Defense Center recommends \$1,287,500 for FY 2014 to support Procurement Technical Assistance Center operations effective October 23, 2013.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

ALLOCATION OF FUNDS FROM THE 21ST CENTURY JOBS TRUST FUND TO THE MICHIGAN DEFENSE CENTER

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

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

WHEREAS, Public Act 317 of 2006 created the Michigan Defense Center (the “MDC”) within the MSF, and directed the MDC to coordinate with Procurement Technical Assistance Centers (“PTACs”) in the state to maximize homeland security and defense business opportunities, and with programs funded with proceeds from the 21st Century Jobs Trust Fund;

WHEREAS, Michigan’s state-wide network of eleven PTACs provide valuable, no cost, services to companies to grow business through government contracting opportunities;

WHEREAS, PTACs are federally funded by the Defense Logistics Agency (“DLA”) and state and local matches;

WHEREAS, in order to continue funding to the PTACs, the MEDC recommends, and the MSF Board wishes to approve, the allocation of \$1,000,000 from the FY 2012 appropriation and \$1,000,000 from the FY 2013 appropriation for grants and operating expenses for the Procurement Technical Assistance Centers (the “PTAC Funding Allocation”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the PTAC Funding Allocation.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

MEMORANDUM

DATE: October 23, 2013
TO: Michigan Strategic Fund Board
FROM: Michael Flanagan, Capital Markets Team
SUBJECT: *Pure Michigan Venture Development Fund: Award Recommendations*

REQUEST

MEDC Staff is requesting approval of two new awards under the Pure Michigan Venture Development Fund program of up to \$2.25 million each to:

1. Detroit Innovate Fund I, LP
2. Detroit Venture Partners, LP

In addition, Staff requests approval of delegation of authority to the MSF Fund Manager to negotiate and finalize the terms and conditions of the awards, including approval of any final agreements.

BACKGROUND

On January 23, 2013, the MSF Board approved the commencement of the second round of the Pure Michigan Venture Development Fund (“VDF” or “Program”), and an additional allocation of \$4 million from the MSF Investment Fund to the Program. The Program is designed to invest in first and second generation venture capital funds in Michigan. The State’s investment will act as a significant anchor enabling awardees to raise additional funds and become viable entities. The ultimate goals of the Program are to expand the venture industry in the State and increase the number of venture investments in our innovative, early stage companies. The Program received nine applications during its second round application period, of which eight were eligible for peer review based on the minimum eligibility criteria.

Review Process

Upon receipt of applications, MEDC legal staff conducted an initial screening to ensure applicants had met the minimum eligibility criteria for the Program. Eligible applications were forwarded by MEDC legal to Credit Suisse Asset Management, LLC (“Credit Suisse), the independent peer reviewer, which conducted an extensive review of all applicant funds. Based on scoring criteria approved by the MSF Fund Manager (*Attachment A*), Credit Suisse conducted a two-step review process. First, each applicant was reviewed and interviewed. Second, the top four funds (of eight) were selected for deeper due diligence. One of these four funds removed itself from further consideration during the process. Credit Suisse conducted a more detailed analysis of each of the three remaining funds. The resulting materials were subsequently provided to the Program Joint Evaluation Committee (“JEC”) for final review via MEDC legal.

The JEC evaluated the results of the peer review based on the JEC scoring criteria approved by the MSF Fund Manager and conducted a consensus scoring (*Attachment B*) of the applicants. Based on these results, the JEC is recommending VDF awards to the top two scoring funds:

1. Detroit Innovate Fund I, LP

Detroit Innovate Fund I, L.P. is being established by Invest Detroit to raise \$15 million as early stage fund to fuel high growth companies in Detroit and Southeast Michigan. The Fund seeks to invest in companies in High Tech, MedTech, Digital CleanTech and Advanced Manufacturing/Automotive sector. The Fund aims to invest \$100,000 to \$ 250,000 per initial investment keeping the maximum investment capped at 10% of the Fund of \$1.5 million. Detroit Innovate anticipates investing in at least 12 companies along the five-year horizon.

Industry Focus - At least 40% of the capital will be invested in capital efficient life science companies with the balance in technology companies like enterprise software, digital clean-tech and manufacturing technology.

Investment Stage – Ideal opportunities are in proto-type stage with first-customer in a 12-month horizon, having total capital needs in the \$20 million to \$35 million range to reach tangible, value-inflecting benchmarks in a four to five year time frame.

Geographic Focus - All portfolio companies will be based in Michigan having headquarters or substantial operations in the State.

Management - Detroit Innovate is managed by Mahendra Ramsinghani and Adrian Fortino. Mahendra has over 15 years of experience in startups and early stage investments in the US and Asia. Currently, he manages Invest Detroit - First Step Fund (FSF), a micro-investment fund that supports entrepreneurs to revitalize Detroit. Formerly, as the Director - Venture Capital Initiatives for Michigan Economic Development Corporation (MEDC), he developed strategies for the growth of the venture capital supply chain in Michigan. Adrian has over twelve years of experience in technology, startups and investments. He is responsible for the operations of Detroit Innovate and First Step Fund, including deal sourcing, investment structuring and portfolio management. He is a co-founder and formerly served as CEO of Shepherd Intelligent Systems Inc., and co-founded FlockTAG with a colleague at the Ross School of Business. (See *Executive Summaries & General Partner Biographies – Attachment C*).

2. Detroit Venture Partners, LP

Founded in November 2010, Detroit Venture Partners, LLC, (“DVP”) is a Detroit, Michigan-based venture capital firm that makes seed and early stage investments in all-digital technology companies. The General Partners of DVP are Dan Gilbert, the Founder and Chairman of Quicken Loans and majority owner of the Cleveland Cavaliers; Josh Linkner, Founder and former Chairman and CEO of ePrize; and Brian Hermelin, Managing Director of Rockbridge Growth Equity.

Industry Focus - An all-digital strategy means that DVP is investing in companies that focus on software, without a significant physical hardware component.

Investment Stage – Seed investments with the intention of participating in the follow-on investment round.

Geographic Focus - DVP is focused on creating a strong nexus of technological innovation in Detroit, Michigan. The Fund currently has 15 portfolio companies, nine of which are headquartered in and/or have a presence in Detroit.

Management - DVP was founded in November 2010, as a partnership between General Partners Josh Linkner, Dan Gilbert, and Brian Hermelin. The Partners bring deep operational and investing experience, and have worked together in various capacities for over 10 years. The team consists of eight investment professionals. The management team is led by one Managing Partner and two General Partner Members supported by two Vice Presidents and two associates. The General Partners have built two of the most successful technology companies (Quicken Loans and ePrize) in the State of Michigan, both located in Metro Detroit. (See *Executive Summaries & General Partner Biographies – Attachment C*).

RECOMMENDATION

Staff recommends all of the following to the MSF Board:

- Approval of Detroit Innovate Fund I, LP and Detroit Venture Partners, LP for awards under the Pure Michigan Venture Development Fund of up to \$2.25 million each.
- Delegation of authority to the MSF Fund Manager and staff to negotiate and finalize the terms and conditions of the awards, including approval of any final agreements.

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2013-

PURE MICHIGAN VENTURE DEVELOPMENT FUND AWARDS

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

WHEREAS, MCL 125.2088k created the Strategic Economic Investment and Commercialization Board (“SEIC Board”) for the purposes of awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”), including those powers, duties, and functions provided under MCL 125.2088k;

WHEREAS, the MSF is required to establish a competitive process to award grants, as set forth in the Act;

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

WHEREAS, at its June 27, 2012 meeting the MSF has approved the guidelines and process for the Pure Michigan Venture Development Fund (“PMVDF Program”), which included provisions required by MCL 125.2088k and established a competitive proposal process for making awards to qualified venture funds;

WHEREAS, also at its June 27, 2012 meeting, the MSF Board engaged Credit Suisse Asset Management LLC (“Credit Suisse”) to assist in the independent peer review of applications received under the PMVDF Program;

WHEREAS, at its January, 23 2013 meeting, the MSF Board authorized a second round of applications for the PMVDF Program;

WHEREAS, eight proposals were received and reviewed by Credit Suisse under the PMVDF Program;

WHEREAS, Credit Suisse scored and ranked the eight proposals based on criteria and scoring factors required by the Act and previously approved by the MSF;

WHEREAS, Detroit Innovate and Detroit Venture Partners received the highest scores through the independent peer review process;

WHEREAS, Credit Suisse recommends that the MSF make an award of up to \$2.25 million to each Detroit Innovate and Detroit Venture Partners (the “PMVDF Awards”);

WHEREAS, a joint evaluation committee (“JEC”) appointed by the MSF Fund Manager reviewed the Credit Suisse evaluations and recommends that the MSF approve the PMVDF Awards;

NOW, THEREFORE, BE IT RESOLVED, subject to compliance with the Act and completion of civil and criminal background checks, the MSF Board approves the PMVDF Awards;

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate and sign all final documents necessary to effectuate the PMVDF Awards.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

Scoring Criteria Venture Development Fund

	Sample Score = 0 to 1	Sample Score = 2 to 3	Sample Score = 4 to 5
A Management			
This involves an evaluation of the experience, expertise and cohesiveness of a fund's management team, and the degree of alignment of the interests of the general partner with those of the limited partners.			
1 Investment Experience of Principals: Demonstrable experience in sourcing, deal execution, value creation and exit. Seasoned investment professionals with financial, operating and domain expertise. Track record and expertise attributable to the team or individuals.	Fund management has little or no experience. Plan does not address how the fund will address this deficiency.	Fund management has significant experience. Plan addresses how the fund will address any lack of experience.	Fund management has extensive experience and success and has made arrangements to augment its own experience by establishing working relationships with others.
2 Investment Track Record: Demonstrable track record	Fund management has: -little or no track record -or a poor track record	Fund management has: -significant track record -or average track record	Fund management has: -extensive track record -or excellent track record
3 Investment Success Attributable to Principals: Track record of success is attributable to the team or individuals.	Fund successes are not attributable to fund management	Fund successes are sometimes attributable to fund management	Fund successes are highly attributable to fund management.
4 Organizational Dynamics: History of sound working relationship within the group; cohesiveness and leverage of knowledge base. Stability and consistency of management.	Fund management has little or no working relationship	Fund management has a significant working relationship that builds a strong foundation of knowledge but limited success in leveraging their collective knowledge base.	Fund management has an extensive working relationship that builds a foundation of expertise and has measurable success in leveraging their collective knowledge base.
5 Domain Expertise: Extensive knowledge and experience in one or more of Michigan's clusters of innovation. Clear experience in creating value in portfolio companies through strategy, business development and transaction efforts.	Fund management has little or no prior track record of investing in and or working in start-up technology companies in the targeted sector(s).	Fund management has reasonable prior track record of investing in and or working in start-up companies in the targeted sector(s).	Fund management has extensive prior track record of investing in and or working in start-up and early stage companies in the targeted sector(s). Can rely on a depth of experience to assist in due diligence and adding value to portfolio companies.
6 Consistency of Management: Limited or no turnover among senior investment professionals, with substantial history of working together.	Proposal does not describe a strategy for fund management continuity given the limited admin dollars provided.	Proposal describes a reasonable strategy for fund management continuity.	Proposal clearly articulates a coherent and compelling strategy for adding value during the life of the portfolio and fund management continuity and perhaps around developing a new, privately capitalized fund with goals consistent with the PMVDF goals (guidelines page 5).

B Ability to Leverage Additional Funds

This involves an evaluation of the experience and expertise of a fund's management team, in raising additional funds.

<p>7 Fundraising Abilities: The fund manager's experience and probability of raising additional investment dollars from qualified external investors.</p>	<p>Fund is unlikely to be able to raise the minimum required match from qualified outside investors. Fund managers have limited prior experience raising capital.</p>	<p>Fund will be able to raise more than the minimum with some of the limited partners having excellent strategic value. Fund managers have significant experience raising capital.</p>	<p>Fund will be able to raise more than the minimum required while beginning to build a strong group of sophisticated and or institutional investors who would have the potential for participating at a higher level in a follow-on fund. Fund managers have extensive experience raising capital from a variety of funding sources.</p>
<p>8 Sound Fundraising Strategy: Fund manager's have a clearly defined fundraising strategy</p>	<p>Proposal does not describe a strategy for meeting targeted fun size.</p>	<p>Proposal describes a reasonable strategy for achieving targeted fund size that includes LP's with excellent strategic value.</p>	<p>Proposal clearly articulates a compelling strategy for raising more than the targeted fund size that includes LP's with excellent strategic value and perhaps a strategy for raising another fund.</p>

C Investment Strategy

Many factors are taken into account when analyzing a fund's investment strategy, including the fund's value-addition proposition, the target area of focus (across various parameters such as geography, industry and stage of investment), and the fund's competitive advantages over other funds that have a similar investment strategy and profile.

<p>9 Target strategy/investment focus: The targeted strategy/investment focus conforms to the sector geographic investment parameters outlined in the program guidelines.</p>	<p>Proposal does not describe a strategy for creating a successful fund given the investment requirements outlined in the program guidelines.</p>	<p>Proposal describes a reasonable strategy for creating a successful fund.</p>	<p>Proposal clearly articulates a coherent and compelling strategy for adding value during the life of the portfolio.</p>
<p>10 Sound Investment Strategy: Unique and differentiated strategy with demonstrated superior returns over the long term either individually or as a team.</p>	<p>Proposal does not describe a strategy for creating a successful fund given the investment requirements outlined in the program guidelines and fund management continuity given limited admin dollars provided.</p>	<p>Proposal describes a reasonable strategy for creating a successful fund and perhaps for building fund management continuity.</p>	<p>Proposal clearly articulates a coherent and compelling strategy for adding value during the life of the portfolio and perhaps around developing a new, privately capitalized fund with goals consistent with the PMVDF goals (guidelines page 5)</p>
<p>11 Significant Role in Value Creation: Substantial value-add to portfolio companies in a number of areas including business strategy, corporate management, business development, financial management and exit.</p>	<p>Plan does not describe a robust portfolio management plan. Investments are managed passively.</p>	<p>Plan clearly articulates an active portfolio management strategy.</p>	<p>Plan clearly articulates a portfolio management strategy and the necessary experience in the management, strategy, funding, and oversight of early stage technology companies. Manager(s) have access to complementary human and financial resources when needed.</p>

D Investment Process				
Evaluation of the investment process is focused on the manager's ability to source deals, generate superior and consistent deal flow and conduct thorough due diligence on potential portfolio company investments.				
12	Sourcing: Access to extensive private equity, industry, research and academic networks in Michigan to ensure consistent and proprietary deal flow.	No deal pipeline at this time but cogent plan to develop one. Little or no experience with or access to university intellectual property.	Plan clearly demonstrates existing relationships with companies at the earliest stages of their development and access to university intellectual property.	Plan clearly demonstrates existing relationships with companies at the earliest stages of their development and access to university IP or other sources of deals. Fund management and advisors demonstrate a strong track record of sourcing and accessing early stage commercialization deals. Has good relationships with primary sources of deals for targeted sector.
13	Due Diligence Process: Original and thorough due diligence to facilitate a disciplined investment process.	Diligence process inadequately described. Fund management has little or no experience in conducting extensive, professional diligence of early stage company investments.	Diligence process described in detail. Plan in place to screen for high-quality commercialization/investment opportunities.	Diligence process described in detail. Plan in place to screen for high-quality commercialization/investment opportunities. Personnel have extensive experience in doing significant due diligence on early stage company investments and access to additional resources as needed.
14	Value-add: Active management of portfolio companies to create significant value add over holding period of investment in order to obtain optimum value at exit.	Plan does not describe a robust portfolio management plan. Investments are managed passively.	Plan clearly articulates an active portfolio management strategy.	Plan clearly articulates a portfolio management strategy and the necessary experience in the management, strategy, funding, and oversight of early stage technology companies. Manager(s) have access to complementary human and financial resources when needed.
15	Exit: Investments positioned to be well received by the market for a timely and profitable exit.	Proposal does not outline a detailed strategy for positioning investments for a timely and profitable exit.	Proposal outlines a strategy in detail for positioning investments for a timely and profitable exit.	Proposal outlines a strategy in detail for positioning investments for a timely and profitable exit. Fund managers and/or advisory board has a track record of successful exits.
E In-State Commitment				
A crucial ingredient for the success of the Fund is the identification and selection of managers, both local and national, that have a strong commitment to investing in the State.				
16	In-State presence: A history of presence in the State through permanent local office(s) with adequate investments in infrastructure, systems and processes.	Fund management has little or no history of presence in the State. Plan does not address motivation to invest in Michigan.	Fund management has significant history of presence in the State. Plan addresses motivations to invest in Michigan.	Fund management has extensive history of presence in the State. Plan addresses motivations to invest in Michigan in detail.
17	Profile and networking with key constituencies in the State/region: The professionals must be able to demonstrate strong networking abilities in the region, in particular, deep relationships with other VC firms and strong contacts with local academic and research institutions as well as with key government/regulatory agencies.	Fund management has little or no network in the State. Plan does not address a plan to develop a network in Michigan.	Fund management has significant network in the State.	Fund management has extensive network in the State. Plan gives a detailed plan for leveraging this network.

JEC Consensus Scoring Sheet
Pure Michigan Venture Development Fund

	Detroit Innovate	Cascade Growth Partners	Detroit Venture Partners
A Management			
This involves an evaluation of the experience, expertise and cohesiveness of a fund's management team, and the degree of alignment of the interests of the general partner with those of the limited partners.			
Total Score	20.6/30	21.6/30	21.6/30
B Ability to Leverage Additional Funds			
This involves an evaluation of the experience and expertise of a fund's management team, in raising additional funds.			
Total Score	8.0/10	5.6/10	9.6/10
C Investment Strategy			
Many factors are taken into account when analyzing a fund's investment strategy, including the fund's value-addition proposition, the target area of focus (across various parameters such as geography, industry and stage of investment), and the fund's competitive advantages over other funds that have a similar investment strategy and profile.			
Total Score	10.0/15	7.6/15	12.8/15
D Investment Process			
Evaluation of the investment process is focused on the manager's ability to source deals, generate superior and consistent deal flow and conduct thorough due diligence on potential portfolio company investments.			
Total Score	13.8/20	15.0/20	15.8/20
E In-State Commitment			
A crucial ingredient for the success of the Fund is the identification and selection of managers, both local and national, that have a strong commitment to investing in the State.			
Total Score	9.6/10	2.8/10	9.4/10
Grand Total Score	62/85	52.6/85	69.2/85

PURE MICHIGAN VENTURE DEVELOPMENT FUND
ATTACHMENT C
EXECUTIVE SUMMARIES & BIOGRAPHIES

Detroit Innovate Fund I, LP

Executive Summary:

A. Overview of venture fund and business plan

Detroit Innovate (the “Fund”) is being launched as a \$15 million early stage fund to fuel high growth companies in Detroit and Southeast Michigan. The Fund is being launched by Invest Detroit with a significant commitment from the New Economy Initiative (NEI). The following attributes make Detroit Innovate Fund a compelling opportunity for the Pure Michigan Venture Development Fund program:

i) Experienced team with strong investment and entrepreneurial expertise:

The Fund managers, Mahendra Ramsinghani and Adrian Fortino have demonstrated expertise as entrepreneurs and investors. Collectively, they have invested in over 50 startups and have founded three venture-backed high growth companies. Of these investments, 43 investments have been syndicated with angels or VCs, demonstrating management’s ability to identify good opportunities as well as a strong investment network.

The Fund’s Investment Advisory Board consists of highly experienced investors (such as Jim Adox - Venture Investors, Josh Beebe - MK Capital, Jeff Bocan – Beringea and Ryan Waddington – Huron River Ventures). This Advisory Board has strong capacity to provide guidance with their insights, mentorship and depth of experience.

ii) Building on the momentum of First Step Fund:

The predecessor fund, First Step Fund has demonstrated momentum by having reviewed over 400 opportunities and invested in 47 startups in SE Michigan. The First Step Fund was the first venture fund to be launched in Detroit. This effort was followed by investment partners who include Detroit Venture Partners, Ludlow Ventures, Fontanalis Partners and GM Ventures. These funds have strengthened the urban core’s investment environment. However, no fund is focused on formation and cultivation of opportunities in life science and technology sectors in the region. Detroit Innovate aims to address this gap, in proactive ways via utilizing entrepreneurial talent.

iii) Strong support from existing sponsors:

The New Economy Initiative (NEI) sponsored the predecessor fund, First Step Fund with a \$5 million commitment, and is providing a significant commitment to the new Fund.

B. Significance to Michigan

i) 100% investments in Michigan, with emphasis on Detroit:

The Invest Detroit platform was launched in 1995 to address the capital gap for economic development in Detroit. The platform now manages six different funds with Detroit Innovate to be added as the seventh. The organization, its team and mission are aligned with Detroit and SE Michigan’s resurgence. The Fund will deploy all its investments in SE Michigan.

ii) Returns driven investment strategy with a regional focus:

The Fund seeks to invest in opportunities which offer the potential for the highest returns exclusively in Michigan. The Fund is developing a proactive strategy to form companies by matching proven entrepreneurs and capital with latent technologies.

iii) Improves the economic climate:

The Fund will support entrepreneurs, attract syndicate capital and lead to financial returns and job creation. Other benefits include (a) increased returns on latent technologies (b) attraction and retention of talent (c) enhancement of Detroit and Michigan's image (d) improved tax revenues. The First Step Fund has demonstrated high impact through leveraging investments by 40X, resulting in the creation of over 300 jobs and 125+ patents in 47 startups.

Biographies:

Mahendra Ramsinghani, Managing Director. Mr. Mahendra Ramsinghani has over 15 years of experience in startups and early stage investments in the US and Asia. Currently, he manages Invest Detroit - First Step Fund (FSF), a micro-investment fund that supports entrepreneurs to revitalize Detroit. The First Step Fund has invested in 45 start-ups and continues to seek opportunities to support Michigan-based entrepreneurs. Prior to First Step Fund, as a Mentor-in-Residence with the University of Michigan Office of Technology Transfer, Mr. Ramsinghani helped spin out and co-founded 3D Biomatrix, a cell culture company that develops tools that can bring efficiencies to the pharmaceutical drug discovery process. In 2012, Wall Street Journal Technology Innovation Awards recognized this company as one of the top three amongst 530+ applicants nationwide. Formerly, as the Director - Venture Capital Initiatives for Michigan Economic Development Corporation (MEDC), he developed strategies for the growth of the venture capital supply chain in Michigan. He led the legislation and development of the two programs that deploy \$200+ million in Michigan. Prior to assuming his position at MEDC, Mr. Ramsinghani was a Product Manager for a pre-IPO software company, iSoftel, Singapore, which raised \$50 million on the Singapore Stock Exchange. Mr. Ramsinghani has a Bachelor in Electronics Engineering, and an MBA, with major in Marketing & Finance from University of Pune, India.

Adrian Fortino, Managing Director. Mr. Adrian Fortino has over twelve years of experience in technology, startups and investments. He is responsible for the operations of Detroit Innovate and First Step Fund, including deal sourcing, investment structuring and portfolio management. Mr. Fortino is a Co-Founder and formerly served as CEO of Shepherd Intelligent Systems Inc. (SIS). The SIS platform provides a lightweight, hosted fleet management solution for delivery fleets through the B2B Shepherd IS technology platform. He also led the investment acquisition effort where SIS secured \$2.25M in venture investments in 2011 and 2012. The funding was used to build and launch SideCar of which Mr. Fortino is also a Co-Founder. SideCar is a fast growing instant rideshare platform, which recently raised \$10M, led by Lightspeed and Google Ventures. The company is currently expanding nationally. Mr. Fortino co-founded FlockTAG in January 2011 with a colleague at the Ross School of Business. FlockTAG brings big company marketing analytics technology to small business. The solution attracts new customers and increases the frequency and profit of current customers through a universal loyalty card and intelligent deal engine. FlockTAG raised angel investments of \$700,000 which provided support for the full regional launch of the product in six cities in the Midwest. Since launch in May 2012, FlockTAG has acquired over 100 businesses and over 80,000 users in the Midwest. Mr. Fortino holds a BSE in Mechanical Engineering from the University of Michigan and an MBA from the Ross School of Business at the University of Michigan.

Detroit Venture Partners, LP

Executive Summary:

Detroit Venture Partners, L.P. has been formed by DVP General Partners Fund I, LLC to make seed and early stage investments in all-digital technology companies. The Fund is founded and run by successful entrepreneurs who have founded, operated, scaled, and sold technology businesses.

For Entrepreneurs, By Entrepreneurs

The Principals of DVP are Dan Gilbert, Founder and Chairman of Quicken Loans and majority owner of the Cleveland Cavaliers; Josh Linkner, Founder and former Chairman and CEO of ePrize; and Brian Hermelin, Managing Director of Rockbridge Growth Equity. Each of the Principals brings a unique value and extensive network to the DVP portfolio.

Investment Strategy

DVP has an all-digital, early stage investment strategy. This strategy gives DVP favorable economic and ownership terms in highly scalable and capital efficient companies. The Fund is creating a strong nexus of technological innovation in Detroit, Michigan. To mitigate the risks of early stage investing, DVP takes a highly hands-on approach with portfolio companies, which benefit greatly from DVP's coaching, network and resources, and access to the Quicken Loans "Family of Companies."

Family of Companies

DVP is part of the Quicken Loans "Family of Companies." This is a network of over 50 companies, concentrated in Michigan, and spanning across the country and various industries. The Family of Companies provides DVP portfolio companies with initial customers, access to a large beta community for early prototype testing, access to extensive tech resources, and resources in areas such as public relations, professional services, and recruiting. In short, DVP offers portfolio companies the strategic advantages of a corporate venture fund, while maintaining the independence and flexibility of a traditional venture capital fund.

Biographies:

Josh Linkner, Managing Partner. Mr. Josh Linkner is the Founder, former Chairman and former CEO of ePrize, the largest interactive promotion agency in the world, providing digital marketing services for 74 of the top 100 brands, as ranked by leading marketing publication Advertising Age. ePrize has provided the expertise behind more than 8,500 digital promotion and loyalty campaigns to help brands engage with their consumers. As of 2012, the company had nearly 400 employees and approximately \$70 million of revenue. The company exemplifies a Michigan technology start-up succeeding by tapping into the vast pool of local talent. In August 2012, ePrize was sold to Greenwich, Connecticut-based Catterton Partners, a leading consumer-focused private equity firm.

Prior to ePrize, he was the founder and CEO of three other successful technology companies: GlobalLink New Media, Innovation Computer Solutions (ICS), and Gator Computer Systems. He has been named the Ernst & Young Entrepreneur of the Year, the Automation Alley CEO of the Year, Michiganian of the Year, Detroit Executive of the Year, and most recently a Champion of Change awarded by the White House. Josh's writings are published frequently by Inc. Magazine and Fast Company, and he has been featured in Forbes, The Wall Street Journal, BusinessWeek and USA Today, and on CNBC.

In addition, he is the New York Times Bestselling Author of "Disciplined Dreaming: A Proven System to Drive Breakthrough Creativity", named one of the top 30 business books of 2011.

Mr. Linkner is also an Adjunct Professor for Applied Creativity at the University of Michigan. He received his Bachelor of Science in Advertising from the University of Florida.

Dan Gilbert, General Partner Member. Mr. Dan Gilbert is the Chairman of Rock Ventures LLC, the umbrella entity for his investments and real estate, and the Founder and Chairman of Quicken Loans Inc., the nation's largest online home lender and fourth largest retail lender in the United States.

Mr. Gilbert is also majority owner of the NBA's Cleveland Cavaliers, the NBA Development League's Canton (Ohio) Charge, and the American Hockey League's (AHL) Lake Erie Monsters, as well as the operator of the Quicken Loans Arena ("The Q") in Cleveland, Ohio.

Detroit-based Quicken Loans employs more than 8,000 people nationally and earned the highest ratings for customer satisfaction among all U.S. home loan lenders in a study by J.D. Power and Associates in 2010, 2011, and 2012. Quicken Loans ranked in the Top 10 of FORTUNE Magazine's "100 Best Companies to Work For" in 2012, and has placed among the Top 30 companies on FORTUNE's list for the past nine years. The company also has been recognized as one of Computerworld Magazine's "100 Best Places to Work in Technology" the past eight consecutive years, ranking in the top 5 in 2012. Over the past two years, Rock Ventures-affiliated companies have moved more than 6,500 team members to downtown Detroit, where he and the companies are helping lead a revitalization of the city's urban core.

Mr. Gilbert founded Rock Financial in 1985. The company grew into one of the largest independent mortgage lenders in the country and, in the late 1990s, launched its Internet strategy and quickly positioned itself as the fastest growing direct mortgage lender on the Internet.

In 2000, software maker Intuit purchased Rock Financial and the company was renamed "Quicken Loans." He stayed on as CEO, leading the company as it became the nation's largest online home lender. QuickenLoans.com has gone on to earn "Best of the Web" accolades from Forbes, Money and PC Magazine.

In 2002, he led a group and purchased Quicken Loans and its affiliated national title company, Title Source, Inc., back from Intuit.

Mr. Gilbert became majority owner of the Cleveland Cavaliers in 2005 and undertook a complete overhaul of the entire organization. Shortly after, the Cavaliers won the 2007 Eastern Conference Championship, advancing to the NBA Finals for the first time in the team's 37-year history. The team finished the 2008-2009 regular season with a franchise record and NBA-best 66 wins, and followed that in 2009-2010 with another NBA-best 61-win regular season.

Mr. Gilbert is a founding partner of Detroit-based private equity group Rockbridge Growth Equity, LLC. The partnership invests in growing businesses in the financial services, Internet technology, consumer-direct marketing, and the sports and entertainment industries. Some of Rockbridge's investments include:

- Northcentral University, a premier online educational institution;
- Protect America, a leading home security company;
- One on One Marketing, a premier educational institution sales lead provider;
- Connect America, a direct-to-consumer provider of personal emergency response systems;
- Purchasing Power, a niche e-commerce business that allows clients' employees a way to purchase products through payroll deduction;
- Triad Digital Media, a market leader in creating, managing and operating digital retail media programs for highly-trafficked retail websites.

Mr. Gilbert is also a significant shareholder and is involved in the operation of several consumer-based, technology-centered businesses, including:

- Fathead, the leader in sports and entertainment graphics;
- Veritix, a leader in electronic ticketing for sports teams and entertainment venues;
- Xenith, a developer of helmet technology that reduces brain injuries.

Mr. Gilbert and a group of partners successfully backed a state-wide referendum to bring casino gaming to Ohio's four largest cities in November 2009. Through a joint venture with Caesars Entertainment, the partnership is developing and operating unique urban based casinos in both Cleveland and Cincinnati. Horseshoe Casino Cleveland opened in May 2012, and the Cincinnati casino, which is currently under construction, is slated to open in Spring 2013. Both developments are designed to engage, promote and encourage gaming patrons and others to visit and support existing cultural, nightlife and sports attractions in the downtown areas where they are located.

Mr. Gilbert launched Bizdom in Detroit in 2007. The non-profit entrepreneurial academy trains, mentors and finances business builders in their start-up enterprises in the city of Detroit. Bizdom's mission is to create successful businesses, jobs, growth and wealth in large urban centers. Bizdom launched a second location, in downtown Cleveland, in 2011.

Mr. Gilbert serves on the boards of the Cleveland Clinic, the Washington D.C.-based Children's National Medical Center (CNMC), and the Children's Tumor Foundation (CTF). He also serves as Vice Chairman of the non-profit M-1 RAIL initiative, formed to lead the vision and implementation of light-rail transportation in downtown Detroit.

Mr. Gilbert earned his bachelor's degree from Michigan State University and his law degree from Wayne State University.

Brian Hermelin, General Partner Member. Mr. Brian Hermelin is a founding partner of private equity firm, Rockbridge Growth Equity, LLC. Along with the boards of the Rockbridge portfolio companies (Northcentral University, an online university; Protect America, a leading home security company; Connect America, a direct-to-consumer provider of personal emergency response systems; Triad Digital Media, a market leader in creating, managing and operating digital retail media programs for highly-trafficked retail websites; and Purchasing Power, a niche e-commerce business that allows clients' employees a way to purchase products through payroll deduction), he also sits on the boards of directors of Rock Gaming, a casino gaming company; and Veritix, a leader in electronic ticketing for sports teams and entertainment venues. He was also on the board of ePrize prior to its acquisition by Catterton Partners in August, 2012.

Mr. Hermelin previously worked in investment banking and for The DJS Group, a private merchant bank where he helped arrange and lead the acquisitions of the Steak & Ale and Bennigan's restaurant chains. In 1994, he led an acquisition of Active Aero Group, a leading air charter broker and logistics provider that also operates as USA Jet Airlines, Inc., a privately held charter service provider for freight and passenger air transport. The companies were sold to a private equity firm in 2000 and he remained as Chief Executive Officer until 2007 and as Chairman until 2011. In May 2011, the companies were sold to another private equity firm.

Mr. Hermelin is involved with many non-profit organizations and serves as a board member of Children's Hospital of Michigan Foundation, American ORT and State of Israel Bonds. He is member of the board of governors for the Jewish Federation of Metro Detroit and for Cranbrook Schools. He is the immediate

past president of Congregation Shaarey Zedek. In addition, he is involved with Charter One Bank and serves as a Midwest Regional Advisory Board Member.

Mr. Hermelin earned his Master of Business Administration from the Wharton School at the University of Pennsylvania and his bachelor's degree from the University of Michigan.

Jake Cohen, Vice President. Mr. Jake Cohen serves as Vice President of DVP and currently sits on the board of portfolio companies FLUD and Level Eleven. Prior to joining DVP, he worked as a Consultant at Deloitte within the Strategy and Operation Group focusing on the retail industry. He also worked as a Summer Associate at Gunderson Dettmer, a Silicon Valley-based, industry-leading law firm to venture capital funds and high-growth start-ups.

During his time at Gunderson he participated in every stage of the start-up life-cycle including incorporation, traditional preferred stock financings, angel and bridge financings structured as convertible debt, IPO's and mergers and acquisitions. In addition, he was the Co-Founder and CEO of ugrub.com before the company was acquired by an industry competitor in 2006.

Mr. Cohen received his JD/MBA from the University of Michigan Law School and the Stephen M. Ross School of Business in 2012. He earned a bachelor's degree from the University of Michigan in 2003.

Ted Serbinski, Vice President. Mr. Ted Serbinski serves as Vice President of DVP. He relocated from San Francisco to Detroit in 2011 to help form a blossoming start-up ecosystem through his roles as seed-stage investor, adviser, and interim-CTO. He sits on the boards of DVP portfolio companies Are You a Human, Marxent Labs, and UpTo.

Before joining DVP, he founded Stanson Ventures, a successful micro fund, with a current ROI of 2.2x. Top investments include GraphScience, which recently closed a \$2,000,000 round led by Raptor VC, and CrowdMob, which closed an undisclosed round including Andreesen Horowitz and Eduardo Saverin. He is also an adviser to GraphScience and is adviser/interim-CTO to MomTrusted.

Prior to his investment career, he was a serial entrepreneur, most recently as co-founder and CTO of ParentsClick, which was acquired by Lifetime Television in 2008. He also was the founding engineer at Lullabot, where he architected numerous websites for Fortune 500 companies, including Sony, MTV, and Lifetime. For six years, he was a top developer and early contributing pioneer to the Drupal framework. He contributed more than 1,000 code patches and drove the framework through its most fundamental releases before mainstream adoption (Drupal is currently powering over 2% of all websites).

Mr. Ted earned a Bachelor of Science in Computer Engineering from Cornell University.



MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Michael Flanagan, Director – Capital Services
Chris Cook, Capital Services Associate

Subject: *Michigan Supplier Diversification Fund
Small Business Loan Program
Authorization and Guidelines*

Request

The Small Business Loan Program (“SBLP” or “Program”) is designed to increase the availability of capital to Community Development Finance Institutions (“CDFI”) and similarly oriented lenders (collectively “small business lenders”), which are the typical financiers of our underserved small and micro businesses. The SBLP will rely upon and complement bank, credit union and/or other non-depository lenders (collectively “lending institutions”) seeking to provide loan(s) to small business lender(s) to support small and micro-businesses. The Program will provide support through loan loss reserve account(s) (which can also be referred to as “collateral support” or “funded guarantees”) that can be accessed in order to offset potential losses, thereby incentivizing private lenders into the small and micro market that they have historically avoided.

Small business lenders that wish to enroll in the Program will be evaluated by the lending institution and MSF staff based upon historical performance, financial capacity, and knowledge of the local market, among other factors. The role of the small business lender will be to provide the outreach, technical assistance, origination, underwriting and servicing of small and micro loans. Based on terms mutually acceptable to the small business lender, the lending institution, and the MSF, supporting loan loss reserve account(s) can be situated and accessed on either the front end by the small business lender, or on the back end by the lending institution providing the initial loan. Loan loss reserve accounts will be established at the lending institution or at a mutually agreed upon third party depository institution and will remain in place for the term of the loan. Additional capital that is required by the small business lenders to pay for technical assistance associated with the increased loan volume is anticipated to come from philanthropic contributions.

The SBLP will operate under the Michigan Supplier Diversification Fund (“MSDF”). Returns on any unused portion of loan loss reserves will be returned to the MSDF and may be reused for any eligible program included as a part of the MSDF. Additionally, approval is being requested to operate the SBLP using SSBCI funding under MSF general powers.

Background

Small and micro-sized businesses have unique financial needs, which are not efficiently met by commercial lenders due to the size of the loans, as well as the limited operating history, lack of traditional collateral and/or the credit history of the business owner. In order to fill this gap in the market, government and non-profit lenders use government or philanthropic dollars to make loans and deliver technical assistance to business owners based on the quality of the business opportunity as well as the strength of the owner. The benefits of lending to small and micro-sized businesses include job creation as well as the stabilization and resurgence of low to moderate income communities.

Small business lenders serve a vital role in the market by providing small and micro-sized businesses with capital, as well as critical training on business fundamentals such as accounting standards, legal advice, marketing support, and strategic planning support. The availability of inexpensive capital is critical to these lenders in order to provide the needed financing and related support services to small and micro-sized companies. Low cost capital can typically only be accessed through the SBA and philanthropic organizations. More recently, private lending institutions have become interested in the space for multiple reasons, including the ability to fulfill Community Reinvestment Act (“CRA”) requirements, attract future customers, and enter new markets. However, in these cases, government and philanthropic support is needed to offset the private lender cost of funds and risk profile of the small and micro loan portfolios. In these instances, a small amount of public funding may be used in order to provide additional security to the private lender, specifically by providing funding for a loan loss reserve, helping to reduce the risk profile.

A public hearing was held on October 9, 2013 in order to allow for public comment related to the SBLP and its proposed guidelines. Two attendees representing the the Michigan Women’s Foundation and New Life Business & Consulting Service attended the hearing in order to express support for the program and provide insight as to the market need and anticipated loan size. These comments led to a change to the guidelines lowering the target size for loans to be provided by the small business lenders to a range of \$25,000 to \$200,000. There were no other attendees for the public hearing and no written comments were received. Minutes from the public hearing are available upon request.

Recommendation

MEDC Staff makes the following recommendations with respect to the program:

- Approval of the Program Guidelines as presented in Exhibit A to the resolution.
- Authorize the transfer of \$2,000,000 from the MSF Investment Fund to the Michigan Supplier Diversification Fund for use in the Small Business Loan Program.
- Authorize the use of additional funds which are or may become part of the Michigan Supplier Diversification Fund to be used for the Small Business Loan Program.
- Authorize the Fund Manager or MSF Chair, as well as staff, to approve and further modify all documents necessary to implement and operate the program.
- Approval of the Decision Document for the SBLP.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2013-**

**APPROVAL OF THE SMALL BUSINESS LOAN PROGRAM,
DELEGATION OF AUTHORITY, AND ALLOCATION OF FUNDING**

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Fund initiative;

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

WHEREAS, pursuant to MCL.125.2088d(1) the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

WHEREAS, the MEDC recommends the creation and operation of the Small Business Loan Program (the “SBLP” or “Program”) under the MSDF and approval of the guidelines to be utilized for the SBLP (the “SBLP Guidelines”);

WHEREAS, pursuant to MCL 125.2088c(5), the MSF held a public hearing on October 9, 2013 to offer persons an opportunity to present data, views, questions and arguments on the SBLP and the SBLP Guidelines;

WHEREAS, the MSF Board desires to: (i) create and operate the Program under the MSDF and (ii) adopt the SBLP Guidelines attached as Exhibit A;

WHEREAS, under Section 125.2005(7) of the Act, the MSF Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

WHEREAS, the MSF Board desires to authorize the MSF Fund Manager or the MSF Chairperson, in coordination with MEDC Staff, to (1) approve the awards to be funded under the SBLP in accordance with the SBLP Guidelines (2) negotiate the final terms and conditions of the award in accordance with the SBLP Guidelines; and (3) execute all documents necessary to effectuate the awards made under the SBLP (the “Delegation of Authority”);

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) and MCL 125.2088h(7), the MSF Board shall direct the investment and reinvestment of the Investment Fund as provided under Chapter 8A of the MSF Act (“Chapter 8A”);

WHEREAS, pursuant to MCL 125.2088h(5)(b) and (c), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to loans or investments by the MSF under Chapter 8A;

WHEREAS, the MEDC recommends that the MSF fund the SBLP using \$2,000,000 from the Investment Fund and that repayments to the MSF from awards authorized under the SBLP be returned to the MSDF for future use under the MSDF; and

WHEREAS, the MSF Board desires to approve using \$2,000,000 from the Investment Fund and that repayments to the MSF from awards authorized under the SBLP be returned to the MSDF for future use under the MSDF.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves: (i) the creation and operation of the Program under the MSDF; (ii) the adoption of the SBLP Guidelines; (iii) the allocation of \$2,000,000 from the Investment Fund to the SBLP and that repayments to the MSF from awards authorized under the SBLP be returned to the MSDF for future use under the MSDF; and (iv) the Delegation of Authority; and

BE IT FURTHER RESOLVED, subject to the control and direction of the MSF Board, the MEDC will provide the administrative services to the MSF for the SBLP.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

Small Business Loan Program Guidelines

Eligible Small Business Lenders

- In order to be eligible to receive support through the Small Business Loan Program, an eligible small business lender (“Small Business Lender”) shall be required to be a certified CDFI, an SBA approved micro-lender, an agency approved by USDA as a Rural Microentrepreneur Assistance Program (“RMAP”) lender, or approved by the MSF as a Regional Revolving Loan Fund Manager.
- The Small Business Lender must demonstrate that it has issued micro-loans or small business loans for at least 3 years prior to the award at a rate of no less than 12 loans per year on average. The enterprise must provide loss rate information on its business and micro loan portfolio which in the judgment of MEDC staff and the MSF Fund Manager is minimally acceptable in terms of net losses versus loans issued.
- The Small Business Lender must be approved by a bank, credit union, or other non-depository lending source to receive a loan, the proceeds of which will be used solely for loan capital that will be lent to small or micro-sized businesses as approved by the Small Business Lender. The term of the financing from the bank or credit union may not exceed 10 years. The bank, credit union, or non-depository lender providing the financing to the small business lender must be regulated by a State or Federal agency.
- Preference will be given to Small Business Lenders targeting businesses in communities designated as “entitlement” by the US Department of Housing and Urban Development and in communities determined by the MSF Fund Manager to be significantly underserved by other lenders.
- The Small Business Lender shall provide the MSF Fund Manager with reviewed or audited financial statements which reflect in the discretion of the MSF Fund Manager sufficient capacity to continue to operate effectively for the length of the proposed agreements.
- Loan loss reserve accounts will not exceed 20% of the loan from the lending institution

Loan Requirements

- Loans issued by an approved Small Business Lender will be generally between \$25,000 and \$200,000 and will in no case exceed \$300,000, will not be more than 60 months in either term or amortization, and must be in some way collateralized, including but not limited to an interest in all assets acquired using loan proceeds.
- Loans will carry the personal guarantee of all owners holding 20% or greater interest in the borrower and any related companies such as but not limited to real estate holding company’s associated by ownership to the borrower.

Reporting Requirements

The Small Business Lender shall provide to the MSF on a quarterly basis the following information:

- Number and dollar amount of loans funded using MSF supported financing
- Industry by NAICS Code in which the borrower underwritten in the program operates
- Gross Revenue and Net Income trend by borrower and small business lender’s overall portfolio.
- Actual employment (FTE) and increase/decrease in employment based on the date the loan was issued.
- Additional data as may be requested by the MSF Fund Manager related to the program.

The small business lender shall provide audited financial statements to the MSF on an annual basis

Eligible Borrowers

- Borrowers shall be operating companies or passive holding companies leasing property to a related operating company.
- If the borrower is a passive holding company, an operating company domiciled within the facility owned by the borrower must guarantee the loan along with all owners 20% or greater in both passive borrower and operating companies.
- Borrowers must be engaged in retail sales of goods or services, manufacturing, warehouse distribution, wholesale and trade, technology, destination tourism, businesses of a creative nature and or such other business not further specified here which the MSF Fund Manager may deem appropriate.
- The loan proceeds must be used for a “business purpose”. A business purpose includes, but is not limited to, start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2013-**

**APPROVAL OF THE DECISION DOCUMENT FOR THE
SMALL BUSINESS LOAN PROGRAM**

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

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

WHEREAS, at its September 25, 2013 meeting, the MSF Board authorized the notice of a public hearing to be held regarding the creation and operation of the Small Business Loan Program and related guidelines (the “SBLP” or “Program”);

WHEREAS, pursuant the public notice, a public hearing was held on October 9, 2013 as required by MCL 125.2088c(5), and the MSF Board offered the public an opportunity to present data, views, questions and arguments regarding the SBLP;

WHEREAS, the MSF has had an opportunity to consider the data, views, questions, and arguments regarding the SBLP;

WHEREAS, on October 23, 2013, the MSF approved the creation and operation of the SBLP and related guidelines; and

WHEREAS, consistent with the requirements of MCL 125.2088c(5), the MSF Board desires to produce a final decision document which describes the basis for its decision approving the SBLP (the “Decision Document”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the attached Decision Document and authorizes the MSF Chairperson to sign it.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

MSF Decision Document

Issue

Approval of the Small Business Loan Program

Background

As provided for in MCL 125.2088d, the Michigan Strategic Fund (“MSF”) shall create and operate a loan enhancement program. On May 20, 2009 the MSF approved the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program. The MSF Board wishes to create and operate the Small Business Loan Program as a subprogram of the MSDF. The Small Business Loan Program is designed to increase the availability of capital to Community Development Finance Institutions (“CDFI”) and similarly oriented small business lenders, which are the typical financiers of underserved small and micro businesses. The Small Business Loan Program will provide support through loan loss reserve account(s) that can be accessed in order to offset potential losses, thereby incentivizing private lenders into the small and micro market that they have historically avoided.

Public Hearing

A public hearing was held on October 9, 2013 to allow interested persons the opportunity to express data, views, questions, and arguments regarding the proposed Small Business Loan Program. Two people attended the public hearing. Comments at the public hearing centered on the market needs and anticipated loan size under the program. A summary of the public hearing was presented to the MSF Board at its October 23, 2013 meeting.

Decision

At its October 23, 2013 meeting, the MSF Board considered the comments received at the public hearing, and agreed that there was a need to approve the Small Business Loan Program. On October 23, 2013, the MSF Board approved the Small Business Loan Program.

Michael A. Finney, Chairperson
Michigan Strategic Fund Board



MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Amy Lux, Renaissance Zone Program Specialist

Subject: *Via Design, Inc.*
Renaissance Zone Program – Development Agreement Amendment

Request

Via Design, Inc. (the “Company”) and the City of Grand Rapids (the “City”) are requesting an amendment to their Renaissance Zone Development Agreement: Zone Extension (the “Zone Agreement”) reducing their capital investment milestone from \$300,000 to \$272,000. The Michigan Economic Development Corporation (“MEDC”) is also requesting an amendment to the granting MSF Resolution 2009-020 (the “Granting Resolution”) to remove certain parties from the resulting Zone Agreement.

Background

The Company is an architecture and interior design firm in the City of Grand Rapids. In 2009, the Michigan Strategic Fund (“MSF”) Board approved a 14-year time extension for the Company on a site the Company owns in the Grandville Subzone within the City of Grand Rapids Renaissance Zone (the “Subzone”). The Renaissance Zone time extension was awarded to support the Company’s multiphase plan to expand in to an existing building within the Subzone. In exchange for the added years of Renaissance Zone benefits, the Company entered into the Zone Agreement committing to invest **\$300,000** for building renovations and improvements to the property by February 25, 2010.

According to their most recent Renaissance Zone Progress Report, the Company is currently slightly short of their capital investment commitment. The Company and the City submitted an amendment application requesting their capital investment milestone be reduced to the **\$272,000 already attained**. The Company explained that certain improvements to the building ended up not being necessary and therefore, the project came in under budget.

In addition, the MEDC would like to take this opportunity to modify the Zone Agreement, which currently includes three unnecessary parties—the Economic Development Corporation of Grand Rapids (the “Grand Rapids EDC”), Kent County, and the MEDC. The only parties with any rights or obligations under the Zone Agreement are the MSF and the Company. The three unnecessary parties were included based on a condition contained in the Granting Resolution which required all five to be parties to the Zone Agreement (“Condition #4”). The Granting Resolution included a requirement between these parties for an agreement for an escrow account for funds from the Grand Rapids EDC to be paid to Kent County until such account was no longer needed (“Condition #3”). When all parties signed the Zone Agreement, it contained language that the escrow account was no longer required in the Zone Agreement. By revoking Condition #3 and amending Condition #4 to remove the unnecessary parties, only the Company and the MSF would remain parties to the Zone Agreement.

Recommendation

The MEDC recommends the MSF Board approve the amendment of Via Design, Inc.'s Renaissance Zone Development Agreement and the Granting Resolution as follows:

- Reduce the Company's capital investment commitment in the Zone Agreement from \$300,000 to the property by February 25, 2010 to \$272,000 in capital investment to the property by December 31, 2012;
- Revoke Condition #3 of the Granting Resolution; and
- Amend Condition #4 of the Granting Resolution to remove the Grand Rapids EDC, Kent County, and the MEDC as required parties.

All other terms and conditions of the Agreement and the Granting Resolution remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

AMENDMENT TO RENAISSANCE ZONE DEVELOPMENT AGREEMENT

Via Design, Inc.

WHEREAS, on February 25, 2009, by Resolution 2009-020 the Michigan Strategic Fund (“MSF”) Board approved a time extension for a portion of the Grandville Subzone within the City of Grand Rapids Renaissance Zone for Via Design, Inc. (the “Company”), as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the “Act”);

WHEREAS, Resolution 2009-020 imposed several conditions to the time extension, including Condition #4 which required the Company to entered in to a development agreement (the “Agreement”) with the following Parties: the MSF, the Michigan Economic Development Corporation (“MEDC”), Kent County (the “County”), and the Econonmic Development Corporation of Grand Rapids (the “Grand Rapids EDC”);

WHEREAS, the terms of Condition #3 are enforced through a separate agreement and need not be incorporated into the Agreement and therefore, the purpose of Condition #4 requiring the Grand Rapids EDC, Kent County, and the MEDC to be parties to the Agreement is no longer valid;

WHEREAS, the Agreement outlined various conditions to receiving the benefits of a Renaissance Zone, including a requirement that the Company achieve a certain capital investment milestone by a specified due date;

WHEREAS, due to its project being completed under budget and the difficult economic climate, the Company has fallen short of its capital investment milestone;

WHEREAS, the MEDC provides administrative services for the renaissance zone program and has reviewed the Amendment Application submitted by the Company requesting modification to the capital investment milestone to bring the Company back in to compliance with the Agreement;

WHEREAS, the MEDC recommends the MSF Board approve an amendment to the Agreement to reflect the following:

1) Section 3(b) of the Agreement is deleted and restated as:

b) *Capital Investment*: invest at least \$272,000 for building renovations and improvements to the Property by December 31, 2012; and

WHEREAS, the MEDC also recommends the MSF Board revoke Condition #3 of Resoultion 2009-020 in its entirety and amend Condition #4 of Resolution 2009-020 to remove the MEDC, Kent County, and the Grand Rapids EDC as required parties to the Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the following amendment to the Agreement between the MSF, the Company, the MEDC, the County, and the Grand Rapids EDC:

1) Section 3(b) of the Agreement is deleted and restated as:

b) *Capital Investment*: invest at least \$272,000 for building renovations and improvements to the Property by December 31, 2012;

BE IT FURTHER RESOLVED, the MSF Board revokes Condition #3 in its entirety and amends Condition #4 of Resolution 2009-020 to remove the MEDC, Kent County, and the Grand Rapids EDC as required parties to the Agreement;

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Amy Lux, Renaissance Zone Program Specialist
Subject: *Wealthy Street Historic Development, LLC
Renaissance Zone Program – Development Agreement Amendment*

Request

Wealthy Street Historic Development, LLC (the “Developer”) and the City of Grand Rapids (the “City”) are requesting an amendment to their Renaissance Zone Development Agreement: Zone Extension (the “Zone Agreement”) to allow their job creation milestone to be attained by the Developer’s tenants located on the Renaissance Zone property. The Michigan Economic Development Corporation (“MEDC”) is also requesting an amendment to the granting MSF Resolution 2009-021 (the “Granting Resolution”) to remove the requirement for certain parties from the resulting Zone Agreement.

Background

The Developer is an entity related to Georgetown Development Company, a real estate developer in the City of Grand Rapids. In 2009, the Michigan Strategic Fund (“MSF”) Board approved a 15-year time extension for the Developer on a site the Developer owns in the Wealthy-Eastern-Franklin Subzone within the City of Grand Rapids Renaissance Zone (the “Subzone”). The Renaissance Zone time extension was awarded to support the Developer’s \$700,000 plan to renovate a formerly vacant and dilapidated building on Wealthy Street in the City. In exchange for the added years of Renaissance Zone benefits, the Developer entered into the Zone Agreement committing to create 8 new full-time jobs on its site in the Subzone by September 30, 2010.

Because the Developer’s role in the project was that of real estate development rather than a business that would hire employees, the Developer does not directly employ anyone in the Subzone now that the project has been completed. According to their most recent Renaissance Zone Progress Report, the Developer’s tenants on the property, Rowster Coffee, Inc. and Nourish Organic Market, LLC, have created approximately 10 jobs on the property so far. However, the language of the Zone Agreement requires the Developer itself to create the jobs. The Developer and the City have requested an amendment to the Zone Agreement to allow those jobs created by the Developer’s tenants to count toward the Developer’s job creation milestone. The MEDC supports this amendment, so long as proper verification documentation is submitted each year with the Developer’s Renaissance Zone Progress Report, and the MEDC has encouraged the Developer to enter in to an agreement with its tenants to ensure this documentation is made available to the Developer for submission to the MEDC.

In addition, the MEDC would like to take this opportunity to modify the Zone Agreement, which currently includes three unnecessary parties—the Economic Development Corporation of Grand Rapids (the “Grand Rapids EDC”), Kent County, and the MEDC. The only parties with any rights or obligations under the Zone Agreement are the MSF and the Developer. The three unnecessary parties were included based on a condition contained in the Granting Resolution which required all five to be parties to the Zone Agreement (“Condition #3”). The Granting Resolution included a requirement between these parties for an agreement for an escrow account for funds from the Grand Rapids EDC to be paid to Kent County until such account was no longer needed (“Condition #2”). When all parties signed the Zone Agreement,

it contained language that the escrow account was not required in the Zone Agreement. By revoking Condition #2 and amending Condition #3 to remove the unnecessary parties, only the Developer and the MSF would remain parties to the Zone Agreement.

Recommendation

The MEDC recommends the MSF Board approve the amendment of the Developer's Renaissance Zone Development Agreement and the Granting Resolution as follows:

- Amend language of job creation milestone within the Zone Agreement to allow the job creation of the Developer's tenants on the property to count towards achievement of the milestone, so long as proper verification documentation is provided;
- Revoke Condition#2 of the Granting Resolution; and
- Amend Condition #3 of the Granting Resolution to remove the Grand Rapids EDC, Kent County, and the MEDC as required parties.

All other terms and conditions of the Agreement and the Granting Resolution remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

AMENDMENT TO DEVELOPMENT AGREEMENT

Wealthy Street Historic Development, LLC

WHEREAS, on February 25, 2009, by Resolution 2009-021 the Michigan Strategic Fund (“MSF”) Board approved a time extension for a portion of the Wealthy-Eastern-Franklin Subzone within the City of Grand Rapids Renaissance Zone (the “Zone”) for Wealthy Street Historic Development, LLC (the “Company”), as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the “Act”);

WHEREAS, MSF Resolution 2009-021 imposed several conditions to the time extension, including Condition #3 which required the Company to enter into a development agreement (the “Agreement”) with the following Parties: the MSF, the Michigan Economic Development Corporation (“MEDC”), Kent County (the “County”), and the Economic Development Corporation of Grand Rapids (the “Grand Rapids EDC”);

WHEREAS, the terms of Condition #2 of MSF Resolution 2009-021 are enforced through a separate agreement and need not be incorporated into the Agreement and therefore, the purpose of Condition #3 of MSF Resolution 2009-021 requiring the Grand Rapids EDC, Kent County, and the MEDC to be parties to the Agreement is no longer valid;

WHEREAS, the Agreement outlined various conditions to receiving the benefits of a Renaissance Zone, including a requirement that the Company achieve a certain job creation milestone by a specified due date;

WHEREAS, the Company is a developer and does not have any direct employees in the Zone, but its tenants have created the required jobs;

WHEREAS, the MEDC provides administrative services for the renaissance zone program and has reviewed the Amendment Application submitted by the Company requesting modification to the capital investment milestone to bring the Company back in to compliance with the Agreement;

WHEREAS, the MEDC recommends the MSF Board approve an amendment to the Agreement to reflect the following:

1) Section 3(c) of the Agreement is replaced with the following:

*c) **Job Creation:*** (or the Company’s tenants on the Property) create 8 new Full-Time Jobs at the Property by September 30, 2010. The Company (or the Company’s tenants on the Property) must maintain this number of new Full-Time Jobs for each subsequent year of the Term of the Agreement. The Company shall provide all documentation requested by the MSF to show the achievement of the Job Creation.

i. Under this Agreement, a “Full-Time Job” is defined as a job where the employed individual works a minimum of 32 hours per week during the Term for a total yearly minimum of 1664 hours (52 weeks x 32 hours = 1664) of work, seasonal or otherwise, and includes any person who works in a salaried position. Contract and part-time jobs do not count towards job creation.

WHEREAS, the MEDC also recommends the MSF Board revoke Condition #2 of MSF Resolution 2009-021 in its entirety and amend Condition #3 of MSF Resolution 2009-021 to remove the MEDC, Kent County, and the Grand Rapids EDC as required parties to the Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the following amendment to the Agreement between the MSF, the Company, the MEDC, the County, and the Grand Rapids EDC:

2) Section 3(c) of the Agreement is replaced with the following:

d) Job Creation: (or the Company's tenants on the Property) create 8 new Full-Time Jobs at the Property by September 30, 2010. The Company (or the Company's tenants on the Property) must maintain this number of new Full-Time Jobs for each subsequent year of the Term of the Agreement. The Company shall provide all documentation requested by the MSF to show the achievement of the Job Creation.

ii. Under this Agreement, a "Full-Time Job" is defined as a job where the employed individual works a minimum of 32 hours per week during the Term for a total yearly minimum of 1664 hours (52 weeks x 32 hours = 1664) of work, seasonal or otherwise, and includes any person who works in a salaried position. Contract and part-time jobs do not count towards job creation.

BE IT FURTHER RESOLVED, the MSF Board revokes Condition #2 of MSF Resolution 2009-021 in its entirety and amends Condition #3 of MSF Resolution 2009-021 to remove the MEDC, Kent County, and the Grand Rapids EDC as required parties to the Agreement;

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Amy Lux, Renaissance Zone Program Specialist
Subject: *Genesee Packaging, Inc.
Renaissance Zone Program – Development Agreement Amendment*

Request

Genesee Packaging, Inc. (the “Company”) and the City of Flint (the “City”) are requesting an amendment to their Renaissance Zone Development Agreement (the “Agreement”) reducing their job creation milestone from 58 new Full-Time Jobs to 40 new Full-Time Jobs.

Background

The Company is in the business of providing contract packaging to the automotive industry and manufacturing corrugated products at its facilities in the City of Flint. In 2010, the Michigan Strategic Fund (“MSF”) Board approved a 4-year time extension for the Company on a site the Company is leasing within the University Park Subzone of the City of Flint Renaissance Zone. The Renaissance Zone time extension was awarded to support the Company’s planned \$600,000 expansion of their facility on the site. In exchange for the added years of Renaissance Zone benefits, the Company entered into the Agreement committing to create 58 new Full-Time Jobs by December 31, 2012.

According to their most recent Renaissance Zone Progress Report, the Company currently employs more than one hundred people in the distressed Flint area. At their facility within the Renaissance Zone, the Company hired 40 employees over their base employment since 2010, falling 18 short of the milestone and out of compliance with the Agreement.

The Company submitted an amendment application requesting their job creation milestone be reduced to the 40 jobs already attained (the “Amendment”). The City fully supports the Amendment and, considering the Renaissance Zone is already in its phase-out period, the City requests there be no reduction in the duration of the Zone benefits, which could slow down the growth the Company is currently experiencing in this distressed community. In the last three years, the benefits of all Renaissance Zones phase out in 25% increments. The Company’s Renaissance Zone expires December 31, 2015, which means it will only receive 75% of the benefits of a Renaissance Zone for Tax Year 2013.

The proposed Amendment also updates the definition of “Full-Time Job” to reflect a change to the Renaissance Zone Development Agreement template to align the definition in other Programs, which require a yearly average of 32 hours per week, rather than 40 hours per week as currently defined in this Agreement

Recommendation

The MEDC recommends the MSF Board approve Genesee Packaging, Inc.’s request to amend their Renaissance Zone Development Agreement to reflect the following change:

- Reduce the Company’s overall job creation commitment from 58 new full-time jobs to 40 new full-time jobs by December 31, 2012, a milestone that has already been attained. The Company must maintain this number of new Full-Time Jobs for each subsequent year of the Term of the Agreement.

All other terms and conditions of the Agreement remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

AMENDMENT TO DEVELOPMENT AGREEMENT

Genesee Packaging, Inc.

WHEREAS, on October 27, 2010, by Resolution 2010-206 the Michigan Strategic Fund (“MSF”) Board approved a time extension for a portion of the University Park Subzone in the City of Flint Renaissance Zone for Genesee Packaging, Inc. (the “Company”), as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the “Act”);

WHEREAS, as a condition of receiving the time extension, the Company entered in to a development agreement (the “Agreement”) with the MSF, and the landowners, V.W. Leasing, LLC and the City of Flint (collectively, the “Owners”);

WHEREAS, the Agreement outlined various conditions to receiving the benefits of a Renaissance Zone, including a requirement that the Company achieve a certain job creation milestone by a specified due date;

WHEREAS, despite best efforts, the Company fell short of their job creation milestone;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and has reviewed the Amendment Application submitted by the Company with the support of the City of Flint requesting modification to the job creation milestone to bring the Company back in to compliance with the Agreement; and

WHEREAS, the MEDC recommends the Agreement be amended to reflect the modified capital investment milestone with the following amendment:

1) Section 3(c) of the Agreement is deleted and restated as:

- c) **Job Creation:** create 40 new Full-Time Jobs at the Property by December 31, 2012. The Company must maintain this number of new Full-Time Jobs for each subsequent year of the Term of the Agreement. Calculation of the new Full-Time Jobs shall not include the 18 Full-Time Jobs the Company employed prior to designation.
 - i. Under this Agreement, a “Full-Time Job” is defined as a job where the employed individual works a minimum of 32 hours per week during the Term for a total yearly minimum of 1664 hours (52 weeks x 32 hours = 1664) of work, seasonal or otherwise, and includes any person who works in a salaried position. Contract and part-time jobs do not count towards job creation.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Agreement between the MSF, the Company, and the Owners with the following amendment:

2) Section 3(c) of the Agreement is deleted and restated as:

- c) **Job Creation:** create 40 new Full-Time Jobs at the Property by December 31, 2012. The Company must maintain this number of new Full-Time Jobs for each subsequent year of the Term of the Agreement. Calculation of the new Full-Time Jobs shall not include the 18 Full-Time Jobs the Company employed prior to designation.
 - i. Under this Agreement, a “Full-Time Job” is defined as a job where the employed individual works a minimum of 32 hours per week during the Term for a total yearly minimum of 1664 hours (52 weeks x 32 hours = 1664) of work, seasonal or otherwise, and includes any person who works in a salaried position. Contract and part-time jobs do not count towards job creation.

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Amy Lux, Renaissance Zone Program Specialist
Subject: *Detroit Chassis, LLC
Renaissance Zone Program – Development Agreement Amendment*

Request

Detroit Chassis, LLC (the “Company”) is requesting an amendment to the Company’s Renaissance Zone Development Agreement (the “Agreement”) to allow for extra time to attain their capital investment milestone of \$2 million.

Background

The Company is in the business of performing chassis assembly for many different types of vehicles, including commercial trucks, at its facility in the City of Detroit. In 2009, the Michigan Strategic Fund (“MSF”) Board approved a 12-year time extension for the Company for its facility in the Lynch Road Subzone within the City of Detroit Renaissance Zone. The Renaissance Zone time extension was awarded to support the Company’s planned expansion of their facility on the site. In exchange for the added years of Renaissance Zone benefits, the Company entered into the Agreement committing to invest \$2 million into the property by December 31, 2011.

According to the Company’s most recent Renaissance Zone Progress Report, the Company has fallen short of their \$2 million commitment, having invested just under \$575,000 by June 30, 2013. The Company explains that the shortfall is due to the difficult economic climate of the automobile industry, despite their efforts to retain old business and diversify in to new types of vehicles. However, recent negotiations with various customers have warranted nearly doubling their daily production. To deal with the added production demands, the Company anticipates investing enough in the next 8-12 months to meet their original \$2 million capital investment milestone.

The Company submitted a request to amend the Agreement to extend the deadline for their capital investment milestone out to October 31, 2014. The Company has been a reliable employer for many employees in the City, most of which are residents of the City of Detroit. The Company is also an active participant in the Community Ventures Program which is designed to help structurally unemployed individuals pursue career opportunities. The Michigan Economic Development Corporation (“MEDC”) Staff have met with the Company about this compliance issue and is willing to recommend the requested amendment to the Agreement, but at the expense of a two-year reduction in the term of the Renaissance Zone time extension.

Recommendation

The MEDC recommends the MSF Board approve the amendment of the Company’s Renaissance Zone term and their Renaissance Zone Development Agreement to reflect the following changes:

- Extend out the deadline to complete \$2 million in capital investment on the Renaissance Zone property from December 31, 2011 to October 31, 2014.
- Reduce the total term of the Renaissance Zone from 12 years to 10 years with a new expiration date of December 31, 2019.

All other terms and conditions of the Agreement remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**AMENDMENT TO DEVELOPMENT AGREEMENT
Detroit Chassis, LLC**

WHEREAS, on December 16, 2009, by Resolution 2009-204 the Michigan Strategic Fund (“MSF”) Board approved a time extension for a portion of the Lynch Road Subzon in the City of Detroit Renaissance Zone for Detroit Chassis, LLC (the “Company”), as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the “Act”);

WHEREAS, as a condition of receiving the time extension, the Company entered in to a development agreement (the “Agreement”) with the MSF, and the landowner, Ford Motor Land Development Corporation (the “Owner”);

WHEREAS, the Agreement outlined various conditions to receiving the benefits of a Renaissance Zone, including a requirement that the Company achieve a certain capital investment milestone by a specified due date;

WHEREAS, due to the difficult economic climate of the Company’s industry, the Company fell short of their capital investment milestone;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and has reviewed the Amendment Application submitted by the Company, with the support of the City of Detroit, requesting modification to the capital investment milestone to bring the Company back in to compliance with the Agreement;

WHEREAS, the MEDC supports the requested amendment at the expense of a two (2) year reduction in the term of the Renaissance Zone time extension, from twelve (12) years to ten (10) years; and

WHEREAS, the MEDC recommends the Agreement be amended to reflect the modified capital investment milestone and reduced term with the following amendments:

- 1) Section 2 of the Agreement is deleted and restated as:
 - 2) **Duration of Extension.** The MSF Board approved the extension of the Zone designation for the Property for an additional 10 year period. The extension of the Zone designation begins January 1, 2010 and ends on December 31, 2019 for MBT and income tax purposes. For property tax purposes, the extension of the Zone designation begins December 31, 2009 and ends on December 30, 2019. Together these time periods are the “Term.”
- 2) Section 3(b) of the Agreement is deleted and restated as:
 - b) **Capital Investment:** invest at least \$2 million for building renovations and improvements to the Property by October 31, 2014;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Agreement between the MSF, the Company, and the Owner with the following amendments:

1) Section 2 of the Agreement is deleted and restated as:

- 2) **Duration of Extension.** The MSF Board approved the extension of the Zone designation for the Property for an additional 10 year period. The extension of the Zone designation begins January 1, 2010 and ends on December 31, 2019 for MBT and income tax purposes. For property tax purposes, the extension of the Zone designation begins December 31, 2009 and ends on December 30, 2019. Together these time periods are the “Term.”

2) Section 3(b) of the Agreement is deleted and restated as:

- b) **Capital Investment:*** invest at least \$2 million for building renovations and improvements to the Property by October 31, 2014;

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Amy E. Lux, Renaissance Zone Program Specialist

Subject: *Grand River Tower, LLC*
Renaissance Zone Program – Revocation

Action

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve a resolution revoking the Renaissance Zone Subzone designation for Grand River Tower, LLC (the “Company”) for the Capital Club Towers Project site in the City of Lansing. There are 10 years remaining on the Company’s 15-year Renaissance Zone term, designated on March 26, 2008 and currently set to expire on December 31, 2023.

Background

The Company received a Renaissance Zone Subzone designation from the MSF Board to support the Company’s plan to construct the Capital Club Towers Project in the City of Lansing. This project consisted of constructing a \$25 million condominium tower to encourage downtown living.

The Renaissance Zone designation was contingent on an express condition contained in the granting MSF Resolution 2008-04 that construction must commence by March 26, 2009.

Based on representations made by the Lansing Economic Area Partnership (“LEAP”) and the Company’s leadership to the Michigan Economic Development Corporation (“MEDC”) Staff, construction commencement has yet to occur and little capital investment has been put in to the site. According to the Company, the project has been stalled due to setbacks attributed to the tough economic conditions of the past several years.

Due to the Company’s failure to meet the condition to commence construction by the one-year deadline, the MSF Board has the authority to revoke the Company’s Renaissance Zone designation.

Recommendation

MEDC Staff recommend that the MSF Board approve the revocation of Grand River Tower, LLC’s Renaissance Zone Subzone designation, effective December 31, 2013 for property tax purposes, and immediately for other tax purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2013-**

**REVOCATION OF AN EXISTING RENAISSANCE ZONE SUBZONE DESIGNATION:
Grand River Tower, LLC**

WHEREAS, Section 4(4) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) to designate qualified additional distinct geographic areas if the additional distinct geographic area will increase capital investment or job creation (a “Subzone”);

WHEREAS, on March, 26, 2008, the MSF Board approved a new Renaissance Zone Subzone within the City of Lansing Renaissance Zone for Grand River Tower, LLC (the “Company”), known as the Capital Club Tower Project Subzone (the “Subzone”), at a site in the City of Lansing on parcels 33-01-01-16-402-041, 33-01-01-16-402-032 and 33-01-01-16-402-062;

WHEREAS, the granting MSF Resolution 2008-045 conditioned approval on the requirement that the Company shall have commenced construction on the Capital Club Tower Project by March 26, 2009;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program, and the MEDC was informed by the Lansing Economic Area Partnership and the Company that the Company has not yet commenced construction on the site of the Subzone in violation of the condition contained in MSF Resolution 2008-045;

WHEREAS, the MEDC has notified the City of Lansing and the Company of its recommendation that the Company’s Renaissance Zone Subzone designation be revoked;

WHEREAS, the MEDC recommends that the MSF Board approve the revocation of the Company’s Renaissance Zone Subzone designation.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the revocation of the Company’s Capital Club Tower Project Subzone designation, effective December 31, 2013 for property tax purposes and immediately for all other purposes; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Amy E. Lux, Renaissance Zone Program Specialist
Subject: *James Group International, Inc.
Renaissance Zone Program – Revocation*

Action

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve a resolution revoking the Renaissance Zone time extension designation for James Group International, Inc.’s (the “Company”) waterfront site in the Southwest/Delray Subzone in the City of Detroit. There are 5 years remaining on the Company’s 7-year time extension term, designated on December 21, 2011 and currently set to expire on December 31, 2018.

Background

The Company received a Renaissance Zone time extension designation from the MSF Board to support the Company’s plan to construct a \$3 million warehouse distribution center on the waterfront site meant to receive materials via rail and water.

In exchange for the extra years of Renaissance Zone benefits, the Company entered in to a Development Agreement with the MSF requiring various milestones and a deadline to commence construction, renovation or improvements within one year of designation. In addition, the granting MSF Resolution 2011-173 contained an express condition requiring that the project commence by December 21, 2012. This one-year project commencement obligation is also echoed in the Michigan Renaissance Zone Act, PA 376 of 1996, as amended.

Based on representations made by the Company leadership to the Michigan Economic Development Corporation (“MEDC”) Staff, project commencement has yet to occur and no capital investment has been put in to the site. According to the Company, their project has stalled due to the Michigan Ballast Water Law enacted to protect waterways from invasive species and the lack of business coming to the Port of Detroit. However, the Company also stated that its proximity to the New International Trade Crossing (“NITC”) Bridge has made the Company reluctant to begin a project due to the uncertainty as to the property’s best use and where the company can attain the best value.

Due to the Company’s failure to meet the condition to commence construction by the one-year deadline, the MSF Board has the both statutory and contractual authority to revoke the Company’s Renaissance Zone designation.

The Company has a second Renaissance Zone designation, under a related entity, Renaissance Global Logistics, LLC, on a property adjacent to the Renaissance Zone at issue here. Both designations are located by the proposed construction of the NITC Bridge in the City of Detroit, but not in the actual footprint of the new structure.

Recommendation

MEDC Staff recommend that the MSF Board approve the revocation of James Group International, Inc.’s Renaissance Zone time extension designation for their waterfront site, effective December 31, 2013 for property tax purposes, and immediately for other tax purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2013-**

**REVOCAION OF AN EXISTING RENAISSANCE ZONE
TIME EXTENSION DESIGNATION:
James Group International, Inc.**

WHEREAS, Public Act 116 of 2008 amended the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, to authorize the Michigan Strategic Fund (“MSF”) to extend the duration of renaissance zone status for one or more portions of an existing renaissance zone for a period of time not to exceed fifteen (15) years, provided that the extension will increase capital investment or job creation and the affected county consents to the extension;

WHEREAS, on December 21, 2011, the MSF Board approved a Renaissance Zone time extension for James Group International, Inc. (the “Company”) for a portion of the Southwest/Delray Subzone in the City of Detroit Renaissance Zone on parcels 16000065.001, 16000002-3, and 16000062-4 (the “Zone”);

WHEREAS, Section 4(7) of the Act requires a development agreement be entered into between the MSF, the real property owner, and the Company, which requires numerous milestones with regards to job creation, new investment, and a requirement that the project commence within 1 year of designation;

WHEREAS, Section 4(7) of the Act allows the MSF Board to revoke the time extension designation if the MSF Board determines that increased capital investment or job creation will not begin within 1 year of granting the extension or otherwise violates the terms of the written development agreement;

WHEREAS, the granting MSF Resolution 2011-173 conditioned approval on the requirement that the Company shall have commenced the project by December 21, 2012;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program, and was informed by the Company that the project has not yet commenced and that no capital investment has been made on the Zone;

WHEREAS, the MEDC has also notified the City of Detroit and the Company of its recommendation that the Company’s Renaissance Zone time extension designation be revoked;

WHEREAS, pursuant to the development agreement, MEDC staff on behalf of the MSF has sent notice to the Company to cure its noncompliance or it will recommend revocation and the 90-day cure period has since lapsed;

WHEREAS, the MEDC recommends that the MSF Board approve the revocation of the Company’s Renaissance Zone time extension designation.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the revocation of the Company’s Renaissance Zone time extension designation, effective December 31, 2013 for property tax purposes and immediately for all other purposes; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Amy Lux, Renaissance Zone Program Specialist

Subject: *Renaissance Zone Committee Appointments*
Next Michigan Renaissance Zone Program

Action

The Michigan Economic Development Corporation (“MEDC”) is requesting the Michigan Strategic Fund (“MSF”) Board amend their appointment of members to the committee tasked to review applications of eligible Next Michigan Businesses (“NMBs”) seeking qualified eligible NMB certification in order to receive benefits of a Next Michigan Renaissance Zone (the “Renaissance Zone Committee”).

Background

In order to receive the benefits of a Next Michigan Renaissance Zone, the Michigan Renaissance Zone Act, PA 376 of 1996, as amended, (the “Act”) requires an eligible NMB to be certified as a qualified eligible NMB by the MSF Board. Eligible NMBs are companies engaged in specific kinds of businesses that utilize multi-modal commerce channels. Before a certification request can be brought before the MSF Board for approval, the Act requires the Renaissance Zone Committee, comprised of members appointed by the MSF, to review the applications submitted on behalf of the NMB seeking certification.

On April 11, 2011, the MSF Board approved a resolution that appointed the following members to the Renaissance Zone Committee: James Petcoff (former MSF Board Member), Mitch Mondry (former MSF Board Member, Glenn White (Deputy Director for Tax Administration, Department of Treasury), Karla Campbell (now MSF Fund Manager—MEDC), Lisa Pung (now Manager, Community Assistance Team—MEDC), and, as an alternate, Mike Pohnl (former MSF Fund Manager).

Many of the current Renaissance Zone Committee members are either in new roles or no longer available to participate. Therefore, the following individuals have agreed to serve on the Renaissance Zone Committee, replacing the current members: Richard Rassel (MSF Board Member), Peter Anastor (Director, Logistics and Supply Chain Management—MEDC), Amy Lux (Renaissance Zone Program Specialist—MEDC), and Vince Nystrom (Vice President, Strategic Accounts—MEDC) or Valerie Hoag (Senior Vice President, Business Development--MEDC), as an alternate.

Recommendation

The MEDC recommends the MSF Board approve the resolution amending the current appointments on the Renaissance Zone Committee to be replaced with the following members: Richard Rassel (MSF Board Member), Peter Anastor (Director, Logistics and Supply Chain Management—MEDC), Amy Lux (Renaissance Zone Program Specialist—MEDC), and Vince Nystrom (Vice President, Strategic Accounts—MEDC) or Valerie Hoag (Senior Vice President, Business Development--MEDC), as an alternate.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**NEXT MICHIGAN RENAISSANCE ZONE
COMMITTEE APPOINTMENTS**

WHEREAS, the Next Michigan Development Act, 2010 PA 275, MCL 125.2951-MCL 125.2959, authorizes the Michigan Strategic Fund (“MSF”) to designated up to five (5) Next Michigan Development Corporations (the “NMDCs”) to foster economic opportunities in this state, prevent conditions of unemployment and underemployment, and promot economic growth;

WHEREAS, Section 8h(2) of the Michigan Renaissance Zone Act (the “Act”), PA 376 of 1996, as amended, requires the MSF to appoint a committee to review the applications of eligible next Michigan businesses seeking qualified eligible next michgian business certification to receive the benefits of a Next Michigan renaissance zone (the “Renaissance Zone Committee”);

WHEREAS, in MSF Resolution 2011-060, the MSF Board approved the members of the Michigan Renaissance Zone Committee to discuss and analyze issues related to the renaissance zone program and make recommendations ot the MSF Board regarding the same;

WHEREAS, most of the members appointed to the Renaissance Zone Committee have moved on to new roles or are no longer available to participate in the duties of the Renaissance Zone Committee; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and has spoken with several interested people regarding serving on the Renaissance Zone Committee;

WHEREAS, the MEDC recommends the MSF Board amend the Renaissance Zone Committee appointments to be comprised of the following members to serve at the MSF Board’s discretion:

- Richard Rassel, MSF Board Member
- Peter Anastor, Director, Logistics and Supply Chain Management, MEDC
- Vince Nystrom, Vice President, Strategic Accounts, MEDC or Valerie Hoag, Senior Vice President, Business Development, MEDC
- Amy Lux, Renaissance Zone Program Specialist, MEDC.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Renaissance Zone Committee appointments to now be comprised of the following members to serve at the MSF Board’s discretion:

- Richard Rassel, MSF Board Member
- Peter Anastor, Director, Logistics and Supply Chain Management, MEDC
- Vince Nystrom, Vice President, Strategic Accounts, MEDC or Valerie Hoag, Senior Vice President, Business Development, MEDC
- Amy Lux, Renaissance Zone Program Specialist, MEDC; and

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

Ayes:

Nays:

Recused:



MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Amy Lux, Renaissance Zone Program Specialist
Subject: *MSF-Delegated Committee Actions*
Next Michigan Program

Background

The Next Michigan Program is designed to support logistics-based businesses, referred to as Next Michigan Businesses (“NMBs”), by creating a streamlined process by which Next Michigan Economic Development Corporations (“NMDCs”) can grant certain incentives and recommend NMBs to receive renaissance zones directly to the MSF Board, bypassing the typical requirement of a resolution from the applicable local government. NMBs are companies engaged in specific kinds of business that utilize multi-modal commerce channels. All five NMDC designations authorized by statute have been awarded by the Michigan Strategic Fund (“MSF”) Board, encompassing various regions across the state. Four of the five NMDCs, I-69 International Trade Corridor NMDC, Grant Traverse Region NMDC, West Michigan Economic Partnership NMDC, and VantagePort (Detroit Area), are comprised of a group of four or more local governments. The fifth, Port Lansing NMDC, is comprised of the City of Lansing and portion of the Township of Dewitt acquired by the City of Lansing.

Certain procedural steps must be completed before the NMDCs are empowered to recommend NMBs to be certified by the MSF Board, entitling the NMB to renaissance zone benefits. The Michigan Renaissance Zone Act, PA 376 of 1996, requires that the MSF Board approve an NMDC’s “Marketing Zone” boundaries, which are the preliminary geographic locations where a Next Michigan Renaissance Zone could later be designated. Within these boundaries, a renaissance zone can be marketed to NMBs, but no actual benefits are awarded by the boundary assignments until the MSF Board certifies a NMB. The MSF Board must also approve the application processes by which the NMDC determines whether a company is eligible to be deemed an NMB and whether the NMDC will recommend the NMB for certification to support the company’s project.

On November 28, 2012, the Michigan Strategic Fund (“MSF”) Board approved a resolution delegating the authority to designate Marketing Zone boundaries and approve NMDC application processes to a committee (the “Committee”) within the Michigan Economic Development Corporation (“MEDC”). The Committee consists of Karla Campbell (MSF Manager), Peter Anastor (Policy Director), Amy Deprez (Director, Development Finance), Valerie Hoag (Senior Vice President, Business Development), Patrick Ennis (Senior Corporate Counsel), and Amy Lux (Renaissance Zone Program Specialist).

Committee Action Update

As the NMDCs have submitted Marketing Zone boundaries and application processes for approval, the Committee has met several times to review the submissions and given feedback when necessary. The Committee’s mission was to ensure all submissions were compliant with the statute and MEDC policy. **Attached are the checklists used by the Committee in their evaluations.**

On August 7, 2013, the Committee approved Marketing Zone boundaries for I-69 International Trade Corridor NMDC (the “I-69 NMDC”). Eleven (of 12 possible) Marketing Zones were approved: two in

Shiawassee County, two in Lapeer County, and seven in Genesee County. The I-69 NMDC focused on putting Marketing Zones in industrial parks, rail parks, and around Bishop Airport.

On September 20, 2013, the Committee approved Marketing Zone boundaries submitted by Port Lansing NMDC. Seven (of 12 possible) Marketing Zones were approved all situated around the Capital City Airport. The Committee also approved the application processes for both I-69 NMDC and the Grand Traverse Area NMDC.

On October 7, 2013, the Committee approved the Marketing Zone boundaries for Grand Traverse Region NMDC; the five Marketing Zones approved are situated on several business parks and Cherry Capital Airport. Port Lansing NMDC's application process submission was also approved at the same meeting.

NMDC Marketing Zone Designation Checklist

NMDC Name: _____

ELIGIBILITY		
	Proposed Zones are submitted using official NMDC Boundary Form.	Date Received:
All proposed Zones are within the NMDC's district <ul style="list-style-type: none"> • within the boundaries of the cities, villages, and townships which are parties to the interlocal agreement or the area of the eligible urban entity 		
	Proposed number of Zones does not exceed number allowed for the particular NMDC <ul style="list-style-type: none"> • Act 7 Entity - The smaller of: <ul style="list-style-type: none"> ○ The number of local governmental unit parties, plus one for each county party to the interlocal agreement ○ 12 Zones • Eligible Urban Entity - 12 Zones 	Max. number of Zones allowed:
		Number of Zones submitted:
Each individual proposed Zone is a <u>contiguous</u> geographic area <ul style="list-style-type: none"> • Policy exception for marketing boundaries only: MEDC will also consider two parcels separated by a major transportation corridor as contiguous 		
	The size of the Zones do not exceed the acreage limit <ul style="list-style-type: none"> • Limited to the lesser of: <ul style="list-style-type: none"> ○ 200 acres X max. number of Zones <i>actually</i> designated ○ 1,675 acres 	Max. number of acres allowed:
		Acreage submitted:
All requested parcels are whole parcels—OR—split of parcel(s) is anticipated to be obtained		
All land requested appears to be "shovel-ready" —OR—an explanation/plan for infrastructure development has been submitted		

PROCESS		
	Zones reviewed by preliminary committee	Date:
	Zones approved by the MSF-delegated committee	Date:

RESULTS		
Zones approved:	Zones denied:	Notes/Explanations:
Date Zones are effective:	Number of years approved:	
Date Zones expire: 12/31/2023		

NMDC Application Process Checklist

NMDC Name: _____

- Properly identifies whether proposed business is statutorily “eligible”
 - Process ensures appropriate business activities:
 - a business engaged in the shipment of tangible personal property via multimodal commerce;
 - a supply chain business providing a majority of its services to businesses engaged in the shipment of tangible personal property, including inventory, via multimodal commerce;
 - a manufacturing or assembly facility receiving a majority of its production components via multimodal commerce;
 - a manufacturing or assembly facility shipping a majority of products via multimodal commerce; or
 - a light manufacturing or assembly facility that packages, kits, labels, or customizes products and ships those products via multimodal commerce.
 - Process ensures “Multimodal Commerce” requirement: the movement of products or services via two or more of the following: Air, Road, Rail, Water
- Ensures only businesses opening a new location in MI, locating in MI, or materially expanding in MI are recommended
- Ensures the transfer of employment from 1 or more cities, villages, or township in the State is not the principal economic effect of the project
 - Identifies the percentage of the aggregate full-time employees proposed to be located in the Next Michigan Renaissance Zone that are to be transferred into the Zone
 - Requires the aggregate number of transferred full-time employees to be less than 15% of the total number of full-time employees proposed to be located within the Zone
- Enforces MEDC policy for project minimums
 - Requires 25 or more new Full-Time Jobs or Full-Time Equivalentents
 - Requires minimum investment of 80% sufficient to complete project
 - Requires business to provide proof of financing for 100% of project
- Screens applicants for business integrity: No business entity, affiliate, subsidiary, officer, director, managerial employee, or any person holding a pecuniary interest in the business of 20% has been convicted of a felony that will have a material impact on the applicant’s ability to fulfill its obligations under the Renaissance Zone Act
- Effectively evaluates project in order to identify appropriate duration recommendation (10 year max)
- Effectively evaluates project for appropriateness of incentive (vs. PA 198/328)
- Ensures geographic area recommended is eligible: must be owned or leased by the recommended NMB
- Ensures geographic area recommended is appropriate:
 - Within approved NMDC Zone boundaries
 - Encompasses only area related to the company’s facility where investment and job creation are expected to take place
- Includes language prepared by MEDC to ensure understanding of the responsibilities of NMB to enter into a development agreement and limitations of a Next Michigan Renaissance Zone

PROCESS	
Process reviewed by the MSF-delegated committee	Date:

RESULTS	
Circle: Approved OR Denied	Date:



MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Michael Flanagan, Director, Capital Markets
Diane Cranmer, Private Activity Bond Specialist
Subject: *Private Activity Bond – Bond Inducement
Chelsea-Area Wellness Foundation
Nonprofit - \$12,000,000 - New*

Request:

Chelsea-Area Wellness Foundation (“CWF”) is seeking financing to purchase land and an approximately 48,000 square foot building CWF currently leases located at 2810 Baker Road, Dexter, Washtenaw County. The facility will provide the community with fitness facilities, meeting space, health education classes, medical integration programming and other wellness related offerings.

CWF indicates that it employs 61 individuals. It is anticipated when full membership is attained, CWF will employ approximately 100 full time and part time jobs for skilled, certified and unskilled employees.

Background:

CWF is a 501(c)(3) tax-exempt foundation with a mission to create a culture of wellness and sustainable improvements in health in the community of Dexter, Washtenaw County, as well as four other communities. CWF was founded in 2009 when Chelsea Community Hospital merged with St. Joseph Mercy Health Systems. The Foundation is overseen by a volunteer board of directors, four of whom are residents of Dexter.

Recommendation:

After reviewing the Private Activity Bond Application for Chelsea-Area Wellness Foundation, staff recommends the adoption of an Inducement Resolution in the amount of \$12,000,000 for this project.

MICHIGAN STRATEGIC FUND

INDUCEMENT RESOLUTION

2013-

Chelsea-Area Wellness Foundation

WHEREAS, The Chelsea Health and Wellness Foundation, doing business as Chelsea-Area Wellness Foundation, a Michigan non-profit corporation, is presently located at 310 N. Main Street, Ste. 203, Chelsea, Michigan (the "Company");

WHEREAS, the Company desires to acquire land and an existing approximately 48,000 square foot building located at 2810 Baker Road, Dexter, Washtenaw County (the "Project");

WHEREAS, the Company has applied to the MSF for a loan (the "Loan") to finance the Project as defined in 1984 PA 270 (the "Act");

WHEREAS, the Company has advised the MSF that the cost of the Project will not exceed Thirteen Million Dollars (\$13,000,000);

WHEREAS, the Act authorizes the MSF to loan moneys to business enterprises for the purpose of financing projects and to obtain the moneys for such loans by the issuance of bonds pursuant to the Act; and

WHEREAS, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141 and 144 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

NOW, THEREFORE, BE IT RESOLVED, by the Michigan Strategic Fund that:

1. The MSF intends to provide the Loan to the Company subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Company's Tax-Exempt Application Form dated October 1, 2013.
3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed Twelve Million Dollars (\$12,000,000). The Company shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the bonds under applicable federal and state laws, b) receipt of an allocation from the State Treasurer pursuant to 1988 PA 496 as it relates to limitations on the issuance by states of private activity bonds under the Code, and c) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.
6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the "Attorney General") and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.
7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the "Bond Resolution") for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Company and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the

Attorney General and bond counsel to the MSF.

8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Company to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid from the Bond proceeds or, if they are insufficient, by the Company.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds. Any authorized signatory is authorized to prepare and file with the Michigan Department of Treasury a request for allocation as it relates to the State limitations on the issuance of private activity bonds.

11. Bond counsel to the MSF and the Attorney General are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the MSF to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any authorized signatory is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the bond proceeds or by the Company.

12. A preliminary official statement or other offering materials may be used in connection with the sale of the Bonds; provided, however, that no preliminary official statement or other offering materials shall be circulated unless any description of the MSF, the Bonds and documents to which the MSF is a party shall have been approved by bond counsel to the MSF and the Attorney General.

13. All resolutions and parts of resolutions insofar as they conflict with this Resolution are rescinded.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013



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MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Michael Flanagan, Director, Capital Markets
Diane Cranmer, Private Activity Bond Specialist

Subject: *Private Activity Bond – Bond Authorizing
Porter Hills Presbyterian Village, Inc.
Nonprofit – Not to Exceed \$18,000,000 – Refunding/New*

Request:

Porter Hills Presbyterian Village, Inc. (the “Company”), on behalf of itself and an obligated group comprised of the Company and various affiliates of the company (the “Obligated Group”), is seeking financing to assist the Obligated Group in currently refunding an interim taxable facility used to (i) currently refund all of the outstanding MSF Limited Obligation Revenue Bonds (Porter Hills Presbyterian Village, Inc. Project) Series 1998 (the “1998 Bonds”), (ii) currently refund all of the outstanding MSF Limited Obligation Revenue Refunding Bonds (Porter Hills Obligated Group Project), Series 2003 Municipal Auction Rate Securities (MARS) (the “2003 Bonds”), (iii) currently refund all of the outstanding MSF Limited Obligation Revenue Refunding Bonds (Porter Hills Obligated Group Project), Series 2010 (the “2010 Bonds”), (iv) currently refund a commercial line of credit used to finance capital construction costs of the Greenhouse skilled care facilities (the “Construction Line of Credit” and together with the 1998 Bonds, the 2003 Bonds and the 2010 Bonds, the “Prior Indebtedness”), (v) finance additional capital improvements to existing facilities financed or refinanced with the foregoing MSF obligations, (vi) pay certain swap termination fees related to cancellation of interest rate swaps previously issued and integrated with the foregoing MSF obligations, and (vii) paying certain costs of issuance and refunding.

Background:

Porter Hills Presbyterian Village, Inc., a Michigan 501(c)(3) nonprofit corporation, operates a continuing care retirement community integrated operation owned and operated by the Company and its affiliates, Meadowlark Retirement Village, a Michigan nonprofit corporation, Porter Hills Foundation, a Michigan nonprofit corporation and Porter Hills Home Health West, a Michigan nonprofit corporation (collectively, the “Obligated Group”), consisting of home-for-the aged units, assisted living units, dementia units, and skilled care facilities located in Grand Rapids and Sparta, Kent County, Michigan. The Obligated Group is wholly owned by Westminster Presbyterian Church and Society, a Michigan ecclesiastical corporation.

Recommendation:

Based upon a determination by Dykema Gossett PLLC and the State of Michigan Attorney General’s Office that the project complies with state and federal law requirements, for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of Not to Exceed \$18,000,000.

**RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE
MICHIGAN STRATEGIC FUND LIMITED OBLIGATION REVENUE REFUNDING BONDS
(PORTER HILLS OBLIGATED GROUP PROJECT) SERIES 2013 (THE BONDS")**

RESOLUTION 2013 –

Background

A. The Michigan Strategic Fund (the "Fund") is authorized by 1984 PA 270, as amended (the "Act"), to issue bonds for the purpose of making loans to pay the costs of a project (as defined in the Act), and to refund bonds of the Fund previously issued for the purpose of making loans to pay the costs of a project (as defined in the Act).

B. Porter Hills Presbyterian Village, Inc., a Michigan nonprofit corporation, on behalf of itself and as obligated group agent (the "Obligated Group Agent") on behalf of the Members of the Obligated Group (as defined in the Master Indenture), has requested a loan from the Fund for the purpose of financing the costs of currently refunding an interim taxable facility used to (i) currently refund all of the outstanding Michigan Strategic Fund Limited Obligation Revenue Bonds (Porter Hills Presbyterian Village, Inc. Project) Series 1998, (ii) currently refund all of the outstanding Michigan Strategic Fund Limited Obligation Revenue Refunding Bonds (Porter Hills Obligated Group Project), Series 2003 Municipal Auction Rate Securities (MARS), (iii) currently refund all of the Michigan Strategic Fund Limited Obligation Revenue Refunding Bonds (Porter Hills Obligated Group Project) Series 2010, (iv) currently refund a commercial line of credit used to finance capital construction costs of the Greenhouse skilled care facilities, (v) finance additional capital improvements to existing facilities financed or refinanced with the foregoing Michigan Strategic Fund obligations, (vi) pay certain swap termination fees related to the cancellation of interest rate swaps previously issued and integrated in connection with the foregoing Michigan Strategic Fund obligations, and (vii) pay certain costs of issuance and refunding in connection with the Bonds (collectively, the "Project").

C. The Obligated Group Agent has requested the Fund to issue the Bonds in a principal amount not to exceed \$18,000,000 pursuant to this resolution (the "Resolution") and a trust indenture (the "Indenture"), between the Fund and The Huntington National Bank, N.A., as trustee (the "Trustee"), dated as of November 1, 2013, relating to the Bonds to obtain funds which will be loaned to the Obligated Group Agent pursuant to a loan agreement dated as of November 1, 2013, between the Fund and the Obligated Group Agent (the "Loan Agreement") to pay costs of the Project, and to provide for the execution and delivery of a note ("Note No. 4") by the Obligated Group Agent pursuant to an amended and restated master trust indenture (the "Master Indenture") dated as of September 1, 2013 between the Obligated Group Agent and U.S. Bank National Association (the "Master Trustee"), as supplemented by Supplemental Indenture Number 4 between the Obligated Group Agent and the Master Trustee ("Supplemental Indenture Number 4").

D. The Bonds will be purchased by Huntington Public Capital Corporation (the "Purchaser") pursuant to a Purchase Agreement among the Purchaser, the Fund and the Obligated Group Agent (the "Purchase Agreement").

NOW, THEREFORE, BE IT RESOLVED, by the Board of the Fund:

SECTION 1. Issuance of Bonds; Limited Obligation For the purpose of making the loan requested by the Obligated Group Agent, the issuance of the Bonds is authorized.

The terms of the Bonds shall be substantially in the form contained in the Indenture, with the changes permitted or required by action of the Fund or the Indenture. The Bonds shall bear the manual or facsimile signature of a member of the Fund's Board of Directors (a "Member") or of a person

authorized by Board Resolution to sign Bond documents on behalf of the Fund (an "Authorized Officer"), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds.

The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be a limited obligation of the Fund payable solely from the revenues derived from the Loan Agreement and otherwise as provided in the Indenture.

SECTION 2. Approval, Execution, and Delivery of Documents The forms of the following documents, on file with the staff of the Fund and on which has been endorsed by the staff of the Fund the date of adoption of this Resolution, are approved:

- a. Loan Agreement
- b. Indenture
- c. Purchase Agreement
- d. Note No. 4

Any Member or Authorized Officer is authorized to execute and deliver the Purchase Agreement and any Member or Authorized Officer is authorized to execute and deliver the remaining documents identified in this Section, in substantially the forms approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 3. Completion of Document Terms Any Member may approve the initial interest rate applicable to the Bonds, which shall not be more than 10% per annum, and the principal amount of the Bonds, which shall not be greater than \$18,000,000. The Maximum Interest Rate shall be the rate defined as the "Maximum Interest Rate" in the Indenture. Approval of the terms pursuant to this Section shall be evidenced by the Member's execution of the Purchase Agreement.

SECTION 4. Acknowledgment of Collateral Documents The forms of the Master Indenture, the Supplemental Indenture Number 4, on file with the staff of the Fund and on which have been endorsed by the staff of the Fund the date of the adoption of this Resolution, and are acknowledged with the changes made by the parties as are permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 5. Sale and Delivery of the Bonds A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds:

- a. an approving opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the "Attorney General"),
- b. an approving opinion of counsel to the Obligated Group Agent and necessary certificates and representations of the Obligated Group Agent acceptable to the Fund, the Attorney General, and bond counsel, and
- c. an approving opinion of the Attorney General.

Upon receipt, the proceeds of the Bonds shall be paid over to the Trustee to be credited in accordance with the Indenture.

SECTION 6. Designation of Bond Trustee The Huntington National Bank's acceptance of duties as Trustee shall be evidenced by its execution of the Indenture.

SECTION 7. Authorization of Filings, Submissions and Other Documents Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the Loan Agreement, the Indenture, or the Purchase Agreement or as may be necessary to effectuate the valid issuance, sale, and delivery of the Bonds as tax-exempt bonds and otherwise as contemplated by those documents.

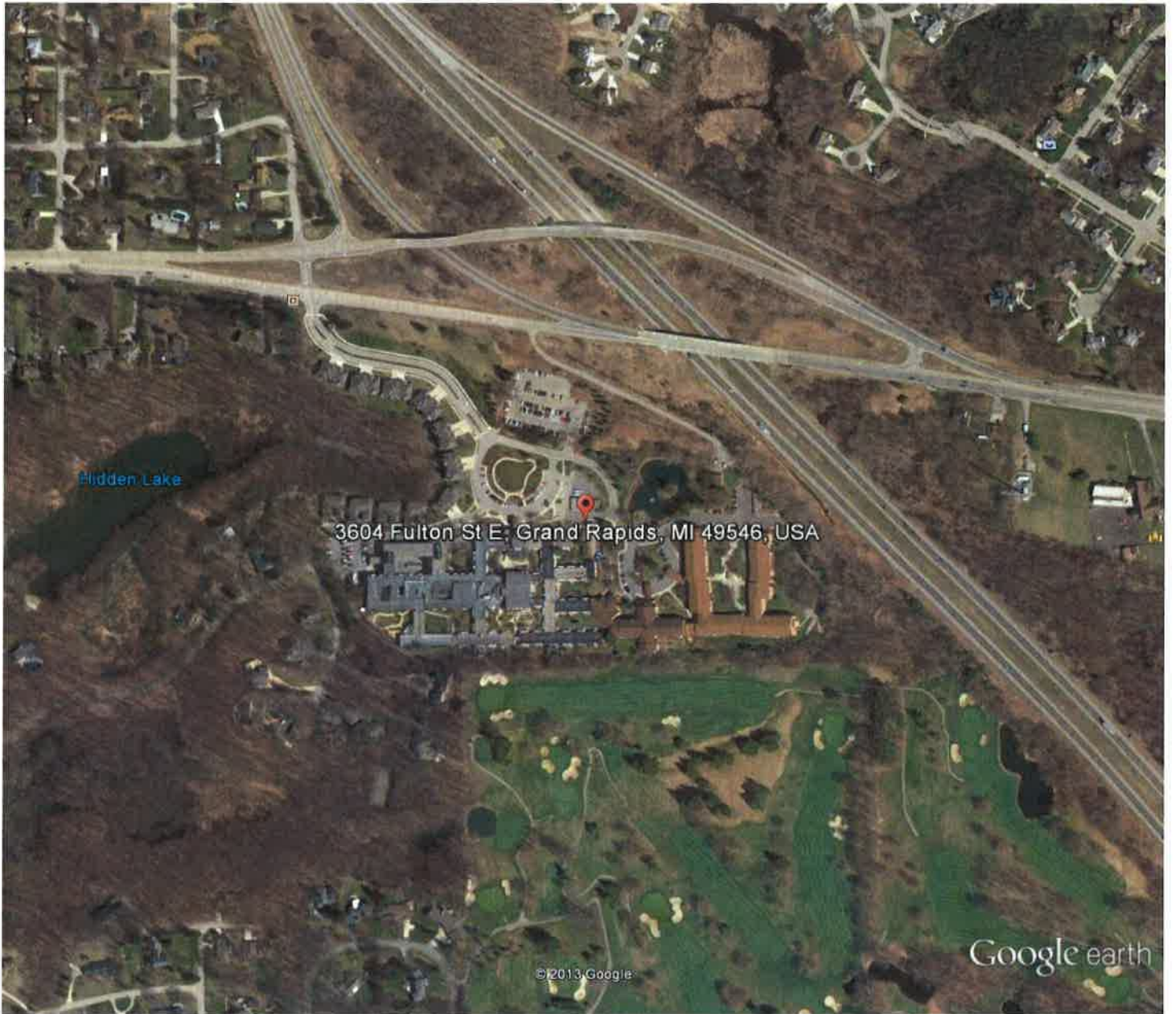
SECTION 8. Conflict and Effectiveness All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before December 31, 2013, the authority granted by this Resolution shall lapse.

Ayes:

Nays:

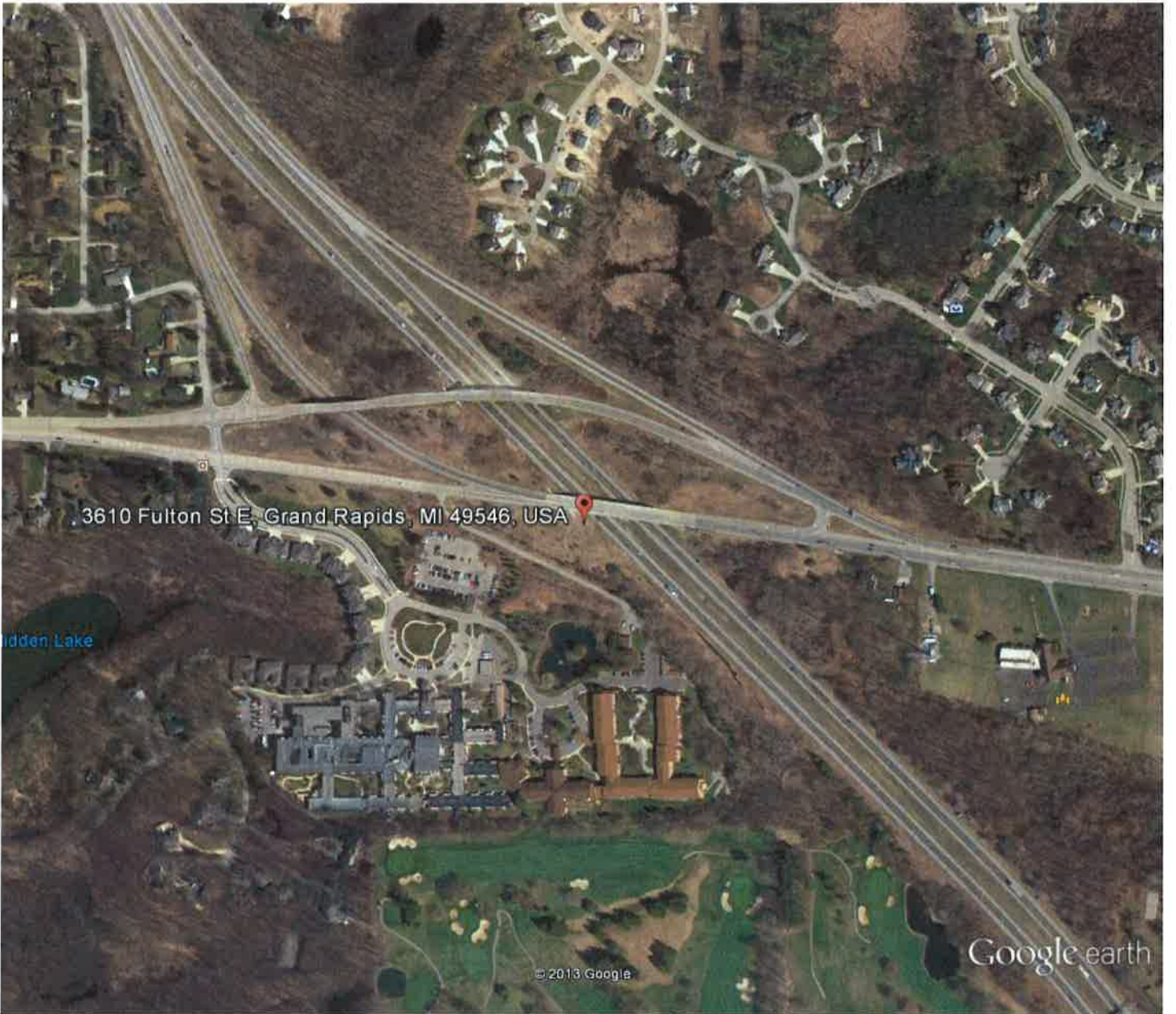
Recused:

Lansing, Michigan
October 23, 2013



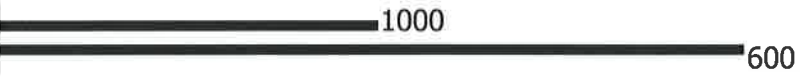
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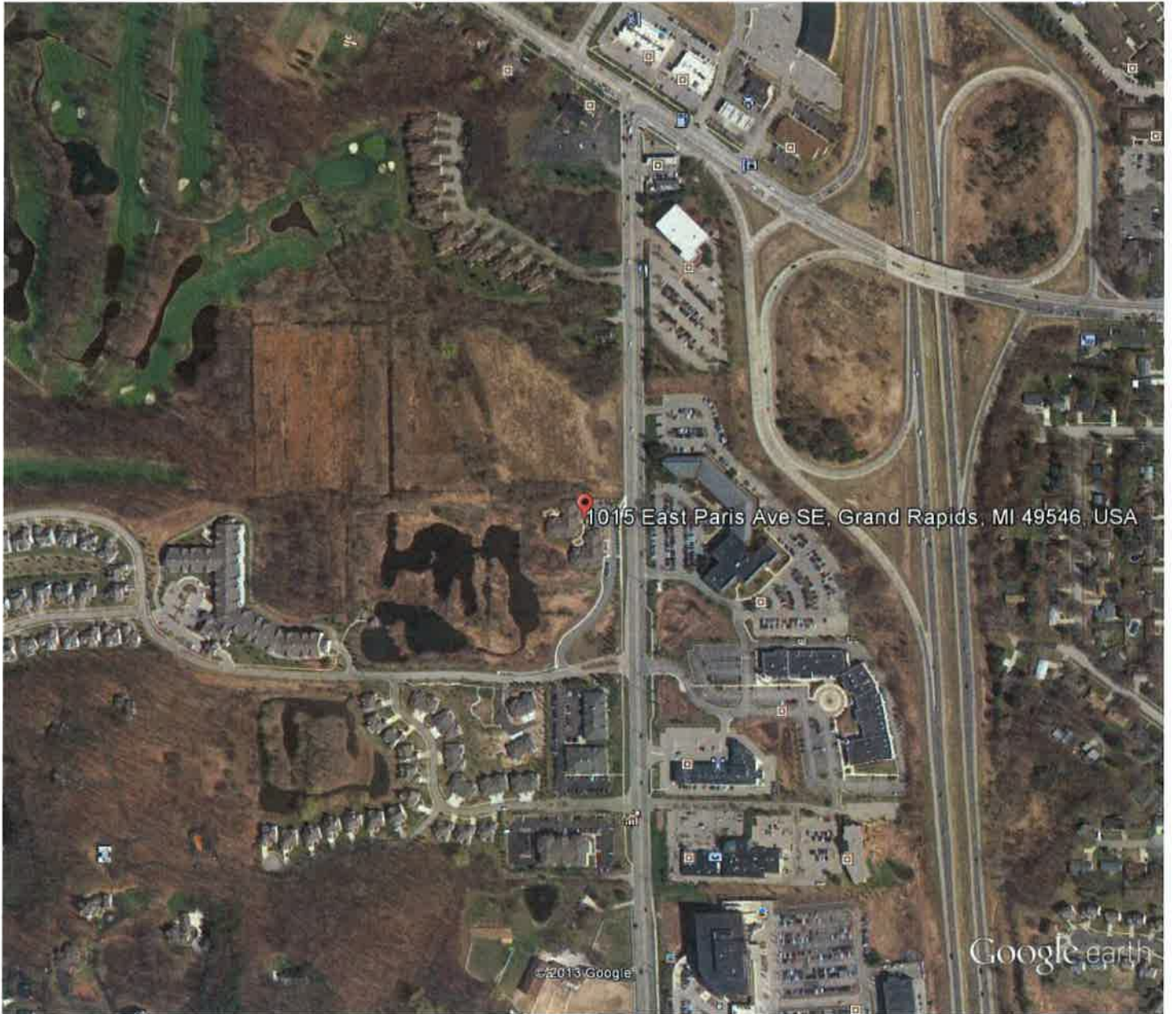




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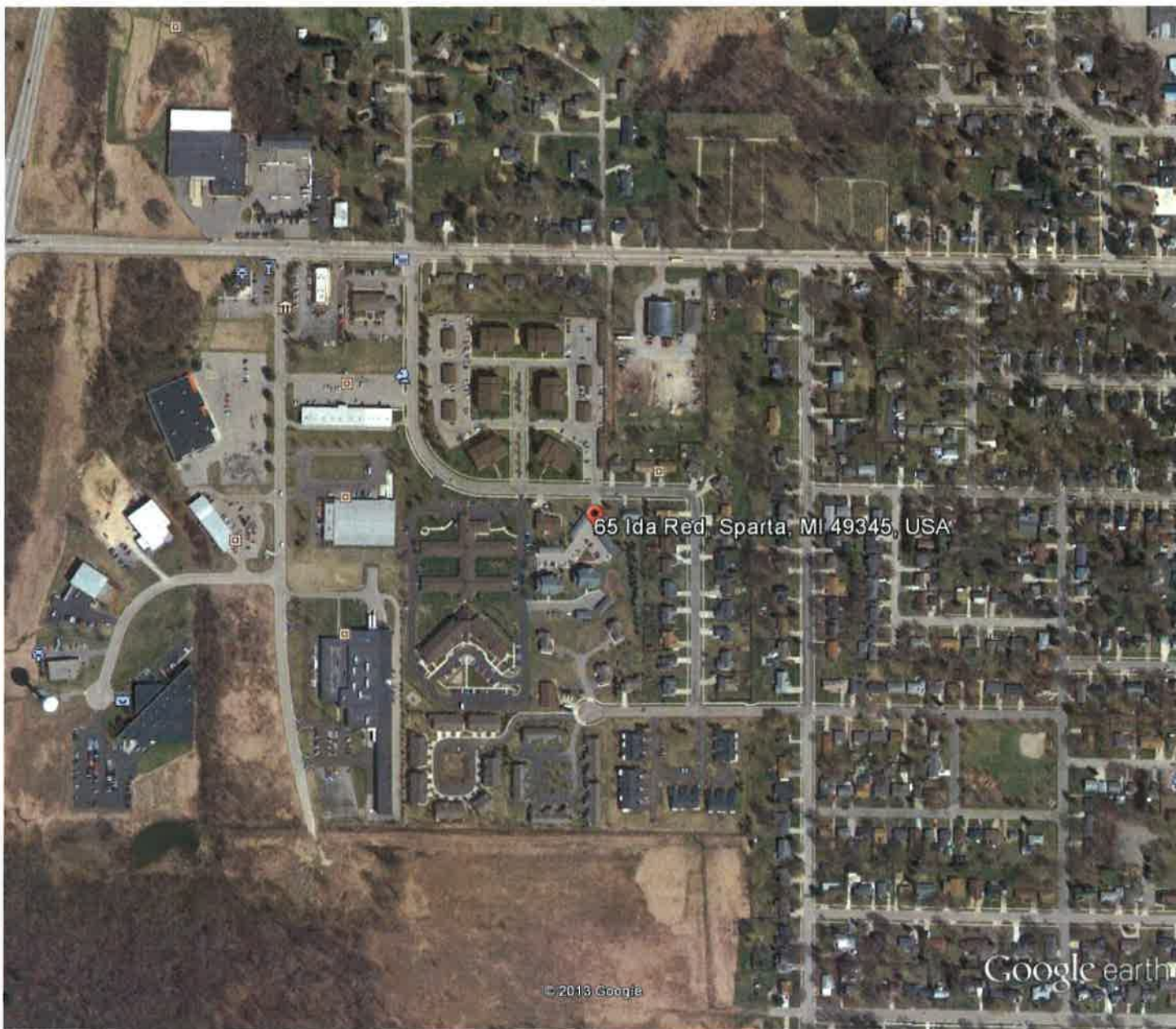
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MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Deborah Stuart, Community Development Incentives Director
Subject: *Community Development Block Grant Program
Delegation of Authority Request*

Action

Staff is requesting authorization from the MSF Board for the MSF Fund Manager and MSF President to approve or deny requests for CDBG funds up to one million dollars.

Background

The U.S. Department of Housing and Urban Development (“HUD”) allocates Community Development Block Grant (“CDBG”) funding to the State of Michigan, through the MSF, for further distribution to eligible Units of General Local Government to carry out State approved activities.

The State’s responsibilities include ensuring the State’s and their Grantee’s compliance with the statute, HUD regulations, and the Consolidated Plan. Due to the program’s federal regulations, projects often have built in delays that can’t be avoided and add extra costs. Preparation for the MSF Board approval typically delays a project that is ready to move forward by three weeks. CDBG grants do not allow for look backs on grant eligible costs, so this additional time makes this program not feasible for many economic development projects with short timelines to start construction.

MEDC Staff is recommending that the MSF Board consider delegated authority for the program based on the following:

- Staff has clear MSF annually approved guidelines for the program. On March 27, 2013, the Michigan Strategic Fund approved the 2013 Consolidated Plan and the Application Guide on May 22, 2013. These documents provide specific guidelines and thresholds on operating the program for staff.
- Large CDBG projects that are requesting over one million dollars in total incentives or include other incentives that require MSF Board approval will continue to be presented to the MSF Board. The MSF Board will be notified of any other delegated approvals projects through a quarterly report.
- The delegation threshold amount models other MSF programs, such as the Michigan Business Development Program and the Michigan Community Revitalization Program. Both programs allow for delegated approval of projects that have incentives of one million dollars or less.

Recommendation

MEDC Staff has concluded that delegating this authority will mirror other delegations and allow for greater efficiency for a federal program that requires project delays already. Staff recommends the Board authorize the Fund Manager and MSF President to approve or deny requests for CDBG funds up to one million dollars.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013- _____

CDBG DELEGATION OF AUTHORITY

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

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

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services to the MSF for the CDBG Program;

WHEREAS, pursuant to MCL 125.2005(7), the MSF Board has the authority to delegate to its president, vice-president, staff, or others the functions and authority that the board deems necessary and appropriate;

WHEREAS, the MEDC recommends that the MSF Board delegate to the MSF Fund Manager and the MSF President the authority to approve CDBG funding requests for one million dollars or less (collectively, "Delegation of Authority");

WHEREAS, the MEDC recommends that a report summarizing the previous quarter's actions related to the Delegation of Authority be presented to the MSF quarterly; and

WHEREAS, the MSF deems it necessary and appropriate to approve the Delegation of Authority to administer the CDBG program.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Delegation of Authority to the MSF Fund Manager and the MSF President.

BE IT FURTHER RESOLVED, that a report summarizing the previous quarter's actions taken in relation to the Delegation of Authority is presented to the MSF Board on a quarterly basis.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Karla Campbell, MSF Fund Manager
Subject: *Allocation of Funds from the 21st Century Jobs Fund for the Michigan Business Development Program and the Michigan Community Revitalization Program*

Request

This is a request to authorize the allocation of funds in the amount of \$120 million from the 21st Century Jobs Fund to the Michigan Strategic Fund (MSF) to operate the Michigan Business Development and the Michigan Community Revitalization Programs for FY 2014.

Background

Each year, the MSF must request these funds to operate the above mentioned programs. Public Act 59 of 2013 appropriated \$17.5 million to the 21st Century Jobs Fund and \$102.5 million to the General Fund for business attraction and community development. Legislation requires that a minimum of \$20 million be spent on the Michigan Community Revitalization Program.

Recommendation

MEDC recommends that the State Treasurer transfer \$120 million from the 21st Century Jobs Trust Fund to the MSF for the operation of the Michigan Business Develop Program and the Michigan Community Revitalization Program for Fiscal Year 2014.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

ALLOCATION OF FUNDS FROM THE 21ST CENTURY JOBS TRUST FUND TO THE MICHIGAN STRATEGIC FUND FOR THE MICHIGAN BUSINESS DEVELOPMENT PROGRAM AND THE MICHIGAN COMMUNITY REVITALIZATION PROGRAM

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative;

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

WHEREAS, under MCL 125.2088r and MCL 125.2090b, the MSF shall create and operate the Michigan Business Development Program (“MBD Program”) and the Michigan Community Revitalization Program (“MCR Program”);

WHEREAS, on October 26, 2011, the MSF created the MBD Program and the MCR Program;

WHEREAS, MCL 12.258 provides that the MSF Board may request the state treasurer to transfer appropriated funds from the 21st Century Jobs Trust Fund to the MSF in the amounts designated by the MSF Board to fund disbursements or reserves for programs or activities under Chapter 8A and Chapter 8C of the MSF Act, MCL 125.2088 et. seq.;

WHEREAS, 2013 PA 59 appropriated \$17.5 million from the 21st Century Jobs Trust Fund and \$102.5 million from the State General Fund for business attraction and community development for the 2013-2014 fiscal year;

WHEREAS, 2011 PA 252 places the \$102.5 million of funds appropriated for business attraction and community development in the 21st Century Jobs Trust Fund;

WHEREAS, the MEDC recommends that the MSF allocate \$120 million from the 21st Century Jobs Trust Fund from the appropriations to the MSF, with at least \$20 million of the funds to be spent on projects under the MCR Program; and

WHEREAS, after consideration of that recommendation, the MSF Board desires to allocate \$120 million from the 21st Century Jobs Trust Fund to the MSF for the purposes of the MBD Program and the MCR Program, with at least \$20 million to be spent on projects under the MCR Program.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board requests the state treasurer to transfer \$120 million from the 21st Century Jobs Trust Fund to the MSF for the MBD Program and MCR Program, provided that no more than 60 percent of the funds are transferred before April 1, 2014; and

BE IT FURTHER RESOLVED, the MSF Board allocates \$120 million from the 21st Century Jobs Trust Fund to the MSF for the MBD Program and MCR Program, with at least \$20 million to be spent on projects under the MCR Program, as the funds are transferred.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

MEMORANDUM

Date: October 23, 2013

To: Michigan Strategic Fund Board

From: Karla Campbell, MSF Fund Manager

Subject: *Renewal of Memorandum of Understanding between the Michigan Strategic Fund and the Michigan Economic Development Corporation and Allocation of the 4% Annual Appropriation from the 21st Century Jobs Funds*

Request

This is a request to reauthorize the Memorandum of Understanding (MOU) between the Michigan Strategic Fund (MSF) and Michigan Economic Development Corporation (MEDC) for FY 2013

Staff is also requesting that the MSF allocate the 4% Annual Appropriation from the 21st Century Jobs Funds to the MSF to provide services for 21st Century Jobs Funds programs.

Background

On January 25, 2006, the Michigan Strategic Fund (the “MSF”) and the Michigan Economic Development Corporation (the “MEDC”) entered into a Memorandum of Understanding (the “MOU”) for the purpose of specifying responsibilities between the MSF and the MEDC in administering the 21st Century Jobs Trust Fund (the “21st CJTF”) initiative. The MOU was amended on July 13, 2006, October 1, 2007, September 24, 2008, September 30, 2009, September 22, 2010, September 21, 2011, and September 27, 2012, respectively.

Recommendation

MEDC staff recommends that the MOU be amended to extend the effective date of the MOU through September 30, 2014.

MEDC staff also recommends that the MSF authorize the expenditure of 4% of the annual appropriation from the 21st CJTF for administrative expenses for fiscal year 2013-2014.

**MICHIGAN STRATEGIC FUND BOARD
RESOLUTION 2013-**

**RENEWAL OF MEMORANDUM OF UNDERSTANDING BETWEEN THE MICHIGAN
STRATEGIC FUND AND THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

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

WHEREAS, at its January 25, 2006 meeting, the Michigan Strategic Fund (the "MSF") Board approved the Memorandum of Understanding (subsequently amended at its July 13, 2006, September 26, 2007, September 24, 2008, September 30, 2009, September 22, 2010, September 21, 2011, and September 27, 2012 meetings) between the MSF and the Michigan Economic Development Corporation (the "MEDC") describing the administrative services associated with the 21st Century Jobs Trust Fund programs to be provided by the MEDC to the MSF (the "MOU");

WHEREAS, consistent with the terms of the MOU, the MEDC and MSF desire to extend the effective date of the MOU through September 30, 2014; and

WHEREAS, to appropriately and fully fund such administrative expenses, the MSF Board believes it is reasonable to exercise its discretion pursuant to MCL 125.2088b(3), and as otherwise may be provided under the MSF Act, MCL 125.2001 et. seq., as may be amended from time to time (the "MSF Act") to authorize an expenditure of four percent (4%) of the annual appropriation from the 21st Century Jobs Trust Fund for administrative expenses for fiscal year 2013-2014.

NOW, THEREFORE, BE IT RESOLVED, subject to the control and direction of the MSF Board, the MEDC shall provide administrative services through September 30, 2014 for all 21st Century Jobs Trust Fund programs, and other MSF programs and activities, authorized by the MSF Board and included and described in the Michigan Strategic Fund Act;

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to sign an amendment to the MOU extending the effectiveness of the MOU from October 1, 2013 through September 30, 2014; and

BE IT FURTHER RESOLVED, that the MSF Board, acting pursuant to the MSF Act, authorizes four percent (4%) of the annual appropriation from the 21st Century Jobs Trust Fund to be incurred for administrative costs related to the administration of programs and activities authorized under the MSF Act for fiscal year 2013-2014.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

MEMORANDUM

Date: October 23, 2013
To: Michigan Strategic Fund Board
From: Ricardo Gonzalez: Capital Markets
Subject: *Credit Suisse – Customized Fund Investment Group Sale
Grosvenor Capital Management, L.P.*

Request

MSF Staff received notice that Credit Suisse agreed to sell the Customized Fund Investment Group to Grosvenor Capital Management, L.P. The agreement may not be assigned without the express written consent of the MSF, and therefore, MEDC Staff is requesting that the MSF Board consent to the assignment of the Credit Suisse Customized Fund Investment Group Agreement to Grosvenor Capital Management, L.P. See Attachment A for more information on Grosvenor.

Background

The MSF Board selected the Credit Suisse Customized Fund Investment Group (CFIG) as the fund manager to assist the MSF Board in the development of an investment strategy for 21st Century Investments and executing the investment strategy on behalf of the MSF Board. On September 16th the MSF received notice that Credit Suisse agreed to sell the Customized Fund Investment Group to Grosvenor Capital Management, L.P.

Recommendation

In order to maintain the programs managed by the Customized Fund Investment Group, MEDC Staff recommends that the MSF Board consent to the assignment of the Customized Fund Investment Group agreement to Grosvenor Capital Management L.P.

MICHIGAN STRATEGIC FUND

RESOLUTION

2013-

ASSIGNMENT OF FUND MANAGER AGREEMENT

WHEREAS, at its June 7, 2006 meeting, the Michigan Strategic Fund (“MSF”) Board selected the firm of Credit Suisse Customized Fund Investment Group (“Credit Suisse”) as the fund manager to assist the MSF Board in the development of an investment strategy for 21st century investments and executing the investment strategy on behalf of the MSF Board;

WHEREAS, at its July 13, 2006 meeting, the MSF Board approved a 21st Century Investment Fund Manager Agreement (the “Agreement”) for use as the contract between the MSF and Credit Suisse;

WHEREAS, on September 16, 2013, the MSF received notice that the Credit Suisse agreed to sell the Customized Fund Investment Group (“CFIG”) to Grosvenor Capital Management, L.P. (“Grosvenor”);

WHEREAS, pursuant to Section 3.14 of the Agreement, the Agreement may not be assigned without the express written consent of the MSF;

WHEREAS, the MEDC recommends that the MSF Board consent to the assignment of the CFIG Agreement to Grosvenor; and

WHEREAS, the MSF Board desires to consent to the assignment of the CFIG Agreement to Grosvenor.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board consents to the assignment of the CFIG Agreement to Grosvenor; and

BE IT FURTHER RESOLVED, that MSF Manager is authorized to negotiate and sign all final documents necessary to effectuate the MSF’s consent to the assignment of the CFIG Agreement to Grosvenor.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 23, 2013

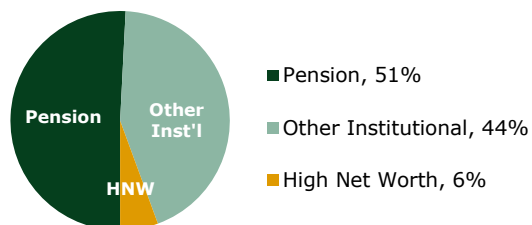
This Firm Profile contains certain limited information about Grosvenor Capital Management, L.P. ("Grosvenor" or the "Firm"). The Notes and Disclosures following this Firm Profile are an integral part of this Firm Profile and must be read in connection with your review of this Firm Profile.

Grosvenor Capital Management, L.P.

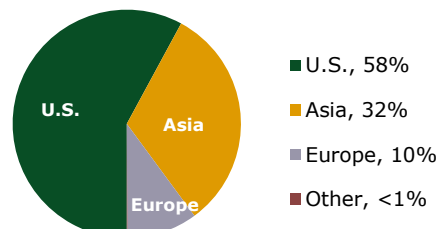
Firm Characteristics (July 31, 2013)

Focus	Hedge Fund Investing	Employees	267
Assets Under Management (AUM)	\$23.4 billion	SEC-Registered Investment Adviser ¹	Since 1997
Firm Inception	1971	ERISA Fiduciary to Certain ERISA Plan Investors ¹	

Investor Type (Percent of AUM)²



Investor Geography (Percent of AUM)²



About Grosvenor

Grosvenor is a leading provider of hedge fund investment management and advisory services to clients worldwide. Since 1971, we have specialized in designing, implementing and managing multi-manager portfolios. Today, Grosvenor helps clients obtain exposure to hedge funds through: i) commingled funds and ii) tailored solutions that encompass customized portfolios, direct investments and full hedge fund program advisory services. Clients select the optimal approach to obtaining hedge fund exposure based on their goals, governance, resources and capabilities.



Grosvenor manages assets on behalf of individual and institutional clients. Our institutional client base, which accounts for 94% of our assets under management, includes pension plans, banks, endowments, foundations, insurance companies and government entities. We are headquartered in Chicago, with offices in New York, London, Tokyo, and Hong Kong.

Commingled Funds

Our commingled funds are designed for clients seeking: i) core exposure to hedge funds; ii) ease of investment; iii) immediate diversification; iv) operational efficiency; and v) rapid allocation to individual strategy exposures. Grosvenor offers commingled funds that provide both core and specialized strategy exposures.

Solutions Services

Grosvenor's hedge fund solutions services are designed for clients seeking additional influence over their hedge fund investments. Solutions span the range from customized portfolios to full strategic partnerships that encompass hedge fund program design, implementation, management and monitoring. Clients choose a level of advisory services based on the size of their hedge fund program, their current and desired in-house capabilities, and their hedge fund exposure goals. We developed our first solutions relationship in 1994. Today, we have 43 client relationships that benefit from our solutions services.

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Customized Portfolios. Clients seeking a customized mandate, influence over structure and involvement in the investment process benefit from our customized portfolio expertise. Today, we manage 62 core and specialized customized portfolios.

Strategic Partnerships. Clients seeking to supplement or develop their internal hedge fund resources and capabilities can leverage Grosvenor's investment, operations, risk management and structuring expertise through our solutions services. Our staff acts as an extension of our clients' staff, providing resources, specialized skills and training. Our goal is to help clients reduce the overall costs of their hedge fund programs, which may include direct investments, customized portfolios and specialty investments.

Grosvenor's hedge fund solutions services include:

- Program design and documentation
- Operational infrastructure
- Manager and fund due diligence
- Investment structuring and implementation
- Portfolio management, risk management and risk aggregation
- Technology solutions
- Education and knowledge transfer
- Transition services

Competitive Advantages

Broad Coverage of Hedge Funds. Hedge fund investing has been the Firm's sole focus since 1971. Our Investments Team actively covers—and can offer insight on—854 hedge funds globally. Our broader proprietary database contains in excess of 3,700 investment management firms.

Large, Specialized Staff. Grosvenor believes its Investments, Operations, Risk Management and Legal Teams are among the largest and most experienced in the industry. Our clients leverage these resources as an extension of their staff, obtaining access to our industry, strategy, manager and fund knowledge.

Economic and Structural Advantages. Grosvenor uses its scale to structure unique and efficient ways to access underlying hedge funds by negotiating:

- Customized strategy exposures
- Economic savings and alignment of interests
- Control provisions and improved liquidity

Disciplined Due Diligence Process. We believe the breadth and depth of our hedge fund due diligence is unparalleled in the industry. We perform separate and distinct investment, risk management and operational due diligence, which we believe is a differentiated approach to manager research.

Risk Analytics and Aggregation. Grosvenor's proprietary risk tools allow us to perform sophisticated exposure and risk analytics for individual hedge funds, multi-manager portfolios and full hedge fund programs.

Knowledge Transfer. We are committed to sharing knowledge with our clients through reporting and communications that emphasize transparency.

Contact Information

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New York +1 312 506 6700	Hong Kong +852 3469 6500	

www.gcmlp.com
inquiries@gcmlp.com

¹ Registration with the SEC as an investment adviser and Grosvenor's status as an ERISA fiduciary to ERISA plan investors should not be construed to imply that the SEC or the DOL has approved or endorsed Grosvenor's qualifications or the services it offers or that Grosvenor or its representatives possess a particular level of skill, expertise, or training.

² Total may not sum to 100% due to rounding.

You have requested that Grosvenor Capital Management, L.P. ("Grosvenor") provide you certain data or other information ("Grosvenor Information") relating to Grosvenor or to certain investment vehicles and accounts managed or advised by Grosvenor (the "Grosvenor Funds"). In reviewing any such Grosvenor Information, you should consider the following:

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MSF Board Meeting
Quarterly Report

Michigan 21st Century Investment Fund,
L.P.

October 23, 2013

The Customized Fund Investment Group

Important Information

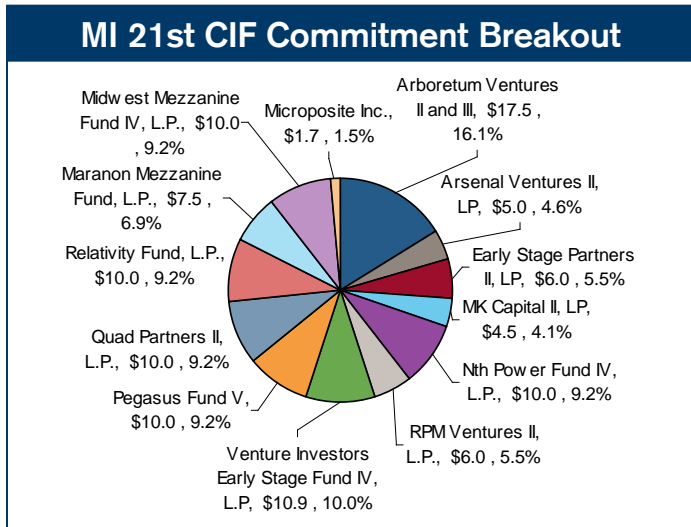
This document has been prepared, at the request of The Michigan 21st Century Investment Fund (“MI 21st CIF”), for its general informational purposes in connection with its investment in a program (the “Program”) with the Customized Fund Investment Group (“CFIG”) of Credit Suisse Asset Management (“CSAM”) and may not be used or reproduced for any other purpose. This document is for informational purposes only and all information contained herein is subject to revision and completion. This document does not constitute or form part of an offer to issue or sell, or of a solicitation of an offer to subscribe or buy, any securities or other financial instruments, nor does it constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering or investment. Any such offer will be made only by means of the Program’s confidential private placement memorandum and is subject to the terms and conditions contained therein and in the limited partnership agreement (or other organizational documents) of the Program, as amended, restated or modified. The information set forth herein does not purport to be complete. In addition, this document does not constitute nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any investment contract.

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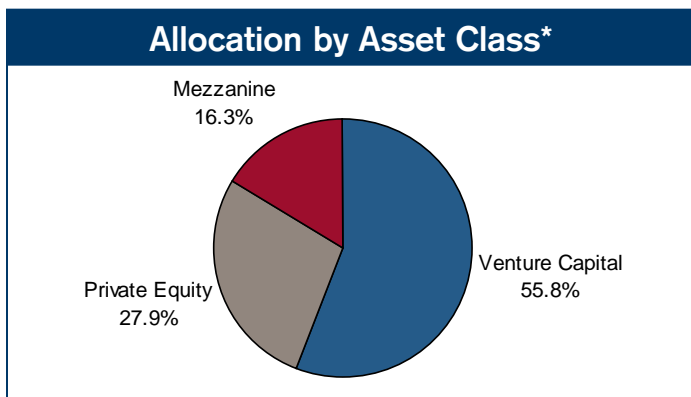
Michigan 21st Century Investment Fund Summary

- Since 2006, the MI 21st CIF has committed **\$109.0 million** to **13 funds** and one company

By U.S. dollars invested



By U.S. dollars invested



Fund Managers

Arboretum Ventures		Quad Partners	
Early Stage Partners		Relativity Capital	
Maranon Mezzanine		Pegasus Partners	
Midwest Mezzanine		Venture Investors	
Nth Power		Arsenal Ventures	
RPM Ventures		MK Capital	

Michigan 21st Century Investment Fund Summary (Cont'd)

- As of June 30, 2013 the underlying funds have drawn approximately **73.1%** of their capital commitments or **\$78.5 million**
- The majority of funds are at the end of their investment period
- Credit Suisse is actively assessing Michigan investment plans and activity for all fund managers

Years Remaining in Investment Period*
As of June 30, 2013

1 to 2 years

\$77.9 million committed (72.5%)

\$64.8 million drawn (60.4% of commitments)

Arboretum Ventures II, L.P.
Midwest Mezzanine Fund IV, L.P.
Nth Power Fund IV, L.P.
Quad Partners II, L.P.
Venture Investors IV, L.P.
Maranon Mezzanine Fund, L.P.
Relativity Fund, L.P.
Early Stage Partners II, L.P.
RPM Ventures II, L.P.

2 to 4 years

\$4.5 million committed (4.2%)

\$3.2 million drawn (2.9% of commitments)

MK Capital II, L.P.

4 + years

\$25.0 million committed (23.3%)

\$10.5 million drawn (9.8% of commitments)

Arsenal Ventures II, L.P.
Arboretum Ventures III, L.P.
Pegasus Fund V, L.P.

* Note: Total exclude \$1.6 million investment in Microposite Inc.

Michigan-Based Portfolio Companies

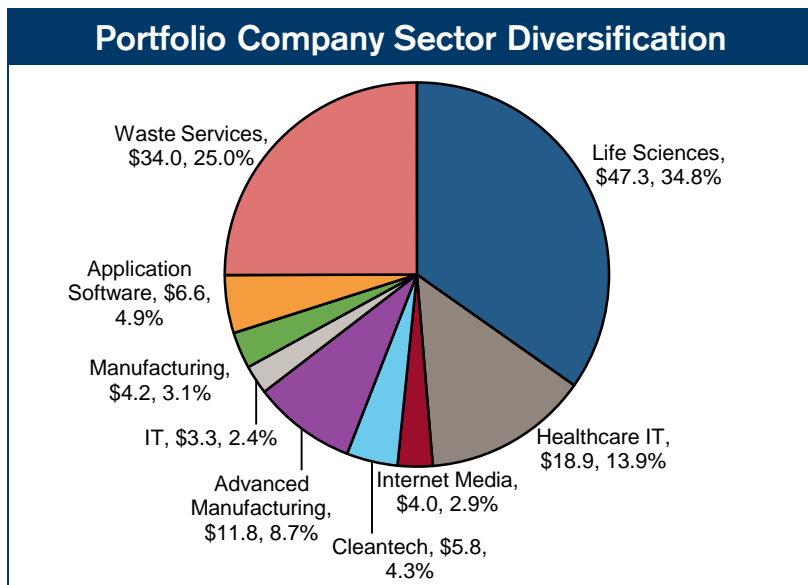
As of September 2013, the Michigan 21st Century Investment Fund managers (Fund Managers) have invested **\$135.9 million** into **28** Michigan-based portfolio companies which have **951** Michigan employees. Michigan 21st Century Investment fund managers have invest nearly **1.73x** the amount they have drawn from the Fund.



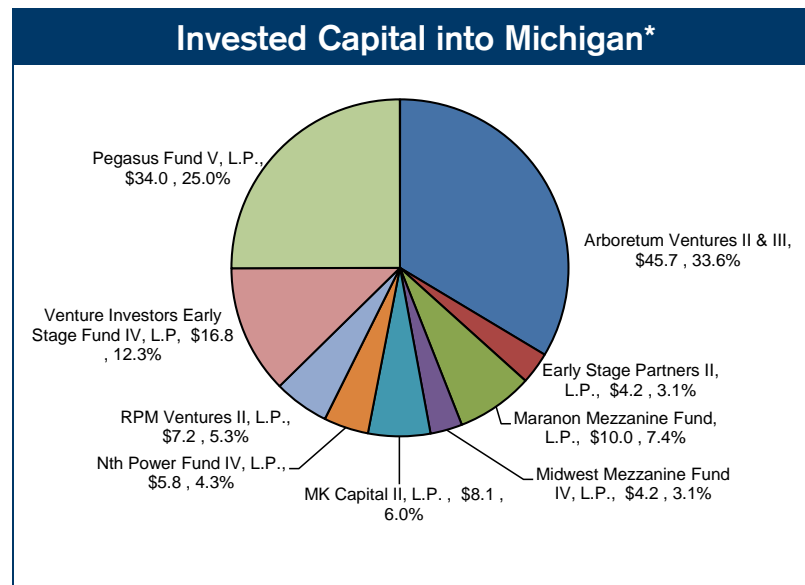
Michigan-Based Portfolio Companies (Cont'd)

- Overall, **\$796.9 million** of equity has been invested into these **28** portfolio companies by all syndicate partners. This represents a **5.86x** leveraging of the MI 21st CIF underlying fund manager investments
- These portfolio companies continue to be diversified across sectors, including life sciences, manufacturing, healthcare, IT, waste services and media

By U.S. dollars invested



By U.S. dollars invested



Key Return Metrics

- The following table displays select return metrics for Michigan 21st Century Investment Fund, LP as of **June 30, 2013**
- The metrics represent performance for the full fund for all Partners including the Michigan Strategic Fund (MSF represents 95% of the fund)

Return Metric	Value	Notes
Partnership Size (commitments)	\$120.0 million	\$109 million committed
Cumulative Capital Invested (capital called)	\$96.8 million	80.7% of committed capital
Cumulative Return of Capital (distributions)*	\$22.4 million	23.1% of cumulative capital invested capital
Adjusted Value of Fund Investments	\$76.0 million	Reported value plus distributions
Underlying Portfolio Company Valuation	1.06x cost	“gross value” of underlying funds
Fund Manager Aggregate Valuation	.95x cost	“net value” of underlying funds

MEMORANDUM

DATE: October 23, 2013

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

FROM: Amy Deprez, Director, Development Finance
Joseph Martin, Manager, Brownfield and MCRP

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 4th quarter of the 2013 fiscal year.

Detailed information is now sent to all Board Members as they are approved. As such, the detailed informational sheet on each approval is not included in this memo. If you would like additional information on a project, please let us know.

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
GKN Driveline North America, Inc.	7/11/2013	Auburn Hills	\$1,000,000	50	\$5,100,000
Detroit Diesel Corporation	7/18/2013	Redford Township	\$250,000	79	\$77,200,000
TPUSA, Inc. d/b/a TeleperformanceUSA	7/23/2013	Cascade Township	\$600,000	500	\$3,792,000
Fairlife, LLC	7/23/2013	Coopersville	\$900,000	133	\$127,563,150
Unique Tool and Manufacturing Co Inc.	7/26/2013	Bedford Township	\$150,000	62	\$4,669,325
Asterand, Inc.	7/29/2013	Detroit	\$250,000	25	\$1,700,000
Coyote Logistics, LLC	8/21/2013	Ann Arbor	\$1,000,000	125	\$1,200,500
Topsy Labs, Inc.	8/30/2013	Comstock Township	\$350,000	35	\$170,000
Firstronic LLC	9/4/2013	Grand Rapids	\$300,000	121	\$2,245,000
ADAC Plastics, Inc. d/b/a ADAC Automotive	9/9/2013	Muskegon	\$650,000	97	\$7,903,000
Longbow Advantage, Inc.	9/10/2013	Ann Arbor	\$250,000	32	\$411,400
Renu Wireless USA LLC	9/29/2013	Roseville	\$900,000	228	\$5,251,002

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
NewGAR, LLC	7/24/2013	Detroit	\$660,000	96	\$4,439,000
Harbor Village at Harbor Shores, LLC	7/24/2013	St. Joseph	\$900,000	68	\$19,702,465
Ben's 314, LLC	7/25/2013	St. Clair	\$217,500	7	\$11,130,000
609 E. Kirby Lofts LLC	7/31/2013	Wayne	\$1,000,000	2	\$6,562,597
Herkimer Apartments LDHA LP	8/27/2013	Grand Rapids	\$305,157	18	\$17,065,769
Dwelling Place of Grand Rapids	8/27/2013	Grand Rapids	\$293,659	0	\$1,487,510
Hotel Sterling II, LLC	9/25/2013	Wyandotte	\$445,000	3	\$2,515,938
Downtown Muskegon Development Co.	9/27/2013	Muskegon	\$710,000	4	\$3,971,900
Harbortown Riverside, LLC and Harbortown Riverside Financing, Inc.	9/27/2013	Detroit	\$1,000,000	3	\$19,936,653



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN/GRANT PORTFOLIO**

Board Meeting October 23, 2013

FOR QUARTER ENDED 09/30/13

BACKGROUND

On January 25, 2012, the Michigan Strategic Fund (“MSF”) Board approved by resolution a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund, (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor Fund program and Michigan Life Sciences Corridor Fund program, and (iii) those loans awarded under the Choose Michigan program, including the authority to approve loan restructure requests (“Delegation of Authority”). Under the Delegation of Authority, actions related to awards with an original amount of \$1,000,000 or less may be approved by the MSF Chairperson, the MSF Fund Manager and the MSF State Treasurer Director, with only one required to act. Actions related to awards with an original amount of \$1,000,001 to \$3,000,000 are reviewed by the MSF Investment Subcommittee before presentation to the delegates for final approval. Actions related to awards with an original amount of \$3,000,001 are presented to the full MSF Board.

In addition, under Executive Order No. 2010-8, the Governor abolished the Strategic Economic Investment and Commercialization (“SEIC”) Board and all powers, duties, and functions of the SEIC Board were transferred to the MSF. On October 27, 2010 the MSF Board delegated to the MSF Chairperson or the MSF State Treasurer Director the authority to approve final disbursements and no-cost amendments to grants and other contracts previously administered by the SEIC Board under the 21st Century Jobs Fund and its predecessor programs.

APPROVALS BY AUTHORIZED DELEGATE

Between July 1, 2013 and September 30, 2013 the following actions were approved by one of the authorized MSF Board members:

Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
Metabalog, LLC	Loan Recapture and Payback (Discounted)	\$100,000	\$50,000	July 1, 2013
Tellurex, Inc.	Conversion	\$1,263,950	\$1,263,950	July 24, 2013
KTM Industries, Inc.	Restructure Subordination	\$2,011,185	\$1,962,055	August 21, 2013 September 18, 2013
TransPharm Preclinical Solutions, LLC	Restructure	\$400,000	\$400,000	August 28, 2013
Zeeland Bio-Based Products, Inc.	Restructure	\$1,011,593	\$820,575	September 18, 2013

Advanced Photonix, Inc.	Restructure	\$1,200,000	\$1,200,000	September 18, 2013
Sonetics Ultrasound, Inc.	Conversion	\$1,214,681	\$1,214,681	September 18, 2013

ABOUT THE COMPANIES

Metabalog, LLC

Metabalog, LLC, an Ann Arbor-based company, uses proprietary catalytic processes that produce metabolite analogs. The company initially offered services to clients to identify metabolites as well as augmenting client clinical pipeline opportunities.

Tellurex, Inc.

Tellurex Corporation, a Traverse City-based company, develops and produces Thermoelectric Technology (TE) modules. The thermoelectric modules can (1) perform solid-state heating or cooling when connected to an electrical current, and, (2) generate an electrical current when exposed to a heat source.

KTM Industries, Inc.

KTM Industries, Inc., a Lansing-based Company manufactures biodegradable engineered foam material for protective packaging applications and for the craft and toy market. The company's primary market is global green packaging, including auto glass protection, aeronautical parts and Green Cell Foam for thermal shipping. KTM sells its toys in the China market.

TransPharm Preclinical Solutions, LLC

TransPharm Preclinical Solutions, a Jackson-based company, is a Contract Research Organization servicing clients in the pharmaceutical industry. The Company is a single source provider of studies in infectious disease animal models for the antibiotic discovery industry.

Zeeland Bio-Based Products, Inc.

Zeeland Bio-Based Products, LLC, a Zeeland-based Company, was formed to research and create industrial products and chemicals from soybean oil and meal in order to produce a portfolio of higher value agricultural-based industrial products.

Advanced Photonix, Inc.

Advanced Photonix, Inc., an Ann Arbor-based company, is a leading supplier of opto-electronic solutions and Terahertz sensors and other instrumentation to the global OEM customer base. The technology is based on high-speed receivers and the Terahertz sensor product line is targeted to the Nondestructive Testing and Quality Control markets.

Sonetics Ultrasound, Inc.

Founded in 2004, Sonetics Ultrasound, Inc., located in Ann Arbor, MI, was formed to develop and commercialize revolutionary real-time, high resolution 3D ultrasound in a portable unit. The advantages of this product will enable a significant expansion of the existing \$3 billion medical ultrasound market.



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL SERVICES TEAM
July 1 – September 30, 2013**

BACKGROUND

On May 20, 2009, the MSF Board approved the Michigan Loan Participation Program (“MLPP”) guidelines, and on June 24, 2009, the Michigan Collateral Support Program (“MCSP”). Both programs are housed under the Michigan Supplier Diversification Fund (“MSDF”), and are funded by the state’s 21CJF initiative. The MSF Board must approve MSDF requests over \$2.5 million, and as delegated by the MSF Board on March 28, 2012, requests for collateral support or loan participation of \$2.5 million or less may be approved by any two of the following: MSF Chairperson, or the MSF Fund Manager, or the MSF State Treasurer Director.

On May 25, 2011, the MSF Board approved the Michigan Business Growth Fund (“MBGF”), and its two programs, the Collateral Support Program (“MBGF-CSP”), and the Loan Participation Program (“MBGF-LPP”). The MBGF, and its programs were created under, and funded by, the federal government’s State Small Business Credit Initiative (“SSBCI”). The MSF Board must approve MBGF requests over \$2.5 million, and as delegated by the MSF Board on May 25, 2011, requests for collateral support or loan participation of \$2.5 million or less may be approved by any two of the following: MSF Chairperson, or the MSF Fund Manager, or the MSF State Treasurer Director.

APPROVALS BY AUTHORIZED DELEGATES

Between July 1, 2013 and September 30, 2013 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

SSBCI - MBGF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
Humantech, Inc.	MBGF-CSP	\$ 570,500	\$ 1,700,000	Approved by Chair and Fund Manager	July 9, 2013	Y
Enstrom Helicopter Corporation	MBGF-LPP	\$ 2,495,000	\$ 5,000,000	Approved by Chair and Fund Manager	July 24, 2013	Y
Verndale Products, Inc.	MBGF-CSP	\$ 894,200	\$ 1,792,000	Approved by Chair and Fund Manager	July 24, 2013	N
LeMatic, Inc.	MBGF-LPP	\$ 373,252	\$ 748,000	Approved by Chair and Fund Manager	July 30, 2013	Y
Bloem, LLC	MBGF-CSP	\$ 698,600	\$ 1,400,000	Approved by Chair and Fund Manager	August 12, 2013	Y
Wolverine Metal Stamping Inc.	MBGF-CSP	\$ 2,205,000	\$ 4,500,000	Approved by Chair and Fund Manager	September 24, 2013	N
Technique Properties, L.L.C.	MBGF-CSP	\$ 2,000,000	\$ 5,000,000	Approved by Chair and Fund Manager	September 24, 2013	N
Total		\$ 9,236,552	\$ 20,140,000			

MSDF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
CRT Medical Systems, Inc.	MSDF-LPP	\$ 212,075	\$ 425,000	Approved by Chair and Fund Manager	July 24, 2013	Y
Inspectron Inc.	MSDF-CSP	\$ 374,250	\$ 750,000	Approved by Chair and Fund Manager	September 11, 2013	N
Total		\$ 586,325	\$ 1,175,000			

Michigan Economic Development Corporation