

**MICHIGAN STRATEGIC FUND
BOARD MEETING AGENDA
JUNE 24, 2014
10:00 AM**

**Public Comment – [Please limit public comment to three (3) minutes]
Communications – [Information-Andrea Robach]**

A. Consent Agenda – [Action Item]

Adoption of Proposed Meeting Minutes – May 27, 2014
Sietsema Farms Feeds, LLC – Renaissance Zone Time Extension Revocation – Amy Lux
Metalsa – MEGA Amendment; EIN Change – Trevor Friedeberg
Community Development Block Grant – Application Guide – Deb Stuart

B. Business Investment – [Action Items]

1. Entrepreneurship

Entrepreneurial Support Services – RFP Award Recommendations – Paula Sorrel & Mike Flanagan

2. Business Growth

Ralco Industries – MEGA Amendment; Location Change – Marcia Gebarowski

3. Access to Capital – Christopher Cook

Holland Plastics Corporation –Bond Authorizing
USF Westland, LLC –Bond Authorizing

C. Community Vitality – [Action Item]

Macomb Mall Redevelopment; Macomb County – Brownfield TIF – Dan Wells
Wright Opera House, LLC; City of Alma – MCRP & CDBG Infrastructure Grant – Deb Stuart
CDBG Deep Freeze; Urgent Need Funding – Deb Stuart

D. Michigan Business Development Program Presentation – Josh Hundt

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

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

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

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

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

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

Consent Agenda Items:

1. Adoption of Proposed MSF Meeting Minutes, May 27, 2014
2. Sietsema Farms Feeds, LLC – Renaissance Zone Time Extension Revocation
3. Metalsa – MEGA Amendment; EIN Change
4. Community Development Block Grant – Application Guide

Ayes:

Nays: None

Recused: None

Lansing, Michigan
June 24, 2014

**MICHIGAN STRATEGIC FUND BOARD MEETING
TUESDAY, MAY 27, 2014
MEDC OFFICE, LANSING
PROPOSED MEETING MINUTES**

MEMBERS PRESENT:

Paul Anderson
Andrew Lockwood (on behalf of Treasurer Kevin Clinton)
Mark Morante (on behalf of Chairman Mike Finney)
Bill Martin
Terri Jo Umlor
Jody Vanderwel
Shaun Wilson
Mike Zimmer (on behalf of Director Steve Arwood)

MEMBERS ABSENT:

Mike Jackson

Mr. Morante brought the meeting to order at 10:01 am.

COMMUNICATIONS

Andrea Robach, MSF Board Administrator, notified the Board of the following:

- Introduced Mr. Paul E. Anderson as new member of the MSF Board.

PUBLIC COMMENT

At this time Mr. Morante asked if there was any public comment from the audience, and noted that any comments should be kept to three minutes. No members of the public wished to make comment.

UNFINISHED BUSINESS

Mr. Morante asked the Board if there was a motion to bring the matter of unfinished business back to the table for discussion. Andrew Lockwood motioned to continue discussion regarding Systems in Motion. Bill Martin seconded the motion.

Resolution 2014-065 Systems in Motion – MEGA Tax Credit Amendment

Trevor Friedeberg, Business Development Finance, provided the Board with information regarding this action item. He introduced Colin Chapman, VP and General Manager of Systems in Motion's Ann Arbor location, who provided the Board with information regarding the company history, product acquisitions, and performance history. This is a request from the Applicant for an amendment to its existing Standard MEGA Tax Credit. The amendment is required to accurately reflect how the Company hired its Qualified New Jobs related to the original Job Creation MBT Credit. The Company is requesting the 400 job minimum requirement be changed to a minimum of 50 qualified new jobs, which is consistent with the requirement for the first 4 years of credit. A 50 job minimum is also consistent with the requirement for all Standard MEGA Credits under statute. The Company has also requested the project site be expanded to include Meridian Township, Ingham County, Michigan to support and encourage the growth of their Michigan footprint.

Staff Recommendation

MEDC Staff recommends amendments to the Standard MEGA Tax Credit (Resolution 2009-150) as outlined in the proposed resolution.

Board Discussion

Mr. Morante asked if there were any questions from the Board. Discussion ensued pertaining to the strategy for recruiting talent, and the cost advantages to expanding their operation in Michigan. There being no further questions, Bill Marin motioned for the approval of Resolution 2014-065. Mike Zimmer seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2014-066 Approval of May 2014 Consent Agenda

Mr. Morante asked if there were any questions from the Board regarding any items listed under the consent agenda. There being none, Bill Martin motioned for the approval of the following items:

- Adoption of Proposed April 22, 2014 Meeting Minutes
- Export Request to Issue 2015 RFPs **(2014-067)**
- Export Request to Amend Program Delegation of Authority **(2014-068)**
- Grow Michigan, LLC Reappointment of Board Member **(2014-069)**
- Revocation of Tool and Die Recovery Zone: Precision Design and Manufacturing **(2014-070)**

Terri Jo Umlor seconded the motion. **The motion carried: 8 ayes, 0 nays; 0 recused.**

BUSINESS INVESTMENT

Entrepreneurship

Resolution 2014-071 2014 University RFP Award Recommendations

Roselyn Zator, Entrepreneurial Services, provided the Board with information regarding this action item. The MEDC requests that the MSF Board approve total funding of \$3,000,000 to the following university programs: \$1,375,000 for University of Michigan – Technology Transfer Talent Network, \$1,450,000 for University of Michigan – Michigan Corporation Relations Network and \$175,000 for PrecisEd for their 2014 University Technology and Commercialization Programs. Since 2011 the Michigan Strategic Fund (“MSF”) has provided funding to universities to encourage the State’s public universities to collaborate and identify the commercial potential in advanced technologies from individual institutions, facilitate the bundling of inventions into packages that could be of interest to the public sector, encourage business formation efforts and to increase the number of institution of higher education related start-up companies. The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the university technology commercialization grants. The talent and corporate relations programs have supported collaboration of 7 universities as well as enhanced business engagement activities that support industry and university collaboration throughout the state of Michigan.

Staff Recommendation

The MEDC requests that the MSF Board approve funding of \$1,375,000 for University of Michigan– Technology Transfer Talent Network, \$1,450,000 for University of Michigan– Michigan Corporation Relations Network and \$175,000 for PrecisEd for their 2014 University Technology and Commercialization Programs.

Board Discussion

Mr. Morante asked if there were any questions from the Board. There being none, Jody DePree Vanderwel motioned for the approval of Resolution 2014-071. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 8 nays; 0 recused.**

Business Growth

Pure Michigan Program Update

Deanna Richeson, Export Program Director, provided the Board with a brief presentation regarding the Export Program's year in review, highlighting program successes, and forecast for the upcoming fiscal year.

Resolution 2014-072 Fairlife, LLC Infrastructure Project – Community Development Block Grant

Stacy Bowerman, Business Development Finance, provided the Board with information regarding this action item. She introduced three guests in support of the project: Hawk Dobbins, General Manager/Projects – Fairlife, LLC, Steven R. Patrick, City Manager, City of Coopersville and Ken Rizzio, Director of Business Services, Lakeshore Advantage. Mr. Dobbins provided the Board with a brief company history, their business plan, and project overview. The City of Coopersville is requesting \$2,400,000 in Community Development Block Grant (CDBG) funds for infrastructure improvements needed for the Fairlife, LLC Infrastructure Project located in Ottawa County, Michigan. The City of Coopersville (the "City") expects that this project could result in private investment of \$96,254,850 and the creation of 100 jobs. Fairlife, LLC (the "Company"), headquartered in Chicago, Illinois, is a health and wellness company that is based on the natural nutrition of dairy. The Company makes nutrient-rich milk products, including Core Power®, a high-protein muscle recovery drink. The Company is owned by Select Milk Producers and The Coca-Cola Company and has production facilities in Dexter, New Mexico and Fair Oaks, Indiana.

Staff Recommendation

The MEDC Staff recommends that a CDBG Infrastructure grant agreement in the amount of \$2,400,000 be authorized for the City of Coopersville for the Fairlife, LLC Infrastructure Project.

Board Discussion

Mr. Morante asked if there were any questions from the Board. Discussion ensued pertaining to the positive impact this project will have on the City of Coopersville, including the refurbishing of a now vacant Delphi plant. There being no further questions, Andrew Lockwood motioned for the approval of Resolution 2014-072. Bill Martin seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2014-073 Challenge Mfg Company, LLC – Michigan Business Development Program

Marcia Gebarowski, Business Development Finance, provided the Board with information regarding this action item. She introduced Boyd VorBroker, VP of Finance, Challenge, Doug Bradley, VP, Challenge, and John Byl, Warner Norcross Judd who attended the meeting in support of this project. Mr. Boyd provided the Board with a brief company history, and project overview. This is request from the Applicant for a \$2,500,000 performance-based grant. This project involves the creation of 450 Qualified New Jobs, and a capital investment of up to \$50,000,000 in the City of Pontiac, Oakland County. The applicant has requested confidentiality on proprietary information supplied in their application materials.

Staff Recommendation

MEDC Staff recommends approval of the MBDP Proposal as outlined in the term sheet and proposed resolution.

Board Discussion

Mr. Morante asked if there were any questions from the Board. Discussion ensued pertaining to the future Brownfield work plan which will be proposed to the Board at a future date, and the City's support of the project in offering tax savings by abatement. Additionally, the proposed project site is a vacant General Motors facility, the refurbishing of which is a tremendous asset to the community. There being no further questions, Bill Martin motioned for the approval of Resolution 2014-073. Terri Jo Umlor seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Access to Capital

Resolution 2014-074 Kilbourn Produce, LLC – MBGF-CSP

Christopher Cook, Business Capital, provided the Board with information regarding this action item. Kilbourn Produce, LLC (“Kilbourn Produce”) is a new entity that was formed in order to operate a new twelve acre greenhouse facility in Marshall. Kilbourn Produce is a joint venture between two existing companies, Kilbourn Farms, Inc. (“Kilbourn Farms”) and 2246690 Ontario Inc. o/a Darpa Systems & Technology (“Darpa”). The project is anticipated to cost \$11,930,000. Fifth Third Bank (“Bank”) has proposed an \$8,650,000 construction note in order to provide financing for the project, with the remainder of the cost be contributed as equity from Kilbourn Farms and Darpa. In addition, the Bank is proposing a \$1,000,000 non-revolving working capital line of credit. The proposed financing will be used to construct a 547,469 sq. ft. hydroponic greenhouse, acquire equipment related to its operation, and provide access to working capital that will be available to pay for start-up and operational expenses.

Staff Recommendation

MEDC Staff recommends the approval of the MBGF-CSP proposal as outlined in the resolution.

Board Discussion

Mr. Morante asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2014-074. Jody DePree Vanderwel seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Shaun Wilson recused

Resolution 2014-075 Dominican Health Care Corporation – Bond Authorizing

Christopher Cook, Business Capital, provided the Board with information regarding this action item. Dominican Health Care Corporation d/b/a Lourdes Senior Community (“Lourdes”) is requesting private activity bond financing for the conversion of all of its skilled nursing rooms to private rooms. These renovations will be made to Lourdes Nursing Home, which is located on Lourdes’ 38-acre campus in the Charter Township of Waterford, Oakland County. Lourdes is a Michigan nonprofit corporation founded in 1965 which maintains its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Lourdes owns and operates four senior living facilities in Michigan. These facilities allow Lourdes to offer independent and assisted living, Alzheimer’s care, and skilled nursing amenities to their residents.

Staff Recommendation

Based upon a determination by Clark Hill PLC, and the State of Michigan Attorney General’s office that the project complies with state and federal law requirements for tax exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in the amount not to exceed the amount of \$14,500,000.

Board Discussion

Mr. Morante asked if there were any questions from the Board. There being none, Jody DePree Vanderwel motioned for the approval of Resolution 2014-075. Bill Martin seconded the motion. The motion carried with a roll call vote: 7 ayes; 0 nays; 1 recused.

Shaun Wilson returns

Resolution 2014-076 YMCA Detroit – Bond Authorizing

Christopher Cook, Business Capital, provided the Board with information regarding this action item. The

Young Men’s Christian Association of Metropolitan Detroit, doing business as YMCA of Metropolitan Detroit (“YMCA”), is requesting private activity bond financing for the purpose of refunding the Michigan Strategic Fund’s outstanding Variable Rate Demand Limited Obligation Revenue Bonds (YMCA of Metropolitan Detroit Project), Series 2001, originally issued in the aggregate principal amount of \$15,000,000 (the “2001 Bonds”), and its outstanding Variable Rate Demand Limited Obligation Revenue Bonds (YMCA of Metropolitan Detroit Project), Series 2003, originally issued in the aggregate principal amount of \$20,000,000 (the “2003 Bonds”). The 2001 Bonds and the 2003 Bonds are currently secured by letters of credit which expire on August 31, 2014.

Staff Recommendation

Based upon a determination by Miller, Canfield, Paddock and Stone, P.L.C., and the State of Michigan Attorney General’s office that the refunding complies with state and federal law requirements for tax-exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$30,000,000.

Board Discussion

Mr. Morante asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2014-076. Terri Jo Umlor seconded the motion. **The motion carried with a roll call vote: 8 ayes; 0 nays; 0 recused.**

Resolution 2014-077 Green Box NA Michigan, LLC – Bond Inducement

Christopher Cook, Business Capital, provided the Board with information regarding this action item. He introduced Ron Van Den Heuvel who provided the Board with a brief overview of the company history, the proposed project, and the technology behind the waste management process the company developed. Green Box NA Michigan, LLC, is seeking the inducement of \$125,000,000 in tax exempt bond financing in order to partially finance a \$200,000,000 project in two separate Michigan locations, one in the City of Detroit, Wayne County and the other at the location of the existing operations of Great Lakes Tissue in the City of Cheboygan, Cheboygan County. The project will take large amounts of commercial waste, primarily from the restaurant industry, collected from in and around the Detroit metropolitan area and pre-process it in a newly developed facility in the City of Detroit and then ship it via tractor trailer in the form of bails and pellets to Cheboygan for final processing into both commodity and value-added finished product components.

Staff Recommendation

After reviewing the Private Activity Bond application for GreenBox NA, Michigan, LLC, staff recommends the adoption of an Inducement Resolution in the amount of \$125,000,000.

Board Discussion

Mr. Morante asked if there were any questions from the Board. Discussion ensued pertaining to the profoundly “green” process the company has developed and the positive impact it will have on minimizing the waste sent to landfills by sanitizing and recycling this waste. There being no further questions, Andrew Lockwood motioned for the approval of Resolution 2014-077. Jody DePree Vanderwel seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2014-078 Middleville Tool & Die/Middleton Enterprises LLC – Bond Inducement

Christopher Cook, Business Capital, provided the Board with information regarding this action item. Middleville Tool & Die, Co. (“Middleville”) and Middleton Enterprises, L.L.C. (“Middleton”) are requesting private activity bond financing to invest in new machinery, equipment, and office furnishings as well as add an additional 53,000 sq/ft to their current manufacturing facility located in Yankee Springs Township within Barry County. Middleville spent \$51,000 dollars to define and detail the completed

design of the new expansion, which will adjoin their current facility, and will add 53,000 sq/ft. Building investments of \$3.544 million and renovation expense of \$197,500 will be needed to expand the current facility to the north. Additionally, investments in machinery, equipment and office furnishings will total \$2.862 million over the next 3 years commencing from March, 2014. Job creation is estimated at 35 jobs thru 2016.

Staff Recommendation

After reviewing the Private Activity Bond application for Middleville Tool & Die, Co., staff recommends the adoption of an Inducement Resolution in the amount of \$6,300,000.

Board Discussion

Mr. Morante asked if there were any questions from the Board. There being none, Mike Zimmer motioned for the approval of Resolution 2014-078. Andrew Lockwood seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

ADMINISTRATIVE

Resolution 2014-079 Transition of MSF Fund Manager

Mark Morante, Fund Manager, provided the Board with information regarding this action item. Karla Campbell has transitioned to another role within the MEDC, therefore a new MSF Fund Manager has been named. This resolution names the following:

- Mark Morante, Fund Manager
- Karla Campbell, Alternate Fund Manager
- Diane Cranmer, Alternate Fund Manager & Secretary
- Minesh Mody, Treasurer.

Staff Recommendation

MEDC/MSF Staff recommends the appointments as outlined in the resolution.

Board Discussion

Mr. Morante asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2014-079. Mike Zimmer seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

The meeting was adjourned at 11:12 am.



MEMORANDUM

Date: June 24, 2014
To: Michigan Strategic Fund Board
From: Amy E. Lux, Renaissance Zone Program Specialist
Subject: *Sietsema Farms Feeds, 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 time extension designation for Sietsema Farms Feeds, LLC’s (the “Company”) site in the Pierson Township/Howard City Subzone within the Montcalm and Gratiot Counties Renaissance Zone. There are nine years remaining on the Company’s 12-year time extension term designated in 2008 and currently set to expire on December 31, 2023.

Background

The Company received a Renaissance Zone time extension designation from the MSF Board to support the Company’s plan to construct a new biomass gasification plant to convert turkey litter to renewable energy and value-added fertilizer. In exchange for the extra years of Renaissance Zone benefits, the Company entered into a Development Agreement with the MSF requiring various milestones, including one to create 10 new full-time jobs by December 31, 2013 (the “Agreement”).

Based on representations made by the Company leadership to the MEDC Staff, it appears as though the project has largely been completed, but the job creation milestone was delinquent at the conclusion of 2013. Within the terms of the Agreement, the Company was notified of its non-compliance and was provided a 90-day period to cure the deficiency or apply for an amendment.

The Company has chosen to voluntarily relinquish its Renaissance Zone rather than provide documentation to show the milestone has been cured or to apply for an amendment. The Company already receives other incentives that exempt much of its property from taxation and therefore, it gets very little benefit from the Renaissance Zone.

Due to the Company’s failure to comply with the terms of the Agreement, the MSF Board has both statutory and contractual authority to revoke the Company’s Renaissance Zone designation.

Recommendation

MEDC Staff recommend that the MSF Board approve the revocation of Sietsema Farms Feeds, LLC’s Renaissance Zone time extension designation, effective December 31, 2014 for property tax purposes, and immediately for other tax purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

**REVOCATION OF AN EXISTING RENAISSANCE ZONE TIME EXTENSION
DESIGNATION: Sietsema Farms Feeds, LLC**

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 17, 2008, the MSF Board approved a Renaissance Zone time extension for Sietsema Farms Feeds, LLC (the “Company”) for a portion of the Pierson Township/Howard City Subzone in the Montcalm and Gratiot Counties Renaissance Zone on parcel 59-015-002-001-40 (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 (the “Agreement”), which requires numerous milestones with regards to job creation and new investment;

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 be within 1 year of granting the extension or otherwise violates the terms of the written development agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and determined the Company was out of compliance with the terms of the job creation milestone contained in the Agreement;

WHEREAS, pursuant to the Agreement, MEDC staff on behalf of the MSF sent notice to the Company to cure its noncompliance within the required 90-day cure period;

WHEREAS, the cure period has since lapsed and the Company has chosen to voluntarily relinquish the Renaissance Zone incentive;

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 Sietsema Farms Feeds, LLC’s Renaissance Zone time extension designation within Pierson Township/Howard City Subzone in the Montcalm and Gratiot Counties Renaissance Zone on parcel 59-015-002-001-40, effective December 31, 2014 for property tax purposes and immediately for all other purposes; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
June 24, 2014



MEMORANDUM

Date: June 24, 2014

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

From: Trevor Friedeberg, Development Finance Manager

Subject: Metalsa Structural Products, Inc. (“Company” or “Applicant”)
High-Tech MEGA Tax Credit Amendment

Request

This is a request from the Applicant for an amendment to its existing High-Tech MEGA Tax Credit. The amendment is required to accurately reflect how the Company has hired its Qualified New Jobs related to the original High-Tech MEGA Tax Credit.

Background

The Company is one of the world’s top suppliers of structural components for light and commercial vehicles. On August 25th, 2010, the Company was approved for a 7 year High-Tech Pull-ahead MEGA Credit, allowing the Company to claim a 200% personal income tax credit for the first three years and a 100% credit for the following four years for a maximum of 65 Qualified New Jobs above the Base Employment Level of 9 beginning the Company’s tax year ending December 31, 2011.

The Company’s projected growth at the time of credit application included growth within Metalsa Light Truck, however only Metalsa Structural Products, Inc.’s federal employer identification number was used as part of the MEGA Tax Credit Agreement. Therefore, new jobs created by the company under the Metalsa Light Truck entity currently do not count towards the Company’s job creation in Michigan. In an effort to properly demonstrate the Company’s growth within Michigan, the Company is requesting to add the federal employer identification number for Metalsa Light Truck to the agreement to be eligible for Qualified New Job creation.

Currently, the Company has a total of 57 jobs in Michigan at both Metalsa Light Truck and Metalsa Structural Products. These two entities are viewed as part of the original project and continue to add jobs related to research and development operations for structural components for light and commercial vehicles in Novi, Michigan and should both be counted for MEGA credit purposes.

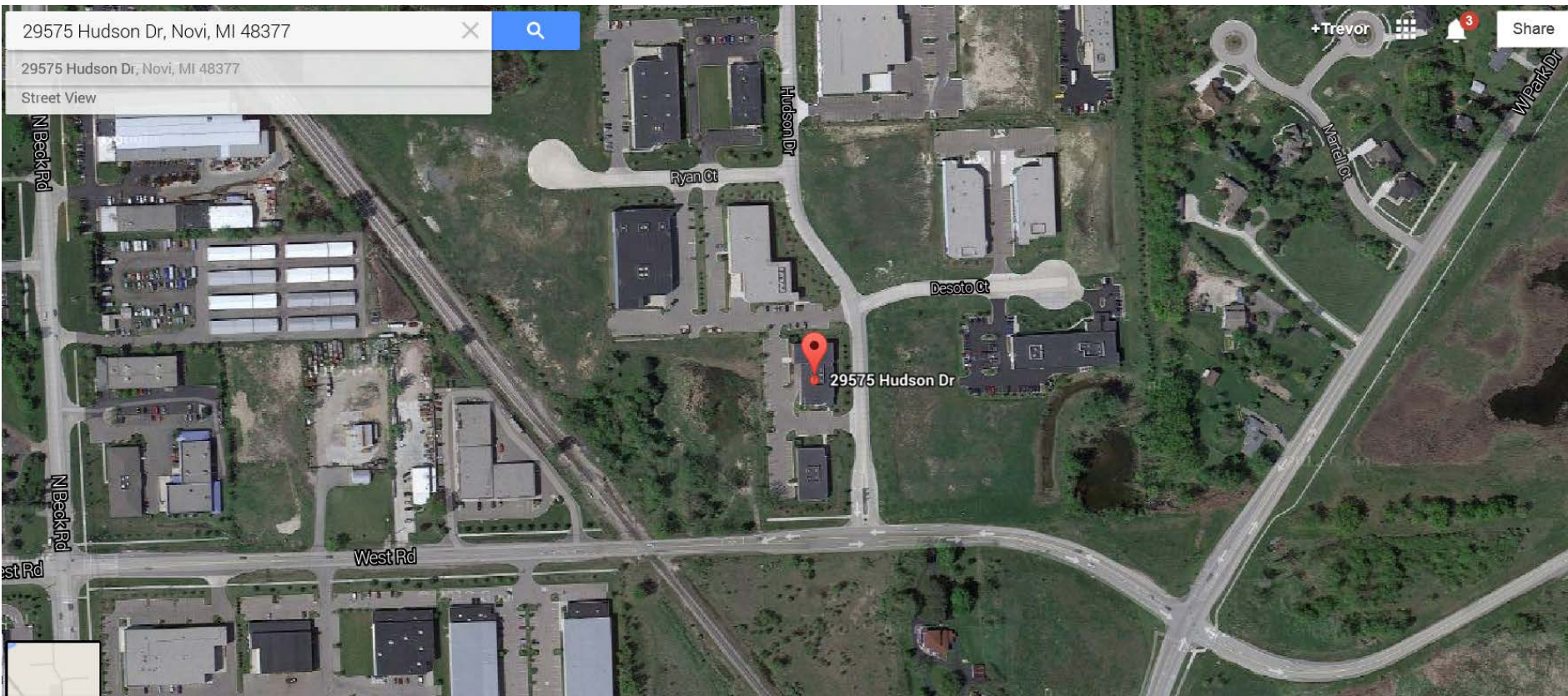
Business Case

The Company has, and continues to, add employees in Michigan. It is not uncommon for a Company to inadvertently hire employees at an alternate entity after credit approval. The original intent was to allow jobs created at Michigan entities related to the project to be considered for credit approval and this amendment will clarify the original intent. This request is administrative in nature and will allow the Company to continue to grow in Michigan and to meet their MEGA credit requirements moving forward.

Recommendation

MEDC Staff recommends the following amendments to the High-Tech MEGA Tax Credit (Resolution 2010-118):

- a) Add Metalsa Light Truck as an entity under which Qualified New Jobs can be created.
- b) All other terms and conditions will remain the same.



29575 Hudson Dr, Novi, MI 48377



29575 Hudson Dr, Novi, MI 48377

Street View

+ Trevor



Share

N Beck Rd

N Beck Rd

West Rd

West Rd

Ryan Ct

Hudson Dr

Desoto Ct

29575 Hudson Dr

Warrell Ct

Wipark Dr

MICHIGAN STRATEGIC FUND

Resolution 2014-

METALSA STRUCTURAL PRODUCTS, INC. HIGH-TECH MEGA TAX CREDIT (AMENDMENT)

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

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

WHEREAS, in Resolution 2010-118, the MEGA Board authorized a Tax Credit for Metalsa Structural Products, Inc. (the “Company”) of 200 percent for a period of three consecutive years, and 100 percent for the following four consecutive years, beginning no later than the Company’s tax year ending December 31, 2011 to relocate its research and development operations to a leased facility and create jobs in the City of Novi, Oakland County, Michigan (the “Project”);

WHEREAS, the Company has created jobs in Michigan under two employer identification numbers;

WHEREAS, the Company requests that the employer identification number for Metalsa Light Truck be added for the purposes of Qualified New Jobs (the following, collectively, “Amendment”):

- (i) Add Metalsa Light Truck as an entity under which Qualified New Jobs can be created.

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

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

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2010-118, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

ADOPTED

Ayes:

Nays:

Recused:

June 24, 2014
Lansing, Michigan

MEMORANDUM

Date: June 24, 2014

To: Michigan Strategic Fund (MSF) Board

From: Deborah Stuart, Director, Community Incentive Programs

Subject: Community Development Block Grant (CDBG) Program
2014 Application Guide

Request

MEDC Staff recommends MSF approval of the attached Application Guide Excerpt for Program Year 2014.

Program 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 Michigan Strategic Fund, 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. On March 25, 2014, the Michigan Strategic Fund approved the 2014 Consolidated Plan for the CDBG Program. The attached documented is an excerpt from the Application Guide for potential applicants based on the requirements within the Consolidated Plan, Federal regulations and policies developed by staff to ensure consistency with grantees. This excerpt outlines the selection criteria for the various programs funded with the CDBG allocation. The document is updated at least annually to assure that we are adjusting to the changing needs of the communities that are eligible and the goals of the MEDC. These updates are based on conversations with grantees and internal staff that work with the program.

Recommendation

MEDC Staff recommends the following:

The MSF approves the attached Application Guide Excerpt for Program Year 2014.

Business Development Program Requirements

BUSINESS DEVELOPMENT PROGRAM EVALUATION-GENERAL

All Business Development Projects will be evaluated on the following:

- **National Objective:** Proposed projects are expected to result in the creation of full-time equivalent (FTE) positions of which at least 51% of the created positions will be held by LMI persons. Proposed projects are expected to create and/or retain the largest number of positions with the least amount of CDBG investment.
- **Job Creation:** Priority will be given to projects creating ten or more permanent full-time positions that pay an average hourly rate of at least \$9.00 or 75% of the average hourly wage rate of the applicable county.
- **Leverage Ratio:** Proposed projects are expected to leverage private investment funds. Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is 1:1 or greater.
- **Local Participation:** Proposed projects are expected to demonstrate local government support.
- **Economic Impact:** Proposed projects are evaluated on their economic impact including the diversification of the economic base of the local and State economies.
- **Financial Viability:** All economic development projects must be financially viable. Please refer to the Economic Development Underwriting (Financial Viability) section for guidance on that evaluation process.

ELIGIBLE ACTIVITIES AND SPECIFIC RELATED CRITERIA:

- I. **Business Development- Assistance to Benefit Businesses:** Eligible under this category activity would be activities eligible under HCDA that provide assistance to private, for-profit entities. The following identifies specific related criteria for some eligible activities under this category.
 - A. **Machinery and Equipment:** These projects are generally supported by the CDBG Revolving Loan Program or other incentive programs available at the MEDC.
 - B. **Job Training:** Grant proceeds may be used for On the Job Training (OJT) and will be reimbursed per person for actual costs. OJT expenses for individual trainees must be completed within six months of their hiring date. Employees trained with CDBG funds must be retained for 90 days after conclusion of training. Vendor training expenses must have a minimum of 20% match from the employer. Up to 100% of grant funds may be used for vendor training costs. There is no reimbursement for company trainers or out of state training expenses. Grant proceeds can only be used for Michigan residents.
 - C. **Rail Enhancement:** CDBG portion may not exceed more than 50% of total cost of necessary rail improvement. MDOT must support rail enhancement projects (minimum 10% MDOT rail funds if available or letter of support if MDOT rail funds are not available).

- II. Business Development- Assistance to Benefit Communities:** Communities may request grants to provide public infrastructure improvements necessary for the location, expansion, and/or retention of a specific for-profit business firm(s) which is engaged in an economic base activity (e.g. - manufacturing, point-of-destination tourism, headquarter operations, major multi-state distribution facility).

Eligible under this activity would be public improvements, as identified in Section 105(a)(2) of Title I of the HCDA. Examples of eligible public infrastructure projects include the following items: public water or sanitary sewer lines and related facilities, streets, roads, bridges, sidewalks, parking facilities, pedestrian malls, alleys, drainage systems, waterways, publicly-owned utilities and systems, and projects designed to reduce, eliminate or prevent the spread of identified soil or groundwater contamination.

In addition the evaluation criteria, proposed public infrastructure projects are expected to have local government funding for public infrastructure activities. A minimum of ten (10%) percent local government cash match may be required.

- III. Business Development- Planning:** Planning grants may be available to help communities accomplish project specific planning which is likely to lead to an eligible economic development implementation project. Eligible under this activity would be planning and capacity building, as identified in Section 105(a)(12) of Title I of the of the HCDA. CDBG Planning funding cannot be utilized to create, update, or provide information solely for a community to meet legislatively mandated community planning requirements, including Local Development Financing Authority plans.

Projects will only be considered that can demonstrate that the planning grant will likely lead to an eligible implementation project. The planning study must be specific, with identified goals and outcomes. Funding priority will be given to communities with a higher percentage of matching funds (committed funds only), but a cash match equal to the awarded CDBG funds is required. The maximum individual grant award will not exceed \$100,000.

- IV. Business Development-Unique Grants:** Innovative and creative funding requests may be considered by the MEDC based on special and/or unique needs or situations requiring innovative program approaches not specifically provided for in identified programs. This may include, but is not limited to, brownfield site redevelopment, targeted industry development, building and building rehabilitation activities, CDBG Section 108 loan guarantees, activities and services listed in the above categories which do not meet identified screening or selection criteria and/or projects associated with other State or Federally funded initiatives. No additional criteria will be utilized to evaluate these projects beyond the general criteria.

Community Development Program Requirements

COMMUNITY DEVELOPMENT PROGRAM EVALUATION-GENERAL

All Community Development Projects will be evaluated on the following:

- **National Objective:** Proposed projects are expected to meet a National Objective of blight elimination; benefiting a population of individuals of whom at least 51% reside in LMI households; or projects that will result in the creation of full-time equivalent (FTE) positions of which at least 51% of the created positions will be held by LMI persons. Preference will be given to projects with position creation commitments. For position creation or retention projects, funding priority will be given to projects creating permanent, full-time equivalent positions and where the amount of CDBG funds per position created is \$35,000 or less.
- **Economic Impact:** Proposed projects are evaluated on their economic impact on local and State economies. This includes the following items:
 - **Location-** For Community Development Projects, projects will be given priority if they are located within a “traditional downtown” defined as a grouping of 20 or more commercial parcels of property that include multi-story buildings of historical or architectural significance. The area must have been zoned, planned or used for commercial development for 50+ years. The area must consist of, primarily, zero-lot- line development; have pedestrian friendly infrastructure, and an appropriate mix of business and services. The area should have characteristics that create a sense of place.
 - **Project Type-** Funding priority will be given to projects that demonstrate a majority of the following screening guidelines:
 - located within a community designated as a Main Street or Redevelopment Ready
 - where building rehabilitation is a factor, consist of:
 - multi-story
 - mixed-use components
 - eligible for Historic or Contributing Designation
 - partially or completely vacant building being returned to active use
 - that are complete and holistic
- **Leverage Ratio:** Leveraging refers to additional non-CDBG funds required beyond the match to complete the project. Proposed projects are expected to leverage private and other public funds. Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is 1:1 or greater.
- **Local Participation:** Proposed projects are expected to demonstrate local government support. Preference will also be given to communities that provide additional local support either through tax abatement, direct grant or other financial assistance to the project. Communities that do not request administrative costs or use administrative costs as match will also be considered as providing additional local support.
- **CDBG Request:** All grant requests shall not be less than \$30,000

- **Financial Viability:** All Community Development projects must be financially viable. Please refer to the Economic Development Underwriting (Financial Viability) section for guidance on that evaluation process.

ELIGIBLE ACTIVITIES AND SPECIFIC RELATED CRITERIA:

I. Community Development- Assistance to Benefit Small Business: Direct Assistance to Businesses provides grants to create and retain jobs in Michigan and help create vibrant communities. These grants enable communities to formulate an economic development strategy to support locally owned and operated businesses. The purpose of these grants is to provide funding to jumpstart growth of existing and new businesses, create new jobs or retain existing jobs, and to enhance the entrepreneurial environment in the community. Eligible under this category would be activities eligible under the HCDA. The following identifies specific related criteria for some eligible activities under this category.

A. Community Development- Façade Improvements: Grants are available for communities that seek to target areas of traditional downtowns for facade improvements which will have a significant impact on the downtown/community. The Façade Improvement Program is structured to provide commercial/mixed-use building façade improvements to sustain and minimize deterioration of traditional downtowns. This program is based on the premise that the exterior improvements will stimulate additional private investment in the buildings and the surrounding area, attract and increase additional customers, thereby resulting in additional downtown economic opportunities.

Communities that are qualified as LMI communities with a population over 15,000 must include at least five participating properties with façade improvements to meet the area wide benefit national objective for this initiative. LMI communities with a population of 15,000 or less must have at least two participating properties to meet the area wide benefit National Objective.

Projects should be located in highly visible locations and all projects which include historic resources must meet the Secretary of Interior’s Standards for Rehabilitation. All projects should have a contribution of at least 25% of the total project costs. Projects should consist of cash match on exterior rehabilitation. Where projects consist of complete, extensive interior rehabilitation, interior project costs may be considered as match.

B. Community Development- Building Acquisition: Building Acquisition grants are available for acquisition of vacant, partially vacant or substantially underused buildings located in traditional downtowns for rehabilitation into a commercial/mixed use building that will result in position creation. CDBG funding can only be utilized for property acquisition activities.

The CDBG funding allows the community and/or the developer to acquire property that would not typically be purchased and redeveloped due to the substantial amount of money required to rehabilitate. Projects should be accompanied by a viable business plan, at least one appraisal completed within the past six month along with the current SEV, documentation that all taxes are

current, as well as verification that non-mortgage liens have not been placed on the property. Specific requirements for appraisals are outlined in Chapter 6 (Acquisition) of the GAM.

Exclusively residential structures and government owned buildings, other than Land Bank properties, are not eligible for Building Acquisition funds. Ineligible activities for this initiative include appraisals, structural analysis or other soft costs associated with acquisition. Projects that will rehabilitate significant structures, with preference to historic buildings, should have a contribution of at least 25% of the total acquisition costs and leverage private/public funds to assist with the rehabilitation of the property at a 1:1 ratio of CDBG funds. Projects that do not involve rehabilitation projects are intended for growing small businesses should have a contribution of at least 50% of the total acquisition costs.

- C. Community Development – Rehabilitation:** Grants are available for rehabilitation of properties within traditional downtowns. Funding priority will be given to the rehabilitation of vacant, deteriorated and abandoned buildings which are considered to be detrimental to public health and safety. Funding priority will be given to projects with the highest percentage of private matching funds (committed funds only), but all projects should have a contribution of at least 25% of the total project cost.

II. Community Development Assistance to Benefit Communities: Assistance to Communities is designed to assist local units of government that have plans in place to promote and strengthen the infrastructure and environment in their downtowns. These grants are expected to create vibrant communities and enhance sense of place through blight elimination, job creation, and by benefiting areas of low-moderate income individuals. Public infrastructure includes items located on public property, such as: parking facilities, streetscape, farmers markets, public water or sanitary sewer lines and related facilities, demolition as part of a larger project, streets, roads, bridges, private utilities and public utilities.

- A. Downtown Infrastructure Grants (DIG):** DIG grants may be available for public infrastructure projects that upgrade existing public infrastructure systems in a traditional downtown. Announcement of this activity will be made to eligible communities as funding becomes available. Competitive ranking of projects will be based on the proposals received, and awards will be based on the availability of funds. Selection criteria will be announced at the time of the competition. A minimum of ten (10%) percent local government cash match is required. The maximum individual grant award may not exceed \$750,000.

- B. Community Development – Farm to Food:** Grants are available for communities seeking to construct, rehabilitate, acquire, expand, or improve a facility. Awarded funds must be used for the construction, expansion, acquisition, or improvements of existing farmers markets. It is expected the structure(s) will be utilized mainly as a farmers market. In addition, it is expected that when the structure(s) is not operating as a farmers market, that it will be used for additional community activities year round.

Projects will be evaluated on the overall impact of the project on the community, the history of market operations, the financial viability of the market, the visibility of location, project start and completion date; use of the building and site during the farmers market off season; offering of services to low-moderate income patrons such as Bridge Card use, Project Fresh, etc.; and innovative design elements that promote multiple uses of the project space. All projects must have a contribution of at least 25% of the total project cost.

- C. Community Development- Public Infrastructure related to Small Business:** Communities may request grants to provide public infrastructure improvements necessary for the location, expansion, and/or retention of a specific for-profit business. These projects will be considered on an ongoing basis. A minimum of ten (10%) percent local government cash match is required.
- D. Community Development-Demolition of Blight:** This program does not require the location to be within a traditional downtown and is allowable anywhere within the community that is designated a slum or blighted area. Eligible under this activity would be property acquisition and clearance/demolition. Ineligible activities for this initiative include any acquisition or demolition of privately owned structures, exclusively residential structures, historic structures and state owned buildings, except for Land Bank Properties.

Funding priority will be given to the demolition of vacant, deteriorated and abandoned buildings which are considered to be detrimental to public health and safety. The community must be able to demonstrate that their proposed project is clearly eliminating objectively determinable signs of blight and is strictly limited to eliminating specific instances of blight (spot blight). Priority projects will meet multiple definitions for blight and, if necessary provide structural building analysis. No private match is required for this program. A minimum of ten (10%) percent local government cash match is required.

- E. Community Development- Urgent Need:** Communities may request grants to provide public infrastructure repairs necessary to respond to an Urgent Need related to the Deep Freeze. Eligible communities must be declared by either the State or local jurisdiction a “State of Emergency”. The communities must be non-entitlement, must document that they are not able to fund the activities with other funding, and must have hard infrastructure repairs (water, sewer, and/or road work related to water/sewer) that occurred after November 1, 2013. Applicants will also be required to have a minimum match of 15% and, if they are eligible, continue the process to seek FEMA funding. Applicants will be prioritized only based on their match contribution, whether they have a traditional downtown, and the impact the improvements will have on the entire community. A minimum point score will be required in order to be eligible for funding.

- III. Community Development- Planning:** Planning grants may be available to help communities accomplish project specific planning which is likely to lead to an eligible economic development implementation project. Eligible under this activity would be planning and capacity building, as identified in Section 105(a)(12) of Title I of the of the HCDA. CDBG Planning funding cannot be

utilized to create, update, or provide information solely for a community to meet legislatively mandated community planning requirements, including Downtown Development Authority plans.

Projects will only be considered that can demonstrate that the planning grant will likely lead to an eligible implementation project. The planning study must be specific, with identified goals and outcomes. Funding priority will be given to communities with a higher percentage of matching funds (committed funds only), but a cash match equal to the awarded CDBG funds is required. The maximum individual grant award will not exceed \$100,000.

IV. Community Development- Revolving Loan Fund (RLF): The intent of the RLF is to provide CDBG eligible loans to businesses and UGLGs located within the nine geographic regions established by the MSF, or within the geographic boundaries of an existing Local RLF within the identified regional territory. The MEDC will work with the identified funds to consider projects with existing funding and new funds. However, the MEDC does not intend to further capitalize any funds that are remaining local due to the goal of streamlining funding and creating efficiencies throughout the state. Please note due to the unique nature of these projects and goal of supporting eligible projects brought forward by the funds, Community Development criteria may be waived by MEDC staff.

V. Community Development-Unique Grants: Innovative and creative funding requests may be considered by the MEDC based on special and/or unique needs or situations requiring innovative program approaches not specifically provided in identified programs. This may include, but is not limited to, brownfield site redevelopment, small business development, CDBG Section 108 loan guarantees, activities and services listed in the above categories which do not meet identified screening or selection criteria and/or projects associated with other State or Federally funded

**MICHIGAN STRATEGIC FUND
RESOLUTION 2014-**

**APPROVAL OF COMMUNITY DEVELOPMENT BLOCK GRANT 2014
APPLICATION GUIDE SELECTION CRITERIA**

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"); and

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; and

WHEREAS, the CDBG program desires to adopt the policies, criteria, and parameters for the selection of projects which are enumerated in the attached 2014 Application Guide Excerpt (the "Guide Excerpt"); and

WHEREAS, CDBG program staff reviewed the Guide Excerpt and concluded that the policies meet the enabling legislation, federal regulations, and the requirements of the Consolidated Plan which the MSF authorized with Resolution 2014-051; and

WHEREAS, CDBG program staff recommends that the MSF adopt the attached Guide Excerpt to update the selection criteria in the current Application Guide adopted in 2013 for the CDBG program.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board adopts the attached Guide Excerpt as the policies, criteria, and parameters for projects being considered and funded with 2014 Program Year funds; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager to make minor modifications to the document, if needed, and to take any action necessary to effectuate the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 25, 2014



MEMORANDUM

Date: June 24, 2014
To: Michigan Strategic Fund Board
From: Paula Sorrell, Vice President, Entrepreneurship, Innovation & Venture Capital
Subject: *FY 2014 Entrepreneurial Support Specialized Services Request for Proposals*

Action

The MEDC requests that the MSF Board approves awards in the amount of **\$6,652,807** for the following (eight) non-profit organizations that provide specialized support services to early-stage technology companies and institutions in commercializing competitive-edge technologies:

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

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.

On April 22nd, 2014 the MSF Board approved:

- 1) Allocation of \$8,954,672 for the program from the 2014 21st Century Jobs Fund and from prior years’ remaining dollars
- 2) 2014 Entrepreneurial Support Specialized Services RFP
- 3) Joint Evaluation Committee (JEC) to review the submissions to the RFP and,
- 4) Scoring and evaluation criteria for the review of the business incubator proposals.

Results

The MEDC received 20 proposals totaling \$18,147,156 in response to the RFP, see Exhibit A. Initial written reviews were completed by the JEC, which subsequently met to discuss the proposals and agree on consensus Written Scores on a 100 point scale. Based on those scores, the JEC recommended oral interviews for proposals that scored 70 or higher. There were 10 proposals from 9 applicant organizations

that went on to the oral interview stage as a result. Those proposals that scored less than 70 did not sufficiently meet the criteria to move forward.

After oral interviews were conducted, the JEC determined consensus Oral Scores on a 100 point scale. The Final Score was then determined by averaging the consensus Written Scores and consensus Oral Scores. The JEC is recommending funding for proposals with consensus Final Scores of 70 or higher.

The following 9 proposals are being recommended for funding, totaling \$6,652,807 (sorted in descending order of Final Score):

- **Invest Detroit (\$1,350,000 over 2 years to administer the Accelerate Michigan Innovation Competition and an associated Institutional Investor Forum):** The Accelerate Michigan Innovation Competition (AMIC) and Institutional Investor Forum (IIF) are two of the most important annual events in Michigan for bringing together entrepreneurs, investors, and students, and showcasing Michigan's start-up community. AMIC is an international business competition designed to highlight Michigan as a robust and vibrant venue for innovation and business opportunity. The competition fuels innovation-based business growth by uncovering the best and brightest new businesses, exposing those opportunities to potential national and international investment capital and fostering growth within Michigan. Under the administration of Invest Detroit, AMIC will continue to partner with SmartZones, universities, the SBDC, and other organizations across the state to maintain statewide reach and focus. The Institutional Investor Forum will continue its third year of programming high quality engagement for Michigan/Midwest CIOs and venture investors.
- **BBC Entrepreneurial Training and Consulting (\$960,000 over 2 years to fund the continuation of the Michigan SBIR/STTR Assistance Program):** The federal SBIR/STTR programs are recognized as a unique and important source of early-stage, high-risk R&D funding. Collectively the SBIR/STTR programs award over \$2.6 billion in funding every year through competitive solicitations. The 11 participating federal agencies fund projects across a broad range of technologies, including those in all of Michigan's competitive edge sectors. Michigan SBIR/STTR Assistance Program enhances the entrepreneurial ecosystem by providing Michigan technology companies assistance in securing federal non-dilutive R&D funding through the SBIR/STTR programs, and other federal programs as appropriate. Since inception of the program in 2002 client companies have been awarded more than \$130,000,000 in non-dilutive R&D funding which represents a 20+-fold return on the cost of the program. In addition, participating companies exceed the average funding success rate by 2-3 times the national average, depending on the specific federal agency.
- **Ann Arbor SPARK (\$500,000 over 2 years to create Michigan Angel Fund II and to continue success of Michigan Angel Fund I):** The focus of Michigan Angel Fund (MAF) is to unlock idle private capital and deploy it towards commercializing transformative technologies of innovative early stage companies. MAF provides early stage technology companies with capital when the company is near sales revenue or entering a growth stage. The Fund focuses on companies not likely eligible for venture capital funding. Since its inception in 2012, MAF I has raised \$2.15 million from 72 investors from around the state and country; has made six investments and there will be four more investments made in the next several months. As with MAF I, the funds from this grant will cover most of the administrative costs of managing the program, so there will be minimal administrative fees to fund investors. This proved to be a significant incentive for many investors. These funds will be used during the first two years of the fund life, which is the period in which the investments making up the portfolio will be made.

- **NextEnergy (\$800,000 over 2 years to fund the continuation of Michigan Accelerating Technologies Energy Grant MATch):** MATch was launched in late 2012, with support from the MSF, to provide matching funds to eligible Michigan businesses and universities applying for federal, non-SBIR, energy-related RD&D funding. The program leverages public and private resources as an incentive to drive increased federal support of Michigan advanced energy and transportation technology companies. The matching funds directly support the commercialization process for applied research projects and transform federal programs into Michigan job growth. In addition to matching funds through this program, NextEnergy provides federal funding application services, such as reviewing proposals and aligning partners, to companies and universities to better position them for success. For selected companies and universities who are successful in receiving federal funds through MATch support, NextEnergy leverages other funding to provide commercialization services such as technology-to-market intelligence, value chain analysis, supply chain matchmaking services, first customer introductions, assistance securing technology demonstrations, and support in securing follow-on investment.
- **Inforum Center for Leadership (\$367,281 over 2 years to fund the continuation of inGAGE™ training initiative and accelerate the success of women led technology ventures):** This investment will support Inforum’s work to increase the number of women advisors, mentors, and directors for start-up companies in Michigan; offer entrepreneurial education through existing and new entrepreneurial programming for STEM professionals; deliver programming to recruit and educate new angel and venture capital investors; and foster national and international entrepreneurial collaboration and support for entrepreneurial activity in Michigan. Furthermore, Inforum will continue to fill a known gap in the ecosystem to supply entrepreneurial education and support that is specifically tailored to address the unique needs of women entrepreneurs. To date, the inGAGE initiative has supported women in launching 6 new companies, created 20 new jobs and raised more than \$2 million in new capital. Additionally, Inforum has successfully recruited 20 new women angels, who are responsible for contributing more than \$700,000 in new investment capital available for Michigan companies.
- **University of Michigan Center for Entrepreneurship (\$582,376 over 2 years to disseminate best practices in entrepreneurship training):** The proposed program targets the ‘training scalability gap’ in the entrepreneurial ecosystem by providing a pathway for broadly disseminating best practices in entrepreneurship training throughout the State of Michigan. The approach is to partner with other MI educational institutions, tailor the course content for their students, and train their instructors on how to run an effective and impactful program. The goal is for each institution to run their own local ‘I-Corps’ program with their own teams. Then each school will select its best teams and send them to a capstone weekend experience in Detroit where prototypes will be showcased. The capstone experience will be held in coordination with the Accelerate Michigan Innovation Competition. This allows for opportunities to further build and connect the Michigan entrepreneurial ecosystem as well as source talent for existing in-state business entities.
- **Invest Detroit (\$605,300 over 2 years to administer the Michigan Hacker Fellowship):** The Hacker Fellowship is an innovative program that addresses a major problem that technology start-ups in Michigan encounter - finding top software developer talent for their companies. This grant will be used to 1) supplement the salaries for computer science graduates working in Michigan start-ups 2) train fellows on the relevant start-up tech & entrepreneurial skills, and 3) create a cohort of like-minded developers who establish a deep connection to the state. Funding will partially cover salary, a 6-week training session, recruiting, program management, and marketing efforts. Placement in a Michigan start-up company will give fellows the opportunity to contribute to the high-growth, high-demand tech sector, and fill positions of need in Michigan’s tech start-up and

entrepreneurial communities. Ongoing mentorship and activities throughout the year-long fellowship will provide the support required to create a “soft-landing” for recent computer science graduates coming to cities in Michigan.

- **Michigan Venture Capital Association (\$987,850 to support Venture Upstart III for a 2 year period):** Venture Upstart III consists of the MVCA’s new Executive Connect program, the Michigan Venture Fellows Program, and the Education and Outreach Initiative. The MVCA will use the requested funds to continue and expand programs that foster the growth of Michigan’s economy across all competitive edge technology sectors. MVCA’s new Executive Connect Program is designed to increase the number of qualified board members, advisors, and mentors placed at angel or venture-backed companies in Michigan. The Education and Outreach Initiative enhances programs and services to support Michigan’s venture capital community through events, research, education, and marketing. The Michigan Venture Fellows Program was designed to create the next generation of venture capital investors with track records in Michigan by expanding job opportunities at Michigan venture capital firms. To date, seven venture fellowships have been awarded and by the end of the current grant period an additional eleven Venture Fellows will be placed.
- **Michigan State University Foundation, Spartan Innovations (\$500,000 over 2 years to enhance and grow the GreenLight Business Model Competition):** In support of Enhancement to the Entrepreneurial Ecosystem specifically, Spartan Innovations will continue to coordinate and enhance the GreenLight Business Model Competition, with an expanded approach. Spartan Innovations has coordinated two annual GreenLight Business Model Competitions aimed at expanding entrepreneurship and small business success in Michigan. The event is open to Michigan businesses one year old or less. The competition included 95 participants in 2013, and in 2014 included 140 participants, demonstrating steady growth. With MEDC’s support, Spartan Innovations will be able create a larger award opportunity and hold additional year-round smaller competitions statewide. These competitions will leverage significant state-wide resources to expand the pipeline, create better quality and quantity of deal flow, and provide a state-wide platform for showcasing technology ventures to the startup financing community and exposure to a larger talent pool. This series of business plan competitions will culminate in the annual GreenLight Business Model Competition.

Recommendation

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

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

MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with awardees.

Exhibit A- Scores of Proposals (Sorted in Descending Order of Final Score)

Organization	Requested Amount	Score	Recommended Award
Invest Detroit (AMIC)	\$1,350,000	86	\$1,350,000
BBC Entrepreneurial Training & Consulting	\$1,100,000	83	\$960,000
Ann Arbor SPARK	\$500,000	83	\$500,000
NextEnergy	\$800,000	77	\$800,000
Inforum Center for Leadership	\$367,281	77	\$367,281
U-M Center for Entrepreneurship	\$821,576	76	\$582,376
Invest Detroit (MI Hacker Fellowship)	\$1,210,600	74	\$605,300
Michigan Venture Capital Association	\$2,251,000	72	\$987,850
MSU Foundation (Spartan Innovations)	\$1,612,618	71	\$500,000
Fraunhofer USA	\$1,500,000	69	\$0
MiQuest	\$825,000	68	\$0
Invest Detroit (Michigan Venture Growth Fund)	\$225,000	68	\$0
Macomb OU-Incubator	\$799,959	68	\$0
GVSU	\$181,900	67	\$0
2 nd Stage Partners	\$1,070,000	67	\$0
Southwest Michigan Innovation Center	\$720,750	67	\$0
MichBio	\$1,500,000	67	\$0
Michigan Medical Device Alliance	\$482,500	64	\$0
Prima Civitas	\$100,000	60	\$0
Jackson Area Manufacturer Association	\$728,972	55	\$0
TOTAL	\$18,147,156		\$6,652,807

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2014-

**ENTREPRENEURIAL SUPPORT SPECIALIZED SERVICES
REQUEST FOR PROPOSALS AWARD RECOMMENDATIONS**

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

WHEREAS, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

WHEREAS, at its March 25, 2014 meeting, the MSF Board authorized the issuance of the Entrepreneurial Support Specialized Services Request for Proposals (the “ESSS RFP”), appointed a Joint Evaluation Committee (“JEC”) to review applications submitted in response to the RFP, and approved the scoring and evaluation criteria to be used by the JEC in its review of the applications;

WHEREAS, as part of the scoring and evaluation criteria, the MSF Board also approved that proposals receiving a score of 70 or higher in the written review phase would proceed to the oral presentation phase;

WHEREAS, twenty proposals were received in response to the ESSS RFP;

WHEREAS, the JEC has evaluated all proposals in accordance with the requirements of the RFP, including all statutory requirements, and the scoring and evaluation criteria adopted by the MSF Board on March 25, 2014;

WHEREAS, ten proposals received a score of 70 or higher in the written review phase and advanced to the oral presentation phase of the review;

WHEREAS, the JEC determined that nine proposals satisfied the requirements of the RFP, including all statutory requirements, and earned sufficient scores under the scoring and evaluation criteria adopted by the MSF Board; and

WHEREAS, the JEC recommends that the entities identified in Exhibit A to this resolution receive awards in the amounts listed (the “ESSS Awards”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the ESSS Awards;

BE IT FURTHER RESOLVED, the MSF Board may, at its sole discretion, extend the grant periods of the ESSS Awards for up to an additional three years and may increase the amount of the ESSS Awards, subject to available funds for so long as the ESSS Awards are active; and

BE IT FURTHER RESOLVED, that MSF Fund Manager or the MSF Chairperson, with only one required to act and in coordination with MEDC Staff, is authorized to the negotiate final terms and conditions of the ESSS Awards and to execute all documents necessary to effectuate the Business Incubator Awards.

Ayes:

Nays:

Recused:

Lansing, Michigan
June 24, 2014



MEMORANDUM

Date: June 24, 2014

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

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: Ralco Industries, Inc. (“Company” or “Applicant”)
Standard and Retention MEGA Credit Amendment

Request

This is a request from the Applicant for two amendments to its existing Standard and Retention MEGA Credit. The amendments include a change in the project location and an extension of time in which to make investment.

Background

The Company is a supplier of welded assemblies, metal stampings, design, prototype, and tooling for the automotive industry. Their primary products include parts and assemblies for exhaust, steering, chassis, seating, and HVAC.

Having outgrown their leased space in Auburn Hills and in need for more space to serve a growing customer base, the Company committed to acquiring and renovating a larger facility that would fit their needs in the City of Pontiac in 2009. On June 16, 2009, the MEGA Board approved a 7 year 100 percent Standard Job Creation and Retention MBT Credit (Resolution 2009-110) for the Company to locate in the City of Pontiac, Oakland County. The Job Creation portion of the MBT Credit is for a maximum of 108 Qualified New Jobs with an Average Weekly Wage of \$679, with a Base Employment Level of 54. The Job Retention portion of the MBT Credit is for a maximum of 50 Qualified Retained Jobs with an Average Weekly Wage of \$766 and the Company must make an initial investment of \$2.5 million at the project to activate the credit.

After approval of the MEGA Credit, the Company was unable to complete the lease transaction for the new facility in the City of Pontiac. After a long search for another suitable building or development ready land in Pontiac, the Company made the decision to construct their own facility in the City of Auburn Hills. The Company’s inability to sign a lease at the Pontiac facility affected their planned investment related to the retention portion of the job credit. Due to the delay in identifying a project site the company did not meet their minimum eligible investment until 2012 as opposed to the originally planned timeline of 2010. To date, the Company has hired 34 of the planned 108 new jobs. Once they are in their new space, they will be able to grow as initially planned. The City of Auburn Hills has approved a PA 198 tax abatement in support of their project.

Recommendation

MEDC Staff recommends the following amendments to the Standard New Job and Retention MEGA Tax Credit (Resolution 2009-110):

- a) Amend Section 2.0(a)(5) *“The Company will relocate to a new facility and create and retain jobs in the city of Pontiac, Oakland County”* to *“The Company will construct a new facility and create and retain jobs in the City of Auburn Hills, Oakland County”*.
- b) Amend Section 4.0 a(4) & 4.0 b(4): *“The City of Pontiac approve a tax abatement for new property related to the Project”*; to replace the *“City of Pontiac”* with the *“City of Auburn Hills”*;
- c) Amend Section 4.0 b(5): *“The Company invests in the Facility, through the construction, acquisition, transfer, purchase, contract, lease costs or other method approved by the MEGA, at least \$2,500,000 on or before December 31, 2010”*; to extend the on or before date from December 31, 2010 to December 31, 2012;
- d) All other terms and conditions will remain the same.



Ralco Industries, Inc.

MICHIGAN STRATEGIC FUND

Resolution 2014-

Ralco Industries, Inc. Standard and Retention Credit (Amendment #2)

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

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

WHEREAS, in Resolution 2009-110 adopted on June 25, 2009, the MEGA Board authorized a Tax Credit for Ralco Industries, Inc. (the “Company”) of 100 percent for a period of seven consecutive years, beginning no later than the Company’s tax year ending December 31, 2010 to relocate to a new facility and create and retain jobs in the City of Pontiac, Oakland County;

WHEREAS, the MEGA agreement was amended on August 9, 2012 to amend the definition of Average Weekly Wage, Quarter Ending Date, and Retention Amendment;

WHEREAS, the Company was unable to execute a lease for the building in Pontiac and is now constructing a new facility in the City of Auburn Hills, Oakland County where jobs will be created and retained;

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

- a) Amend Section 2.0(a)(5) *“The Company will relocate to a new facility and create and retain jobs in the city of Pontiac, Oakland County “* to *“The Company will construct a new facility and create and retain jobs in the City of Auburn Hills, Oakland County”*.
- b) Amend Section 4.0 a(4) & 4.0 b(4): *“The City of Pontiac approve a tax abatement for new property related to the Project”*; to replace the “City of Pontiac” with the “City of Auburn Hills”, and;
- c) Amend Section 4.0 b(5): *“The Company invests in the Facility, through the construction, acquisition, transfer, purchase, contract, lease costs or other method approved by the MEGA, at least \$2,500,000 on or before December 31, 2010”*; to extend the on or before date from December 31, 2010 to December 31, 2012.

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

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

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2006-79, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

June 24, 2014

Lansing, Michigan



MEMORANDUM

Date: June 24, 2014

To: Michigan Strategic Fund Board

From: Christopher Cook, Business Capital Relationship Manager

Subject: *Private Activity Bond – Bond Authorizing
Holland Plastics Corporation – Manufacturing
Not to Exceed \$1,920,000 – Refunding (the “Refunding Bonds”)*

Request:

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

Background:

Anderson has been part of the Midwest manufacturing landscape since 1946. The Holland mold making plant was opened in 1964, and then relocated to Grand Haven in 2000. Anderson manufactures custom injection molded components and assemblies for use in the transportation, office furniture, consumer product, electronics, and medical industries and manufacturing molds used in that process.

The proceeds of the 2005 Bonds were used by Anderson and Glenn in financing: (1) the construction of an approximately 37,400 square foot addition to an existing manufacturing facility, and the acquisition and installation of machinery and equipment located in Grand Haven Charter Township, Ottawa County, Michigan; and (2) the current refunding of the outstanding principal amount of the Michigan Strategic Fund’s \$5,000,000 Limited Obligation Revenue Bond (Holland Plastics Corporation Project), dated April 27, 2000, the proceeds of which were used to finance (a) the acquisition of land and an approximately 40,000 square foot manufacturing facility, the renovation of the facility, the construction of an approximately 50,000 square foot addition to the facility, and the acquisition and installation of machinery and equipment located in Grand Haven Charter Township, Ottawa County, Michigan, and (b) the acquisition and installation of machinery and equipment in Holland Charter Township, Ottawa

County, Michigan (which machinery and equipment was subsequently relocated to the Grand Haven Charter Township, Ottawa County, Michigan location). Glenn owns the land and facility portion of the Project and leases it to Anderson. Anderson owns the machinery and equipment portion of the Project and operates the entire Project for the manufacture of custom injection molded components and assemblies of the plastics industries and the manufacture of the molds used in that process.

Anderson currently employs 74 employees at its facility in Grand Haven and is anticipating hiring approximately 15 more employees.

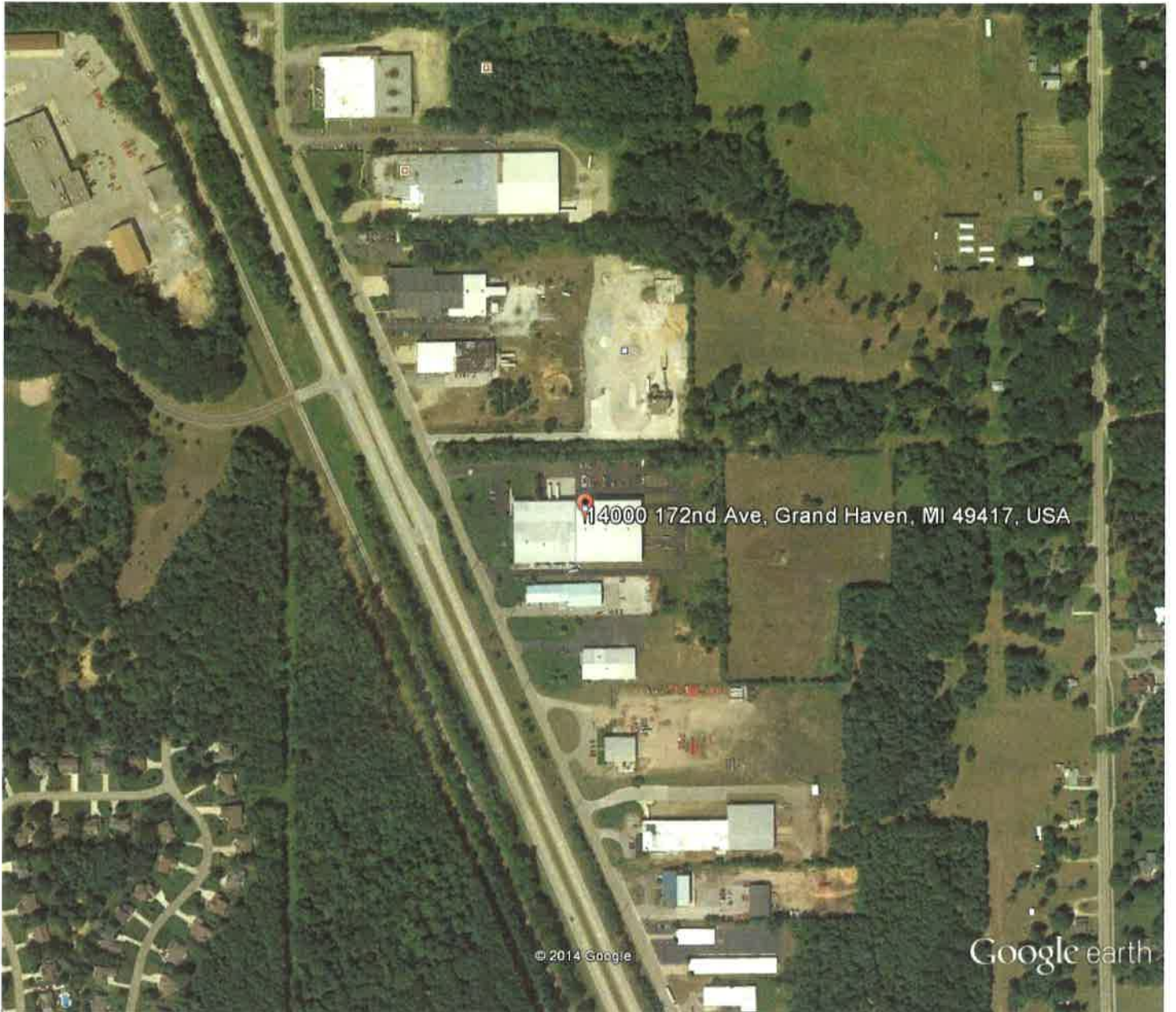
Plan of Finance:

Wells Fargo Bank, National Association has issued a term sheet with respect to its proposed purchase of the Refunding Bonds for its own account. The refunding is being undertaken primarily for the purpose of reducing the interest rate and various periodic fees associated with the 2005 Bonds, including letter of credit fees and remarketing agent fees.

The Refunding Bonds will mature on October 1, 2030, but are currently expected to be amortized over a period of 12 years (through October 1, 2025). Based upon average historical variable interest rates, the refunding is estimated to result in an overall net reduction in debt service of approximately \$105,846.

Recommendation:

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



14000 172nd Ave, Grand Haven, MI 49417, USA

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RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN
STRATEGIC FUND LIMITED OBLIGATION REVENUE REFUNDING BONDS
(HOLLAND PLASTICS CORPORATION PROJECT),
SERIES 2014 (THE "BONDS")

Resolution 2014-

Background

A. The Michigan Strategic Fund (the "Fund") is authorized by 1984 PA 270, as amended (the "Act"), to issue bonds for the purpose of making loans to pay the costs of a project (as defined in the Act).

B. Holland Plastics Corporation d/b/a Anderson Technologies, Inc., an Illinois corporation, ("Anderson"), Anderson Technologies South, LLC, a Mississippi limited liability company, ("Anderson Technologies") and Glenn C. Anderson Holdings, LLC, a Michigan limited liability company, ("Glenn") (collectively, and jointly and severally, the "Borrower"), have requested a loan from the Fund to assist the Borrower in financing the cost of refunding the \$1,920,000 outstanding principal amount of the Fund's \$4,000,000 Variable Rate Demand Limited Obligation Revenue and Revenue Refunding Bonds (Holland Plastics Corporation Project), Series 2005 (the "Prior Bonds"), which were used by the Borrower to finance (1) the construction of an approximately 37,400 square foot addition to an existing manufacturing facility, and the acquisition and installation of machinery and equipment located in Grand Haven Charter Township, Ottawa County, Michigan, and (2) the current refunding of the outstanding principal amount of the Fund's \$5,000,000 Limited Obligation Revenue Bond (Holland Plastics Corporation Project) dated April 27, 2000, the proceeds of which were used to finance (a) the acquisition of land and an approximately 40,000 square foot manufacturing facility, the renovation of the facility, the construction of an approximately 50,000 square foot addition to the facility, and the acquisition and installation of machinery and equipment located in Grand Haven Charter Township, Ottawa County, Michigan, and (b) the acquisition and installation by Anderson of machinery and equipment in Holland Charter Township, Ottawa County, Michigan (which equipment was subsequently relocated to the Grand Haven Charter Township, Ottawa County location) (the "Project"). Glenn owns the land and facility portion of the Project and leases it to Anderson. Anderson owns the machinery and equipment portion of the Project and operates the entire Project for the manufacture of custom injection molded components and assemblies of the plastics industries and the manufacture of the molds used in that process.

C. The Borrower has requested the Fund to issue the Bonds in a principal amount not to exceed \$1,920,000 pursuant to this resolution (the "Resolution") and an indenture of trust (the "Indenture"), between the Fund and Wells Fargo Bank, National Association, as trustee (the "Trustee") dated as of July 1, 2014, relating to the Bonds to obtain funds which will be loaned to the Borrower pursuant to a loan

agreement, dated as of July 1, 2014, between the Fund and the Borrower (the “Loan Agreement”) for the purpose of refunding the Prior Bonds.

D. The Bonds will be privately placed with sophisticated investors with bond denominations of not less than \$100,000.

E. The Bonds will be purchased by Wells Fargo Bank, National Association, as purchaser (the “Purchaser”) for its own account on the terms and conditions set forth in the Indenture.

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 Borrower, 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, Ratification, 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

Any Member and Authorized Officer are authorized to execute and deliver the Indenture, 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. The following terms of the Bond shall be approved by the Member executing the Indenture:

- a. The maximum principal amount of the Bonds shall not exceed \$1,920,000;
- b. The final maturity of the Bonds, which shall be not later than October 1, 2030; and
- c. The initial interest rate for the Bonds, which shall not be more than 6% per annum.

SECTION 4. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds to the Trustee for authentication and delivery to the Purchaser as provided in the Indenture and 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 Borrower and necessary certificates and representations of the Borrower acceptable to the Fund, the Attorney General, and bond counsel;
- c. an approving opinion of the Attorney General; and
- d. an investment letter in form and substance acceptable to the Attorney General from the Purchaser.

Upon receipt, the proceeds of the Bonds to be used to refund the Prior Bonds shall be paid over to the Trustee to be credited in accordance with the Indenture.

SECTION 5. Designation of Certain Parties. Wells Fargo Bank, National Association’s acceptance of duties as Trustee shall be evidenced by its execution of the Indenture.

SECTION 6. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the Loan Agreement, or the Indenture, 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. If requested by the Borrower and acceptable to the Attorney General and bond counsel, any Authorized Officer is authorized to execute and deliver such certificates as may be necessary to identify on the books and records of the Fund an interest rate exchange agreement or “swap” to be entered into by the Borrower in connection with the Bonds, and the Borrower’s related loan repayments, as a “qualified hedge” for federal tax purposes under the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

SECTION 7. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict.

This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before July 18, 2014, the authority granted by this Resolution shall lapse.

Adopted.

Ayes:

Nays:

June 24, 2014 Meeting
Lansing, Michigan

2014-0078588-A/MSF Holland Plastics Project/Resolution clean



MEMORANDUM

Date: June 24, 2014

To: Michigan Strategic Fund Board

From: Christopher Cook, Business Capital Relationship Manager

Subject: *Private Activity Bond – Bond Authorizing
USF Westland, LLC – Manufacturing
Not to Exceed \$2,610,000 – Refinancing (the “Refinancing Bonds”)*

Request:

USF Westland, LLC (“Borrower”) is requesting private activity bond financing for the purpose of refinancing the Michigan Strategic Fund’s (the “MSF”) outstanding Limited Obligation Revenue Bond, Series 2008B issued in the principal amount of \$3,299,045.14 (the “2008 Bonds”).

Background:

Borrower is a manufacturer of highly engineered, plastic injection molded and plastic extruded components. While Borrower provides conventional injection molding, thermoplastic urethane formulation, compounding and molding, and dual durometer extrusions, their niche is two-shot injection molding.

The proceeds of the 2008 Bonds were used by Borrower in financing the acquisition of land and an existing approximately 84,672 square foot manufacturing facility, the rehabilitation said facility, and the acquisition and installation of machinery and equipment to be located at 39200 Ford Road, Westland.

Since the 2008 bonds were issued, the number of employees has increased from 83 to 201 in Westland, specifically related to the project. US Farathane (the parent company) employs over 2,400 employees nationwide, with 1,928 employees located in Michigan.

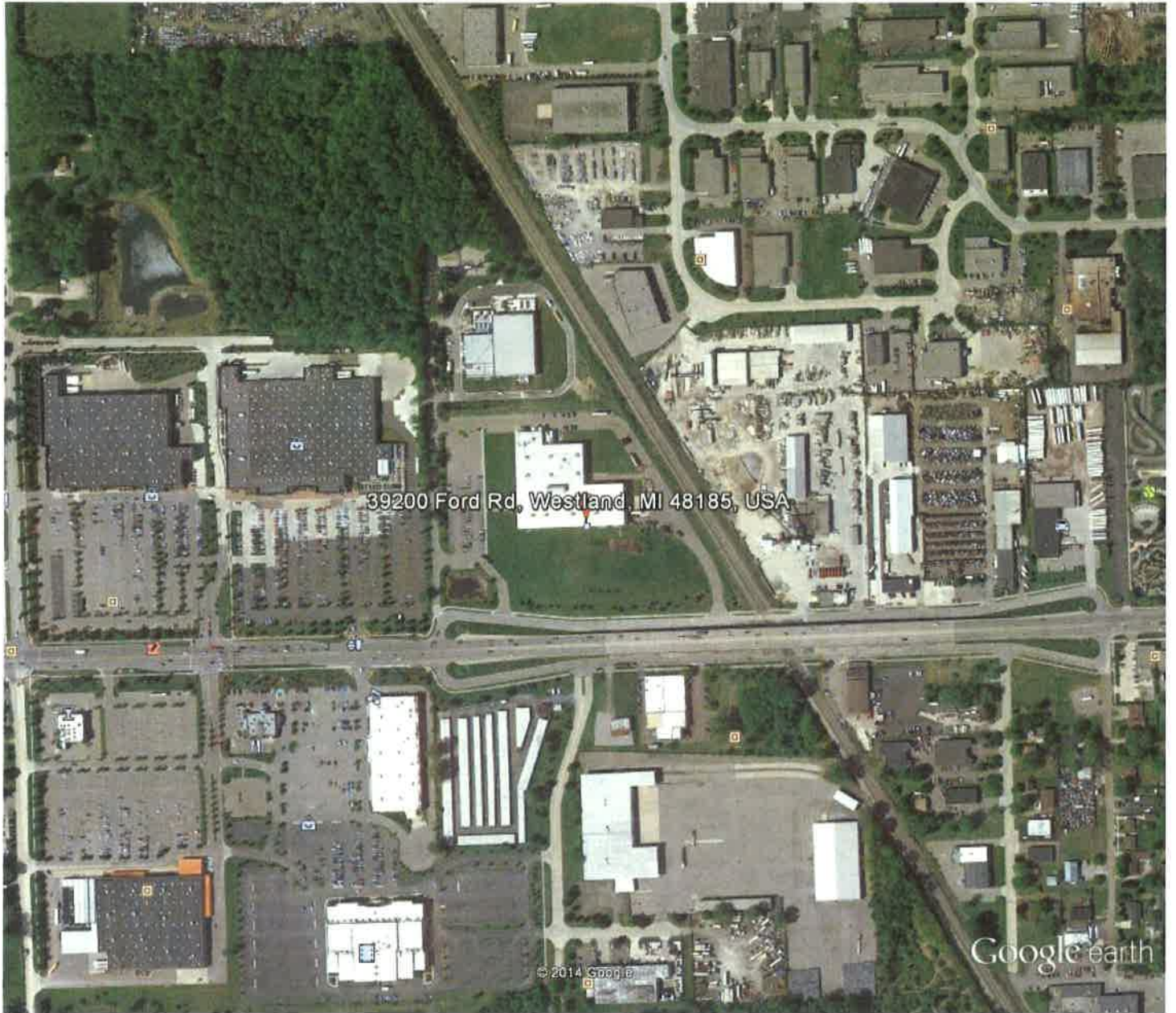
Request for Change in Documents:

GE Government Finance, Inc. has indicated the refinancing of the prior bonds will reduce the current interest rate from 5.32% to a market tax-exempt rate of 3.80%, which will result in savings of approximately \$2,000 per month, \$24,000 per year, and over \$320,000 over the life of the loan. The term of the loan will be approximately 163 months, (co-terminous with the prior bond).

Through a review of the bond documents, Bond Counsel and the Attorney General have determined that the MSF Board approval is required to amend the Loan Agreement to revise the interest rate calculations and certain repayment provisions.

Recommendation:

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



39200 Ford Rd, Westland, MI 48185, USA

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MICHIGAN STRATEGIC FUND

RESOLUTION AUTHORIZING THE SECOND AMENDMENT TO THE
LOAN AGREEMENT AND MODIFICATION TO THE BOND

2014-

At a meeting of the Michigan Strategic Fund (the “MSF”) held on June 24, 2014, in Lansing, Michigan, the following motion was moved and supported:

WHEREAS, in April 2008, the MSF entered into that certain Loan Agreement (Real Estate) dated as of April 1, 2008 (the “Loan Agreement”) among GE Government, Inc., (“GEGF”), a Delaware corporation, for itself and as collateral agent (“Collateral Agent”), and USF Westland, LLC, a Michigan limited liability company, as borrower (“Borrower”) to provide for the issuance by the MSF of its \$3,299,045.14 Michigan Strategic Fund Limited Obligation Revenue Bond, Series 2008B (U.S. Farathane Corporation Project) (the “Bond”) for the benefit of the Borrower;

WHEREAS, GEGF has assigned to General Electric Capital Corporation, a Delaware Corporation, as Lender (“Lender”) all of GEGF’s rights, title and interest in the Bond and the Loan Agreement, and Lender has appointed GEGF as its attorney-in-fact and subservicer with respect to all matters relating to the Bond;

WHEREAS, Lender, Collateral Agent, Borrower and Issuer have amended the Original Loan Agreement pursuant to the First Amendment to Loan Agreement dated as of August 29, 2013 (the “First Amendment”); together with the Original Loan Agreement, the “Loan Agreement”);

WHEREAS, Lender, Collateral Agent, and Borrower desire to amend certain provisions of the Loan Agreement and Bond pursuant to this Second Amendment for the purpose of refinancing the Bond (the “Second Amendment”); and

WHEREAS, Section 12.07 of the Loan Agreement permits the MSF, the Lender, the Collateral Agent and the Borrower to amend the Loan Agreement by written instrument;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MSF:

1. The MSF consents to the Second Amendment to the Loan Agreement and modification to the Bond in substantially the form on file with the MSF.

2. Any authorized officer is authorized to execute and deliver the Second Amendment to the Loan Agreement, the modified Bond in an amount not to exceed \$2,610,000 and any other documents as may be necessary or desirable to carry out the matters approved by this resolution.

3. This resolution shall become effective upon adoption. If the Second Amendment and modified Bond is not executed and delivered by July 18, 2014, together with all other documentation executed pursuant to this resolution, the authority granted by this resolution shall lapse.

Adopted.

Ayes:

Nays:

Recusals:

June 24, 2014 Meeting
Lansing, Michigan



MEMORANDUM

Date: June 24, 2014

To: Michigan Strategic Fund (MSF) Board

From: Stacy Esbrook, Community Assistance Team Specialist
Dan Wells, Senior Program Specialist

Subject: Macomb County Brownfield Redevelopment Authority
Community Development Program — Act 381 Work Plan Approval

Request

The County of Macomb Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$1,592,970.

Background

The school taxes will be utilized to redevelop approximately two acres of property located at 32233, 32385 and 32455 Gratiot, in the City of Roseville. The Macomb Mall Redevelopment project includes the overall redevelopment and rehabilitation of the existing Macomb Mall property and an adjacent outlot property that is currently vacant. The property is currently owned by Macomb Mall Partners LLC, which is single-purpose entity established to redevelop this property by Lormax Stern Development Company (LSDC). LSDC owns multiple shopping centers throughout four states, including Michigan.

The project includes demolition of the existing 126,690 square foot, two-story former Crowley's Department Store building and associated site improvements. Following demolition, a new 50,200 square foot building will be constructed to house a new national retailer. A second phase of the redevelopment will be undertaken in 2014 to 2015 and includes rehabilitation and rebuilding of various sections of the mall property in need of replacement or repair. Eligible activities that will be undertaken to alleviate Brownfield conditions on the property include demolition and asbestos abatement.

Approximately 295 permanent full-time equivalent jobs are anticipated to be created by the commercial retail portion of the project at an average hourly wage of \$11. The total capital investment will be approximately \$8.4 million.

Property Eligibility

The project is located within the boundaries of the City of Roseville, which is not a Qualified Local Governmental Unit, and has been deemed functionally obsolete as verified by a Michigan Certified Assessing Officer (MCAO) assessor. The property is the subject of a Brownfield Plan, duly approved by the County of Macomb on December 19, 2013 and concurred with by the City of Roseville on November 26, 2013.

Other State and Local Assistance to the Project

An application has been submitted to the City of Roseville for a ten year Commercial Rehabilitation Act (CRA) property tax abatement which is projected to provide an overall savings of approximately \$800,000. The City of Roseville created the CRA district to allow the new owner to submit an application prior to the approval of the Brownfield Plan.

Tax Capture Breakdown

There are 57.3902 non-homestead mills available for capture, with school millage equaling 24.00 mills (41.82%) and local millage equaling 33.3902 mills (58.18%). The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (41.82%)	\$ 666,180
Local tax capture (58.18%)	\$ 926,790
TOTAL	\$1,592,970

Cost of MSF Eligible Activities

Demolition	\$ 997,800
Lead or Asbestos Abatement	+ 370,000
Sub-Total	\$1,367,800
Contingency (15%)	+ 205,170
Sub-Total	\$1,572,970
Brownfield/Work Plan Preparation	+ 20,000
TOTAL	\$1,592,970

Recommendation

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

KEY STATUTORY CRITERIA

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

a) Overall Benefit to the Public:

The public will benefit through the reuse and revitalization of a tired and underutilized site with the construction of a new commercial building and rehabilitation of portions of the existing structures. Additionally, the project will increase property and sales tax revenue, as well as provide new jobs to area residents and increased income and sales tax revenue to the state.

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

This project is expected to create 20 managerial positions, 200 sales positions and 150 part-time positions. Wages are expected to range from \$10 to \$29/hour.

c) Area of High Unemployment:

The City of Roseville unadjusted jobless rate was 11.8% in March 2014. This compares to the statewide seasonally adjusted average of 7.5% in March 2014.

d) Level and Extent of Contamination Alleviated:

The project is not qualifying as a facility and the level of contamination is unknown.

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

The property is Functionally Obsolete due to design deficiencies, non-functioning and inadequate heating and mechanical systems, inadequate plumbing systems, and inoperable service elevators and escalators. The Functionally Obsolete building on the Property will be completely demolished, as it is not cost-effective to renovate and there are no historical or otherwise significant features worth rehabilitating. The building will be replaced with a modern department store and value of the new building will allow the new owners to address long, over-due maintenance throughout the Property.

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

The Brownfield incentive is needed to offset the cost of demolition and asbestos abatement required to redevelop the property. Without the assistance of Brownfield tax increment financing, the new property owners would not undertake the significant renovations needed to bring the property back to modern standards.

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

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

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

i) Other Factors Considered:

No additional factors need to be considered for this project.

MAP OF PROJECT AREA



MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**COUNTY OF MACOMB BROWNFIELD REDEVELOPMENT AUTHORITY
MACOMB MALL PARTNERS, LLC REDEVELOPMENT PROJECT
CITY OF ROSEVILLE**

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

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

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

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

WHEREAS, the County of Macomb Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 32233, 32385, and 32455 Gratiot within the City of Roseville, known as Macomb Mall Partners, LLC Redevelopment Project (the “Project”);

WHEREAS, that the City of Roseville is not a “qualified local governmental unit,” but is eligible to provide demolition and lead and asbestos removal as provided under 2007 PA 204;

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 41.82% to 58.18% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition and lead and asbestos abatement as presented in the revised Work Plan dated February 27, 2014. Any change in millage that increases the capture percentage of school operating taxes by more than five percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$1,572,970 for the principal activity costs of non-environmental activities and a contingency and a maximum of

\$20,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$666,180.

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

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

Ayes:

Nays:

Recused:

June 24, 2014
Lansing, Michigan

MEMORANDUM

Date: June 24, 2014

To: Michigan Strategic Fund (MSF) Board

From: Nate Scramlin, Community Assistance Team Specialist
Mary Kramer, Financial Specialist, Community Revitalization Program
Charles Donaldson, Program Specialist, Community Development Block Grant
Christine Whitz, Manager, Community Development Block Grant Program

Subject: Wright Opera Block Infrastructure Project
City of Alma, County of Gratiot
Request for Approval of a \$419,958 Community Development Block Grant

Wright Opera Block, LLC
Request for Approval of a \$1,000,000 Michigan Community Revitalization Program
(MCRP) Performance-Based Grant

Request

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

The City of Alma is requesting \$419,958 in CDBG funds for infrastructure improvements needed surrounding the project totaling \$528,695. Wright Opera Block, LLC is requesting approval of a MCRP performance-based grant in the amount of \$1,000,000. The Applicant anticipates that the project will result in eligible MCRP investment of \$5,141,575.

Background

The owner and developer for the project is Kurt Wassenaar operating as Wright Opera Block, LLC. Mr. Wassenaar is a licensed Architect, Principal at Blue Springs Development, and has over 35 years of experience in real estate project design, development, and project management with a significant number of historic redevelopment projects. Mr. Wassenaar has been actively engaged in the ownership and development of more than 750,000 square feet of commercial, residential, and mixed use projects in Virginia and Michigan. Wright Opera Block, LLC has not received any incentives from the MSF previously.

Wright Opera Block, LLC will be redeveloping the Wright Opera House and adjoining properties located on approximately 0.50 acres. In 2010, the Wright block was decimated by fire and the developer would like to restore the building to its former historic glory. The Wright Opera Block consists of multiple three-story buildings and an adjacent one story building known as the "Boiler Building". Within the Opera Block the top two floors will be renovated into approximately 14 resident units for 47 Alma College students. A lease has been executed with Alma College. Roughly 20,000 square feet of residential space will be created. The first floor will be renovated to accommodate multiple commercial/retail tenants. The total retail space to be renovated will be roughly 18,000 square feet.

Associated with this development, the City of Alma will be upgrading the surrounding infrastructure with the help of CDBG funds to accommodate the increased residents as well as the visitors and employees of the newly created commercial spaces. The CDBG funds will be used for the reconstruction and landscaping of three downtown parking lots, and replacing 14 thirty year old sodium street lights with historically correct LED fixture lighting. CDBG-funded activities will be strictly focused on the infrastructure improvements with match-funded activities being split between engineering and actual infrastructure improvements.

Attachments:

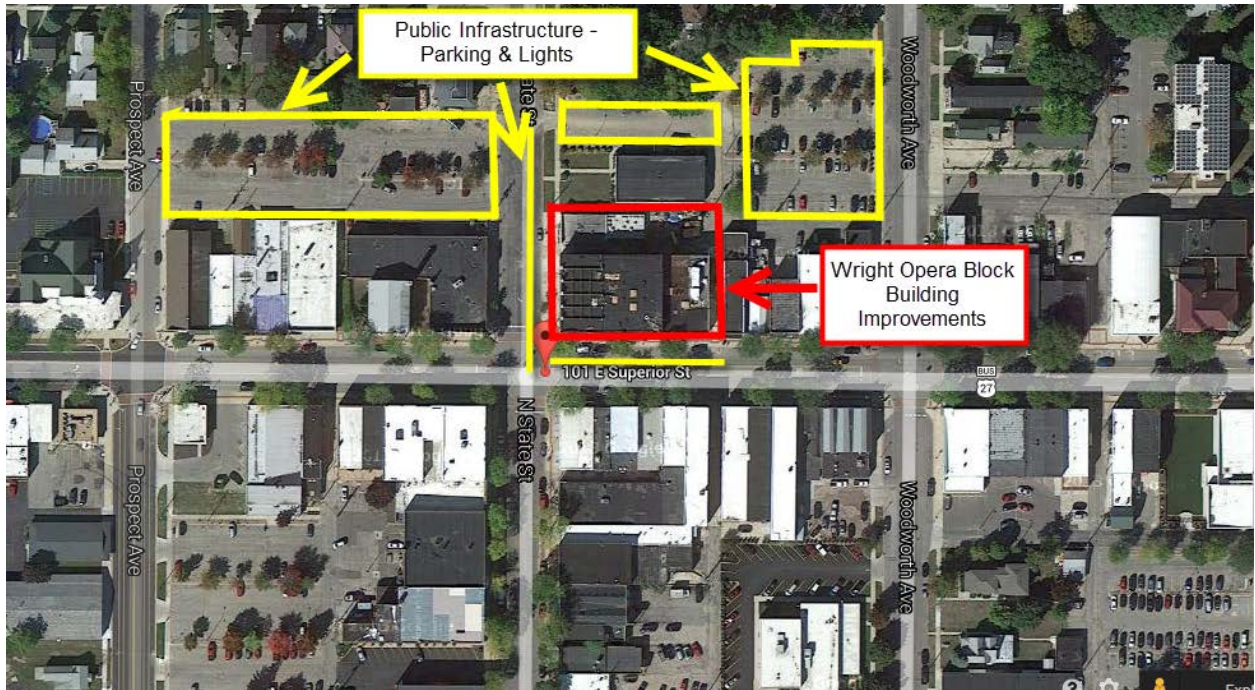
- Appendix A: Project Map
- Appendix B: MCRP Statutory Requirements
- Appendix C: MCRP Summary of Terms
- Appendix D: CDBG Program and Screening Requirements
- Appendix E: CDBG Budget

Recommendation

MEDC Staff recommends the following:

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

APPENDIX A – PROJECT MAP



APPENDIX B – MCRP STATUTORY REQUIREMENTS (Exhibit A of Resolution)

MCRP PROGRAM AND ITS GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and its guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan.

SOURCE OF INFORMATION

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

As required under the program, the following statutory criteria shall be considered by the MSF, as MEDC Staff believes each is reasonably applicable to proposed project:

- A. The importance of the project to the community in which it is located:** The creation of over 20,000 square feet of new residential space and the reactivation of commercial spaces in downtown Alma is helping to fuel new business growth in the downtown and offering new housing choices for the Alma student population. This dynamic is helping to fuel the renaissance of the downtown area.
- B. If the project will act as a catalyst for additional revitalization of the community in which it is located:** The construction of this development in downtown Alma will help create a demand for additional downtown businesses and services by promoting downtown living and walkability.
- C. The amount of local community and financial support for the project:** The City of Alma is providing an Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of \$984,000.
- D. The applicant's financial need for a community revitalization incentive:** The Wright Opera Block project is located in a distressed downtown market. Funding gaps are created in these markets due to the difference between project cost and the expected value of the finished product. This limits the amount of debt financial institutions are willing to lend, thus creating a gap in financing. The activation of projects in these markets requires other assistance including public grants. The MCRP grant will fill the remaining cost gap.
- E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:** This project will renovate a functionally obsolete, historic building in downtown Alma to include over 20,000 square feet of residential space and reactivate 18,000 square feet of commercial space on the first floor.
- F. Creation of jobs and areas of high unemployment:** The Wright Opera Block will produce an estimated 42 full time equivalent jobs with an average wage of \$20 per hour for full-time jobs and \$10 per hour for part-time jobs.
- G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:** The developer is contributing cash equity in the amount \$1,300,000 and a bank loan in the amount of \$1,920,000 is also being contributed to the project. Other equity investment in the amount of \$2,532,767 is composed of deferred development fees, land contribution and a 20% Federal Historic Tax Credit of which the developers will be monetizing through investment by Isabella Bank.

- H. Whether the project is financially and economically sound:** The project is financially sound based on current market projections and has satisfactory cash flow to pay off the permanent debt, plus provide a reasonable return to the developer.
- I. Whether the project increases the density of the area:** This project will increase the density of the area by creating 20,000 square feet of residential space to house roughly 47 students from Alma College. Prior to this development the residential space on the 2nd and 3rd floors was not utilized.
- J. Whether the project promotes mixed-use development and walkable communities:** This project promotes mixed-use development by providing residential units and reactivating the commercial/retail components on the first floor. The project is located in downtown Alma and promotes walkability by offering residents' service, retail, and entertainment options within a five minute walk of their doorstep.
- K. Whether the project converts abandoned public buildings to private use:** This project does not involve any abandoned public buildings.
- L. Whether the project promotes sustainable development:** This project promotes sustainable development by utilizing a Brownfield site in downtown Alma. The reuse of Brownfield sites generally utilizes already existing public infrastructure, decreasing the need for the development of new infrastructure often at the cost of public entities.
- M. Whether the project involves the rehabilitation of a historic resource:** This project involves the rehabilitation of the Wright Opera Block which is listed in the National Register of Historic Places.
- N. Whether the project addresses area-wide redevelopment:** The creation of increased residential space in downtown Alma will act as a catalyst for other projects in the area by increasing the density of people living in downtown.
- O. Whether the project addresses underserved markets of commerce:** This project does not address underserved markets of commerce.
- P. The level and extent of environmental contamination:** This project does not include any known environmental contamination. Asbestos and lead based paint in the building have previously been mitigated.
- Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):** The rehabilitation of the Wright Opera Block will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings.
- R. Whether the project will compete with or affect existing Michigan businesses within the same industry:** This project is not expected to negatively affect any existing businesses within the industry.
- S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:** There are no additional criteria approved by the board specific to this project.

APPENDIX C – MCRP SUMMARY OF TERMS

1. **Company Name:** Wright Opera Block, LLC
2. **Company Address:** 258 Blue Springs Lane
Charlottesville, Virginia 22901
3. **MCRP Incentive Type:** Performance Based Grant
4. **Maximum Amount of MCRP Incentive:** Lesser of 25% of the Eligible Investment, as defined below, or \$1,000,000 (“MCRP Incentive Award”).
5. **Project Description (“Project”):** The project involves the renovation of the Wright Opera House and adjoining properties located at 101-113 Superior Street, Alma, Michigan. The completed building will include approximately 18,000 square feet of retail space on the first floor and approximately 14 residential units for 47 Alma College students on the remaining floors.
6. **Anticipated Minimum Eligible Investment:** \$4,113,260 The minimum is based on 80% of the total Eligible Investment amount requested on the CRP incentive application. The Eligible Investment on the Project is anticipated to include:
 - Building Alteration/Rehabilitation/Improvement
 - Site Improvements
 - Addition of Machinery, Equipment or Fixtures to the Project
 - Professional Fees
7. **Start Date for Measurement of Eligible Investment:** June 6, 2013
8. **Project Qualifying As:**
 - Functionally Obsolete
 - Historic Resource
9. **Progress and Milestones & Disbursement:** The final terms and conditions of each of the Progress Milestones shall be included in the final Agreement, including that before any disbursement is made to the Applicant, the Applicant must demonstrate timely completion of all Progress Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement. The MSF Fund Manager, in coordination with MEDC Staff, is authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF’S behalf in accordance with the Guidelines and are anticipated to include:
 - a. Pre-improvement Progress Milestone: Written certification from Isabella Bank, or a copy of the executed loan agreement, note and mortgage, evidencing that the applicant has closed on financing in the minimum amount of \$1,920,000; written certification from Develop Michigan Inc.

evidencing that the applicant has closed on bridge financing in the minimum amount of \$1,000,000; written documentation of the approval of the federal historic tax credits; and final approval of the municipality support.

b. Completion of the Project Progress Milestone: Issuance of permanent certificate(s) of occupancy.

- 10. Municipality supporting the Project (“Municipal Support”):** The City of Alma is providing an Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of \$984,000.
- 11. Site Plan Approval:** A condition for execution of the final Agreement is that the local unit of government, or its’ designated planning body, has approved the final Site Plan for the Project, and that the form and substance of the Site Plan are acceptable to the MSF.
- 12. Term of Agreement:** From execution of the final Agreement until the date three (3) years after the completion of the final Progress Milestone.
- 13. Repayment and Penalty Terms:** Some repayment and penalty provisions are required by law. The repayment and penalty terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement, and may include any or all of the following: a penalty, reduction of all or a portion of the MCRP Incentive Award, repayment of any portion of any disbursement of the MCRP Incentive Award, or ineligibility of the Applicant and its sponsors for any support or economic assistance from the MSF, as the case may be, if the Applicant fails to comply with the Agreement, any reporting requirements defined in the final Agreement, or otherwise violates the MSF Act.
- 14. Final Terms and Conditions:** The MSF Fund Manager, in coordination with MEDC Staff, is authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF’S behalf in accordance with the Guidelines and is anticipated to include the terms described above.

APPENDIX D – CDBG PROGRAM AND SCREENING REQUIREMENTS

Program Requirements

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

- **National Objective:**
This project qualifies for CDBG funding as the project activities are expected to result in the creation of 42 full time equivalent positions over the next two years. The business has agreed that at least 22 of the 42 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 \$9,999, with a minimum wage of \$9.00 per hour.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a) (2) of Title I of the Housing and Community Development Act of 1974, as amended.

CDBG Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the downtown infrastructure project and the development project it supports meet the following criteria:
 - Located in a highly visible location
 - Located in a DDA or other like districts
- **Minimum Local Participation:** The City of Alma will make an anticipated contribution of \$108,737 which is twenty one percent (21%) of the total infrastructure costs. The funds will be provided by the City's general fund. The City of Alma is also providing an Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of \$984,000.
- **Minimum Leverage Ratio:** The private leverage contribution, to be provided by Wright Opera Block, LLC, is noted in Appendix E and will equal a minimum of \$4,715,274, which results in a leverage ratio of approximately 11:1 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. The execution of the grant agreement will be contingent on the ability of the developer to provide written certification of the executed loan agreement, note and mortgage, evidencing that the applicant has closed on financing in the minimum amount of \$1,920,000 to assure financial viability of the project.
- **Project Budget:** See Appendix E.

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

APPENDIX E – CDBG BUDGET

PROJECT BUDGET MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Michigan Economic Development Corporation

1. Applicant: City of Alma	2. Project Title: Wright Opera Block Infrastructure Project				
3. Project Cost Elements	4. Project Funding Sources (identify all other funding sources).				
Activities	CDBG	Local	Private		TOTAL
Architecture and/or Engineering	\$0	\$68,960	\$0	\$0	\$68,960
Infrastructure Improvements	\$419,958	\$39,777	\$0	\$0	\$459,735
Building Expansion or Construction	\$0	\$0	\$4,715,274	\$0	\$4,715,274
Fees, legal, etc.	\$0	\$0	\$0	\$0	\$0
Administration	\$0	\$0	\$0	\$0	\$0
TOTAL	\$419,958	\$108,737	\$4,715,274	\$0	\$5,243,969

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE-BASED GRANT AWARD FOR WRIGHT OPERA BLOCK, LLC**

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

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

WHEREAS, on December 21, 2011, by Resolution No. 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”), and (iii) approved the MSF Fund Manager to negotiate the final terms and conditions of the written agreements to be used to memorialize MCRP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the MCRP Applicant requests a performance based grant award from the MSF under the MCRP for the Project in an amount not to exceed up to \$1,000,000 (“Award Request”), along with other general terms and conditions for the Award Request which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC recommends that the MSF approve the Award 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 30 days (“MCRP Award Recommendation”); and

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

BE IT FURTHER RESOLVED, the MSF Fund Manager, in coordination with MEDC Staff, is authorized to negotiate the final terms and conditions of, and sign, the Transaction Documents necessary to effectuate the MCRP Award Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan
June 24, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014- _____

APPROVAL OF THE WRIGHT OPERA BLOCK INFRASTRUCTURE 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 Alma (the "Community") has submitted a complete application for approval requesting funding to be used to fund the Wright Opera Block Infrastructure 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 \$419,958 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$419,958 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds and the ability of the developer to provide written certification of the executed loan agreement, note and mortgage, evidencing that the applicant has closed on financing in the minimum amount of \$1,920,000;

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
June 24, 2014

MEMORANDUM

Date: June 24, 2014

To: Michigan Strategic Fund (MSF) Board

From: Deborah Stuart, Director, Community Incentive Programs

Subject: Urgent Need- Deep Freeze Response
Request for Approval of up to \$6,000,000 in Community Development Block Grant (CDBG) funds

Request

MEDC staff requests approval to set aside up to \$6,000,000 in CDBG funds for eligible projects impacted by the extreme cold last winter.

Background

The winter of 2013/2014 included extremely cold temperatures and deep frost levels causing widespread damage to water and sewer mains and many roads. This is now referred to as the “Deep Freeze.” In response to the Deep Freeze, Governor Snyder has currently declared a “State of Emergency” for eight counties currently (Charlevoix, Cheboygan, Chippewa, Emmet, Gogebic, Luce, Mackinac, and Marquette). Estimates for damage are nearing \$15,000,000 and will continue to increase as the ground thaws in these regions. Although communities are seeking Federal Emergency Management Assistance (FEMA) funding, the FEMA funding approval may be delayed for over a year and will likely only cover a portion of the actual costs.

The MEDC has received numerous requests from communities seeking assistance and it is clear that past projects approved by the MEDC and MSF are likely in jeopardy if basic infrastructure is not repaired quickly. In addition, with MEDC being at the forefront of holistic community development, we believe these unexpected costs will set back our northern communities for years. In response to these concerns, the MEDC would like to announce a competitive round of CDBG funding to assist communities impacted by the Deep Freeze. Although the MSF has approved a delegation of authority for grant awards up to one million dollars and no individual project awards will exceed that amount, staff would like the MSF to approve the total set aside as it exceeds the delegation amount.

Eligible communities must be declared by either the State or local jurisdiction a “State of Emergency” due to the damage caused by the Deep Freeze. The communities must be non-entitlement, must document that they are not able to fund the activities with other funding, and must have hard infrastructure repairs (water, sewer, and/or road work related to water/sewer) that occurred after November 1, 2013. Applicants will also be required to have a minimum match of 15% and, if they are eligible, continue the process to seek FEMA funding. Staff will coordinate with the Emergency Management and Homeland Security Division of the Michigan State Police to assure we are not impacting their request process. Applicants will be prioritized based on their match contribution, whether they have a traditional downtown, and the impact the improvements will have on the entire community.

Program Requirements

The projects will be evaluated utilizing the CDBG requirements. It has been determined that the projects must meet the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**

In order to qualify for CBDG funding, communities must provide information qualifying their projects as Urgent Need. In addition, if the populations of communities or program areas are comprised of at least 51 percent low and moderate income persons as determined by census data provided by the U.S. Department of Housing and Urban Development or an income survey, we will convert the project to qualify based on the benefit to Low and Moderate Income Persons.

- **Eligible Activity:**

All of the projects that will be considered must involve eligible activities identified in Section 105(a)(2) of Title I of the Housing and Community Development Act of 1974, as amended.

Recommendation

MEDC Staff recommends the following:

The MSF authorizes no more than \$6,000,000 be used for infrastructure repair due to the damage caused by the Deep Freeze.

The Fund Manager and Chairman, in coordination with MEDC Staff, are authorized to approve funding for specific applicants and execute CDBG Agreements as provided in the previously adopted delegation of authority (Resolution 2013-187).

MICHIGAN STRATEGIC FUND

RESOLUTION 2014- _____

2015 DEEP FREEZE GRANTS

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

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

WHEREAS, the CDBG program has policies, criteria, and parameters which are enumerated in the 2014 Program Guidelines, as amended (the "Criteria") and the 2014 Application Guide (the "Guide"). The MSF by Resolution 2014-51 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2014-___ guidelines for grants;

WHEREAS, the winter of 2013/2014 included extremely cold temperatures and deep frost levels causing widespread damage to water and sewer mains and many roads, resulting in a need by Michigan communities for additional infrastructure funding (the "Deep Freeze");

WHEREAS, MEDC staff is recommending the use of CDBG funding as an appropriate resource for infrastructure repairs for the communities impacted; and

WHEREAS, the CDBG program staff will review any presented applications and proposed Projects in light of the Criteria, Guide and HUD regulations and will assure the Project is eligible for funding, are not speculative in nature, are economically sound, are ready to proceed, and meet urgent need requirements or at least 51% of the project beneficiaries are low and moderate income persons.

NOW, THEREFORE, BE IT RESOLVED, that the MSF allocates \$6,000,000 from the Michigan CDBG program for the purpose of funding the Communities' proposed projects related to the Deep Freeze contingent upon the MSF's continued receipt of CDBG funds, and availability of adequate funds; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President and the MSF Fund Manager to approve Deep Freeze grants in accordance with the delegation of authority approved by Resolution 2013-187.

Ayes:

Nayes:

Recused:

Lansing, Michigan
June 24, 2014