

**MICHIGAN STRATEGIC FUND
BOARD MEETING AGENDA
JANUARY 27, 2015**

*Public Comment (please limit public comment to three (3) minutes)
Communications – Information only*

Chief Compliance Officer Quarterly Report

A. Consent Agenda

Proposed Meeting Minutes – December 16, 2014

HTI Cybernetics – Tool & Die Recovery Zone Amendment – Amy Lux

Covisint – MBDP Amendment – Marcia Gebarowski

Borgwarner – MBDP Reauthorizing – Trevor Friedeberg

Access Business Group, LLC – MBDP Grant Amendment – LeTasha Peebles

Moran Iron Works – MBDP Amendment – LeTasha Peebles

B. Business Investment

1. Entrepreneurship

Pure Michigan Venture Capital Development Fund – Request to Reissue RFP – Paula Sorrel

2. Business Growth

Forest River Products/Van Buren County – CDBG/MBDP – Mike Gietzen

Toyota Motor Engineering & Manufacturing, NA Inc. – MBDP Amendment – Trevor Friedeberg

3. Access to Capital

Huron River Ventures Amendment – Accelerator Fund Program – Mike Flanagan

C. Community Vitality

Alpena Holiday Inn Express – Brownfield TIF – Dan Leonard

D. Administrative

President's Update – Steve Arwood

E. Quarterly Reporting – Informational only

21st Century Jobs Fund Portfolio Loan & Grant Delegated Authority

Pure Michigan Venture Match Fund Delegated Authority

MCRP & MBDP Delegated Authority

CDBG Delegated Authority

MSF Confidentiality Update



STATE OF MICHIGAN
OFFICE OF THE CHIEF COMPLIANCE OFFICER
LANSING

RICK SNYDER
GOVERNOR

KEVIN FRAN CART, ESQ.
CHIEF COMPLIANCE OFFICER

MEMORANDUM

January 12, 2015

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

Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2015 Q1 Report of the Chief Compliance Officer.

The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the first quarter of the 2015 fiscal year were successfully resolved or are being appropriately addressed.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. A review and evaluation of the tourism promotion programs and activities conducted pursuant to MCL 125.2088b(2)(d) for FY 2013 and FY 2014 was started in the first quarter and is underway. A review of the limits on use of the funds in the jobs for Michigan investment fund was conducted as related to programs under Chapter 8C, MCL 125.2090 *et seq.*, and other programs under Chapter 8A, MCL 125.2088 *et seq.* Several bills (HB4480; HB4481; HB4482; SB269; SB270; SB271; and, SB272) amending the statutes governing the MSF were enrolled during this quarter, if enacted into law a review of current program guidelines, bylaws, and processes will be conducted and updates suggested as necessary. Governor Snyder issued an Executive Order (EO 2014-12) that, when effective, will reconstitute the MSF Board and move the MSF as an autonomous agency from the Department of Treasury to the Department of Talent and Economic Development.

The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as conflict of interest issues, the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations. The Chief Compliance Officer initiated the aforementioned review and evaluation of the tourism promotion programs and activities.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF JANUARY 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. December 16, 2014 Proposed Meeting Minutes
2. HTI Cybernetics – Tool & Die Recovery Zone Amendment
3. Covisint – MBDP Amendment
4. Borgwarner – MBDP Reauthorizing
5. Access Business Group, LLC – MBDP Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015

**MICHIGAN STRATEGIC FUND BOARD
PROPOSED MEETING MINUTES
DECEMBER 16, 2014**

Members Present:

Paul Anderson
Michael Finney
Mike Jackson
Andrew Lockwood (on behalf of Treasurer Clinton)
Terri Jo Umlor (via phone)
Jody DePree Vanderwel
Jim Walsh
Shaun Wilson (via phone)
Mike Zimmer

Members Absent:

Bill Martin

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

Public Comment: Mr. Finney asked if there were any members of the audience.

Communications: None.

Resolutions 2014-214 through 2014-218

Mr. Finney asked if there were any questions from the Board on any of the Consent Agenda items. There being none, Jody Vanderwel motioned for the approval of the following:

December 2014 Consent Agenda – **2014-214**
November 25, 2014 Proposed Meeting Minutes
HTC Global Services – MBDP Amendment **2014-215**
Magna Mirrors of America – MBDP Amendment **2014-216**
Lenawee Stamping Corporation – MBDP Amendment **2014-217**
DTE Electric Company – RZ Time Extension Transfer **2014-218**

Mike Zimmer seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

BUSINESS INVESTMENT

Resolution 2014-219 – Clemens Food Group, LLC

Stacy Bowerman, Development Finance Team, provided the Board with information regarding this action item. The Community is requesting \$12,550,000 in Community Development Block Grant (CDBG) funds for infrastructure improvements, land acquisition, workforce development, and on-the-job training (“OJT”) needed for the Clemens Food Group Expansion project located in the City of Coldwater, Branch County, Michigan. The Community and Company expects that this project could result in private investment of \$255,700,000 and the creation of 644 CDBG related jobs and 810 total jobs. In addition to evaluating feasibility of moving forward with a new facility, the Company was also considering locations in several states for this project. Incentive assistance was instrumental in ensuring the project moved forward in Michigan.

Staff Recommendation

MEDC Staff recommends a CDBG grant agreement in the amount of \$12,550,000 be authorized and that the 2014 Application Guide requirement for Michigan residents only be waived for the Community for the Clemens Food Group Expansion Project.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the value of this project to both the state and the community, as well as the local and regional support of the project. There being no further questions, Paul Anderson motioned for the approval of Resolutions 2014-219. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-220 Paslin Corporation – MBDP

Marcia Gebarowski, Development Finance Team, provided the Board with information regarding this action item. This is request from the Applicant for a \$1,700,000 Performance-based grant. This project involves the creation of 200 Qualified New Jobs, with the potential for up to 224 total jobs as a result of the project, and a capital investment of up to \$20,612,000 in the City of Warren and in Shelby Township, Macomb County. The Applicant has demonstrated a need for the funding. As part of their growth strategy, the Applicant considered investing in Alabama, Tennessee, and Washington due to a significant portion of their customer base located outside of Michigan. Investment in one of these states would reduce travel costs of employees and reduce shipping costs while providing a larger talent pool of engineers and skilled trades. They have indicated that the talent pool in southeast Michigan for skilled trades is highly competitive. Because of this, the Applicant must actively recruit out-of-state and provide higher compensation packages to attract the talent they need to grow in Michigan.

Staff Recommendation

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

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the needs for experienced workers and the challenges surrounding accommodating such needs. There being no further questions, Mike Jackson motioned for the approval of Resolution 2014-220. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-221 Brose New Boston – MBDP

Tyler Rossmoesler, Development Finance Team,, provided the Board with information regarding this action item. This is request from the Applicant for a \$4,250,000 performance-based grant. This project involves the creation of 475 Qualified New Jobs and a capital investment of up to \$ 97,600,000. The 475 Qualified New Jobs will be in Huron Charter Township in Wayne County and City of Auburn Hills in Oakland County. The Applicant has demonstrated a need for the funding due to higher labor costs. The Applicant was considering adding these job functions to a recently expanded plant in Mexico, where labor costs are lower.

Brose New Boston, Inc. (the Applicant) and its parent Brose North America Group (Brose North America Holding, LP), is a leading manufacturer of mechatronic components for vehicle bodies and interiors. Brose International GMBH, the parent to Brose North America Group, is an international supplier to automotive markets worldwide. Brose is drawing upon the Michigan workforce's strong manufacturing expertise to build increasingly sophisticated products and operates three facilities in Michigan: Auburn Hills, Warren, and New Boston. Their customers include Ford, Chrysler, and Honda.

Staff Recommendation

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

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Jody DePree Vanderwel motioned for the approval of Resolution 2014-221. Paul Anderson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-222 Lane Automotive/Village of Watervliet – CDBG

Mike Gietzen, Development Finance Team, provided the Board with information regarding this action item. The Charter Township of Watervliet is requesting \$1,900,000 in Community Development Block Grant (CDBG) funds for on the job training for Lane Automotive, Inc. Job Training Project in Berrien County, Michigan. The Charter Township expects that this project could result in private investment of \$30,500,000 and the creation of 138 new jobs.

Lane Automotive, Inc. located at 8300 Lane Drive Watervliet, Michigan 49098 has outgrown its current 153,000 square foot facility and plans to expand operations to 200,000 square feet at its current site. Lane Automotive, Inc. is a supplier of performance parts and accessories for race cars, hot rods, trucks, and off-road enthusiasts. Lane Automotive's divisions include Motor State Distributing, Allstar Performance, Lane Collectables, and the Lane Automotive Showroom.

Staff Recommendation

The MEDC Staff recommends a CDBG Job Training grant agreement in the amount of \$1,900,000 be authorized for the Charter Township of Watervliet for the Lane Automotive, LLC Expansion Job Training Project.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the out of state competition for this project. There being no further questions, Mike Zimmer motioned for the approval of Resolution 2014-222. Jim Walsh seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-223 Reconserve Project/City of Battle Creek – Act 381 Work Plan

Mike Gietzen, Development Finance Team, provided the Board with information regarding this action item. The City of Battle Creek Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$892,740. The school taxes will be utilized to redevelop four parcels on approximately 11.1 acres of property located at 170 Angell Street and 200 Grand Trunk Avenue in the City of Battle Creek. The property is currently owned by ReConserve of Michigan, Inc., a business that manufactures a registered feed ingredient from non-meat food by-products which include production waste and outdated wrapped returned products, and creates innovative collection equipment that collects, stores, monitors and tracks food manufacturer's waste.

Approximately nine permanent full-time jobs are anticipated to be created by the commercial operations of the project at an average hourly wage of \$19.86, and 20 full time jobs will be retained. The total capital investment will be approximately \$8 million.

Staff Recommendation

The MEDC recommends approval of the request by City of Battle Creek Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$892,740 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$414,231.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2014-223. Paul Anderson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-224 MMTC Contract Extension

Jake Schroeder, Pure Michigan Business Connect, provided the Board with information regarding this action item. The MEDC requests that the MSF Board extend the contract and relationship with the Michigan Manufacturing Technology Center (MMTC) to an end date of September 30, 2015 and increase funding in the amount of \$2,125,000 to the maintain Manufacturing Support Services for the corresponding timeframe. The MMTC was selected by the MSF at the March 25, 2014 to provide Manufacturing Support Services to the Michigan manufacturing (and related) industry with the goal of increasing sales, profitability, the Michigan tax base, as well as creating and retaining jobs.

Staff Recommendation

MEDC Staff recommends that the MSF Board award the allocated \$2,125,000 for the program to MMTC and extend the contract to September 30, 2015.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the scope of work detailed in the original request, and if this extension was outside of that expectation. There being no further questions, Mike Zimmer motioned for the approval of Resolution 2014-224. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-225 Green Plains Holdings II, LLC & Airgas Carbonic AP RZ Amendment

Amy Lux, Compliance Team, provided the Board with information regarding this action item. The Michigan Economic Development Corporation (“MEDC”) is recommending the Michigan Strategic Fund (“MSF”) Board approve an amendment to Green Plains Holdings II, LLC’s (“Green Plains”) Agricultural Processing Renaissance Zone (the “APRZ”) to resolve compliance issues and to authorize the execution of a new Development Agreement with Airgas Carbonic, Inc. (“Airgas”) to sanction its receipt of renaissance zone benefits.

Green Plains originally received the APRZ designation from the MSF Board in 2005 to construct and operate an ethanol facility and a CO₂ facility at their site in Riga Township, Lenawee County. Both facilities have been constructed and have been brought in to operation in accordance with the terms of the associated Agricultural Processing Renaissance Zone Development Agreement (the “Original Agreement”). Airgas eventually took over operation of the CO₂ facility and has successfully maintained the seventeen (17) new full-time jobs projected at the facility. However, due to the fact that Green Plains is not directly employing anyone at the CO₂ facility, the company is currently out of compliance with the terms of the Original Agreement. In addition, Airgas is not technically eligible to receive the benefits of the APRZ because the company is not a party to a development agreement with the MSF, as required by statute.

Staff Recommendation

MEDC Staff recommends the MSF Board authorize the execution of a new Agricultural Processing Renaissance Zone Development Agreement between the Airgas, Green Plains (as the landowner), and the MSF for the portion of the APRZ housing the CO₂ facility, as well an Amended and Restated Development Agreement between Green Plains, Riga Township, and the MSF that accommodates the reassignment of benefits of the CO₂ facility from Green Plains to Airgas.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the terms of ownership between the two noted entities. There being no further questions, Mike Jackson motioned for the approval of Resolution 2014-225. Paul Anderson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

ACCESS TO CAPITAL

Chris Cook, Capital Access Team, provided the Board with information regarding these action items.

Resolution 2014-226 Cascade/PACE – Bond Authorizing

The Cascade PACE, Inc. (the “Borrower”) is requesting up to \$4.0 million of private activity bond financing for the purpose of financing a portion of the cost of acquiring, renovating and equipping of facilities for the Program of All-Inclusive Care for the Elderly (“PACE”) Project in the Charter Township of Blackman, Jackson County. The Borrower was created as a joint venture by the United Methodist Retirement Communities, Inc. (“UMRC”) and the Region 2 (Jackson) Area Agency on Aging (the “Agency” and, together with UMRC, the “Sponsors”) in early 2014 and is a 501(c)(3) corporation. Borrower is approved to serve as the exclusive PACE provider for the counties of Jackson, Lenawee, and Hillsdale with an enrollment capped at 175 participants daily.

Staff Recommendation

Based upon a determination of Miller Canfield and the State of Michigan Attorney General’s office that the project complies with state and federal regulations for tax-exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution an amount not to exceed \$4,000,000.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Jody DePree Vanderwel motioned for the approval of Resolution 2014-226. Jim Walsh seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-227 Detroit Renewables – Bond Authorizing

Detroit Renewable Energy LLC (“DRE”) is requesting private activity bond financing for the purpose of issuing bonds (the “Series 2014 Bonds”).

On July 25, 2013, the Michigan Strategic Fund issued its \$27,535,000 Michigan Strategic Fund Limited Obligation Revenue Bonds (Detroit Renewable Power Project) Series 2013 (the “DRP Bonds”) to finance the costs of certain improvements to the Facility, as defined below, its \$27,430,000 Michigan Strategic Fund Limited Obligation Revenue Bonds (Detroit Thermal Project) Series 2013 (the “DT Bonds”, together with the DRP Bonds, the “Series 2013 Bonds”) to finance certain heating and cooling facilities, make a deposit to the debt service reserve fund related to each series of the Series 2013 Bonds, and pay costs of issuance for the Series 2013 Bonds.

Staff Recommendation

Based upon a determination by Lewis & Munday, A Professional Corporation, and the State of Michigan Attorney General’s Office that the project complies with state and federal law requirements, for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$20,035,000.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Andrew Lockwood

motioned for the approval of Resolution 2014-227. Mike Jackson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-228 BMT Aerospace – Bond Authorizing

BMT Aerospace USA, Inc. (“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 2007 Bonds issued in the original principal amount of \$6,500,000 (the “2007 Bonds”).

Borrower is a manufacturer of gears and gearbox assemblies, primarily for the aerospace industry. The proceeds of the 2007 Bonds were used by Borrower in financing the acquisition of an approximately 56,638 square foot existing manufacturing facility, the renovation and rehabilitation of the facility, and the acquisition and installation of machinery and equipment, furnishings and fixtures located at 18559 Malyn Road, City of Fraser, Macomb County, Michigan. Since the 2007 Bonds were issued, the number of employees has increased from 96 to 135 in Fraser, Michigan specifically related to this project.

Staff Recommendation

Based upon a determination by Dykema Gossett 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 \$2,600,000. The MSF will charge an issuance fee of \$3,250.00.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none. Andrew Lockwood motioned for the approval of Resolution 2014-228. Paul Anderson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-229 Senate Building Project – Bond Authorizing

The Michigan Senate (the “Senate”) is requesting the Michigan Strategic Fund (the “MSF”) issue up to \$70,000,000 million dollars of tax-exempt bond financing to purchase the basement through seventh floor of the Capitol View Building (south of the Capitol at 201 Townsend Street) and furnish and equip the space for Senate offices (the “Senate Condo”) and to lease the Senate Condo to the Senate. The MSF has received evidence of a satisfactory resolution regarding the current tenant of the Capitol View Building and a letter of support from DTMB on future appropriations must be presented to the MSF Fund Manager.

Staff Recommendation

Based upon a determination by Miller Canfield and the State of Michigan Attorney General’s office that this transaction complies with state and federal law requirements, the staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$70,000,000.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Mike Zimmer motioned for the approval of Resolution 2014-229. Mike Jackson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

COMMUNITY VITALITY

Resolution 2014-230 & 231 Outfield Partners – MCRP/Brownfield TIF

Marilyn Crowley, Community Assistance Team, provided the Board with information regarding these action items. Outfield Partners, LLC is requesting approval of a performance-based equity investment in the amount of \$2,455,000. The Applicant anticipates that the project will result in eligible investment of

\$9,823,000 and total capital investment in the amount of \$11,201,213 in the city of Lansing and the creation of three jobs.

The Lansing Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (hereinafter Work Plan) request for the approval of local and school tax capture for eligible activities in the amount of \$3,530,973. Eligible activities that will be undertaken to alleviate Brownfield conditions on the property and complete the project include demolition, site preparation, infrastructure improvements and unique and special activities.

Staff Recommendation

MEDC Staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$3,530,973, as well as approval of an MCRP performance-based equity investment in the amount of \$2,455,000 for Outfield Partners, LLC.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Extensive discussion ensued pertaining to the extra costs associated with the unique construction of the project, as well as the anticipated rents, and area vacancy rates. There being no further questions, Andrew Lockwood motioned for the approval of Resolutions 2014-230 & 231. Jody DePree Vanderwel seconded the motion. The motion carried: 8 ayes; 1 nay, 0 recused.

Resolution 2014-232, 232a, 232b Y-Site Metro Place – MCRP

Marilyn Crowley, Community Assistance Team, provided the Board with information regarding this action item. The project is requesting approval of a Michigan Community Revitalization Program (MCRP) equity investment of \$3,000,000 (under MCRP Other Economic Assistance) to construct 156 residential apartments located at 301 West Lenawee Street and 524-526 Townsend Street, Lansing (Appendix C). The previously approved qualified taxpayer under the Brownfield Small MBT Credit, Y Site, LLC (“Applicant”) also requests the following amendments be made to the project which was originally approved for the credit by the MEGA Board Chairperson on November 21, 2011; additional time to be able complete project by November 21, 2017, and a change of scope (Appendix B). The City of Lansing BRA also requests an amendment to the approval of the work plan for an additional three years to complete eligible activities.

Staff Recommendation

MEDC Staff recommends approval of an MCRP performance-based Other Economic Assistance (Equity Investment) not to exceed \$3,000,000 for Y Site, LLC, approval of the Brownfield Small MBT Credit Amendment request to project number S11-0034, to reflect the current project scope as detailed under the project description above and to add an additional year to complete the project by November 16, 2017, as well as approval of the request by the City of Lansing Brownfield Redevelopment Authority for an additional three years to complete eligible activities.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the deal structure as well as the timeline described in the project description. There being no further questions, Mike Jackson motioned for the approval of Resolutions 2014-232, 232a & 232b. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2014-233 Trowbridge Village – Brownfield TIF

Marilyn Crowley, Community Assistance Team, provided the Board with information regarding this action item. The City of East Lansing Brownfield Redevelopment Authority is seeking approval of local

and school tax capture for MSF eligible activities in the amount of \$ 1,858,668. The school taxes will be utilized to redevelop approximately 4.53 acres of property located at 920, 950, 962, 990 Trowbridge Road in the City of East Lansing. The project will redevelop an unattractive, contaminated parcel in a key entry-way to East Lansing by construction a mixed-use building and rehabilitating the existing commercial structure. The property is currently owned by Trowbridge Village, LLC. The new construction of the project will be owned by Trowbridge Village I, LLC. Both entities are single purpose LLCs that manage the development. This project is expected to create approximately 114 new, full-time jobs in retail and retain 52 full time jobs at an average hourly wage of \$12.00. The total capital investment is estimated at \$17.1 million.

Staff Recommendation

The MEDC recommends approval of the request by City of East Lansing Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$1,858,668 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$639,196.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the timing of the request based on the current state of progress already completed, as well as the unforeseen costs which have surfaced during demolition. There being no further questions, Jody DePree Vanderwel motioned for the approval of Resolution 2014-233. Mike Zimmer seconded the motion. The motion carried: 8 ayes; 1 nay; 0 recused.

Resolution 2014-234 & 235 TC 555 Michigan – MCRP/Brownfield

Ryan Kilpatrick, Community Assistance Team, provided the Board with information regarding these action items. The project requests to use both the Brownfield Act 381 Program and the Michigan Community Revitalization Program (MCRP) for the project located at 555 and 601 Michigan Street, Grand Rapids. The City of Grand Rapids Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (Work Plan) request for the approval of local and school tax capture for eligible activities in the amount of \$465,750. Eligible activities that will be undertaken to alleviate Brownfield conditions on the property and complete the project include demolition of an existing structure, site preparation, and infrastructure improvements. TC 555 Michigan LLC (Applicant) is requesting approval of a performance-based grant in the amount of \$1,000,000. The Applicant anticipates that the project will result in eligible investment of \$5,385,996 and total capital investment in the amount of \$7,399,671 in the City of Grand Rapids and the creation of 15 full time equivalent jobs.

Staff Recommendation

MEDC Staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$465,750 described, as well as approval of an MCRP performance-based grant in the amount of \$1,000,000 for TC 555 Michigan LLC.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the need for retail space surrounding the site location, as well as whether or not this project helps to satisfy the need for market rate housing in Grand Rapids. There being no further questions, Mike Jackson motioned for the approval of Resolutions 2014-234 & 235. Jody DePree Vanderwel seconded the motion. The motion carried: 8 ayes; 1 nay; 0 recused.

Mr. Finney adjourned the meeting at 11:43 am.



MEMORANDUM

Date: January 27, 2015
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: HTI Cybernetics, Inc.
Tool & Die Recovery Zone Amendment

Action

HTI Cybernetics, Inc. (the "Company") requests and Michigan Economic Development Corporation ("MEDC") Staff recommends that the Michigan Strategic Fund ("MSF") Board approve a resolution to reassign the parcel number designation demarking the Company's Tool & Die Recovery Zone (the "Zone") in order to expand the boundaries of the Zone.

Background

The Company received a five-year Tool & Die Recovery Zone designation with the American Tooling and Manufacturing Collaborative beginning in 2009. In 2012, the MSF Board agreed to extend the duration of their Zone for an additional five years, with a new expiration date of December 31, 2018.

Since receiving the Recovery Zone, the Company has successfully expanded their business, having reportedly invested more than \$900,000 in the Zone and created five new full-time jobs. To sustain their success, the Company leased a building adjacent to their current Zone to expand their operations.

The City of Sterling Heights (the "City") combined the parcel housing the original Zone and the parcel containing the new expansion and issued a new parcel number. The City, via resolution, and the Company have requested to have the Company's Zone designation reassigned to this new parcel number, thereby expanding the size of the Company's Recovery Zone.

The Michigan Renaissance Zone Act authorizes the MSF Board to modify an existing recovery zone to add additional property under the same terms and conditions as the existing recovery zone, if the additional real property is contiguous the original Zone and if the City consents.

RECOMMENDATION

MEDC Staff recommends the MSF Board approve the Company's request to reassign the designation of the parcel number demarking the Company's Tool & Die Recovery Zone in order to expand the boundaries of the Zone, under the same terms and conditions as the previous designation.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

**EXISTING COMPANY ADDING PROPERTY FOR AN EXISTING
TOOL AND DIE RECOVERY ZONE:
HTI Cybernetics, Inc.**

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

WHEREAS, on November 25, 2008, the MSF Board designated a Recovery Zone for the American Tooling and Manufacturing Collaborative, which included HTI Cybernetics, Inc.’s (the “Company”) site in the City of Sterling Heights (the “City) on parcel number 10-28-100-043-000 (the “Original Property”);

WHEREAS, on December 19, 2012, the MSF Board approved a time extension for the Original Property for an additional five (5) year period, bringing the total term of the Recovery Zone to ten (10) years;

WHEREAS, the Company expanded their operations into a parcel contiguous to the Original Property (the “Additional Property”) and the City combined the Original Property parcel with the parcel housing the Additional Property, creating a new parcel numbered 10-28-100-050-000;

WHEREAS, Section 8d(7) of the Act permits the MSF to modify an existing Recovery Zone to add additional property under the same terms and conditions as the existing Recovery Zone if the additional real property is contiguous to the existing qualified tool and die business property, will become qualified tool and die business property once it is brought into operation and the City has consented to the modification;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program, and received a request from the Company to expand their Recovery Zone by reassigning their Recovery Zone from the parcel number originally designated to the new parcel number containing both the Original Property and the Additional Property under the same terms and conditions as the current designation;

WHEREAS, the City has passed a resolution consenting to the boundary modification;

WHEREAS, the Additional Property is contiguous to the existing qualified tool and die business property and the Additional Property is a qualified tool and die business property;

WHEREAS, the MEDC recommends the MSF Board approve the Company’s request to modify the boundaries of their Recovery Zone to add additional property by reassigning the Recovery Zone designation to parcel number 10-28-100-050-000, under the same terms and conditions as property previously designated;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Company’s request to modify the boundaries of their Recovery Zone to add additional property by reassigning the Recovery Zone designation to parcel number 10-28-100-050-000, under the same terms and conditions as property previously designated;

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

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015



MEMORANDUM

Date: January 27, 2015

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

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *Covisint Corporation (“Company” or “Applicant”)
Amendment to Approved Michigan Business Development Program Grant Request*

Request

The Company requests an amendment to their term sheet to have the disbursement for each milestone disbursed on a pro-rata cost per job of \$30,000.. During negotiation of the incentive terms, five jobs were moved from the last milestone to the second milestone. With this change, the Company expected the pro-rata increase in the disbursement amount for the second milestone as well. The original executed term sheet did not reflect this change.

Background

On November 25, 2014 the Michigan Strategic Fund approved a \$1,500,000 award for Covisint Corporation under the Michigan Business Development Program (“MBDP”). The Company proposed to establish a new headquarters in the City of Southfield which will result in the creation of 50 Qualified New Jobs and \$5.5 million in capital investment. The City of Southfield committed to provide a property tax abatement in support of the project.

Recommendation

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

- a) Amend the November 25, 2014 approval for Covisint Corporation. to include the amended term sheet attached to the resolution;
- b) All other aspects of the approval remain unchanged.



MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Grant - Term Sheet

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

Date: 11/12/2014

- 1. Company Name:** Covisint Corporation ("Company" or "Applicant")
- 2. Company Address:** One Campus Martius, Suite 700
Detroit, Michigan 48226
- 3. Project Address ("Project"):** 26533 Evergreen Road
Southfield, Michigan 48076
- 4. MBDP Incentive Type:** Performance Based Grant
- 5. Maximum Amount of MBDP Incentive:** Up to \$1,500,000 ("MBDP Incentive Award")
- 6. Base Employment Level** 235 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
- 7. Total Qualified New Job Creation:** 50 The minimum number of total Qualified New Jobs the Company shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of
(above Base Employment Level)

Michigan Economic Development Corporation

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

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

8. **Company Investment:** \$5,500,000 in annual lease costs, leasehold improvements, furniture and fixtures, office machinery, computers, *or any combination thereof, for the Project.*

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

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

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

- a. **Disbursement Milestone 1:** Up to \$300,000 Upon demonstrated creation of 10 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than [REDACTED]. December 31, 2015
- b. **Disbursement Milestone 2:** Up to \$300,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 15 additional Qualified New Jobs (for a total of 25 Qualified New Jobs) above the Base Employment Level, by no later than [REDACTED]. June 30, 2017
- c. **Disbursement Milestone 3:** Up to \$300,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 10 additional Qualified New Jobs (for a total of 35 Qualified New Jobs) above the Base

Employment Level, by no later than December 31, 2017.

- | | | |
|-------------------------------------|-----------------|---|
| d. Disbursement Milestone 4: | Up to \$600,000 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and upon demonstrated creation of 15 additional Qualified New Jobs (for a total of 50 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018 |
|-------------------------------------|-----------------|---|

11. Term of Agreement: Execution of Agreement to December 31, 2020

12. Repayment Provisions:

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

13. Reporting Requirements:

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

14. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by November 12, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Covisint, Corporation

By:



Printed Name: DIGIRDLANO, ENRICO

Its: CHIEF FINANCIAL OFFICER

Dated: 12 Nov 2014

Acknowledged as received by:

Michigan Economic Development Corporation

By:



Printed Name: Marcia Gebarowski

Its: Snr. Dev't Finance Manager

Dated: November 14, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO COVISINT CORPORATION

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, the MSF Board approved a \$1,500,000 Michigan Business Development Program Performance based grant on October 28, 2014 for the location of a new headquarters facility for the Company (the “Project”);

WHEREAS, Covisint Corporation (“Company”) has requested a revision to the terms sheet for their performance based MBDP grant to establish equal cost-per-job disbursements at each milestone (“Amendment”); and

WHEREAS, The “Company” has requested an amendment to adjust the cost per job to be an equal \$30,000 per job in each disbursement milestone (“Grant Amendment Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015



MEMORANDUM

Date: January 27, 2015

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

From: Trevor Friedeberg, Development Finance Manager

Subject: BorgWarner Inc. (“Company” or “Applicant”)
Re-Authorization of Michigan Business Development Program Request for
\$3,200,000 Performance-based Grant

Background

On March 25, 2014, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of \$3,200,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

The Company had significant revisions regarding the MBDP Agreement. The extent of the aforementioned revisions were such that the negotiation and remediation was not able to be completed within the allowable time frame for Agreement execution. Therefore, the Company is requesting the MBDP Grant be reauthorized at this time.

No changes have been made to the project or deal as originally approved (terms and original approval documents attached hereto). The MBDP Agreement has been accepted by all parties and is ready for execution.

Recommendation

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

- a) Reauthorization of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- c) Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.



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

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

Date: 3/7/2014

- | | | |
|---|--|--|
| 1. Company Name: | BorgWarner Inc. ("Company" or "Applicant") | |
| 2. Company Address: | 3850 Hamlin Road
Auburn Hills, Michigan 48236 | |
| 3. Project Address: | 3800 Automation Avenue
Auburn Hills, Michigan 48236 | |
| 4. MBDP Incentive Type: | Performance Based Grant | |
| 5. Maximum Amount of MBDP Incentive: | Up to \$3,200,000 ("MBDP Incentive Award") | |
| 6. Base Employment Level | 865 | The number of jobs currently maintained in Michigan by the Company and BorgWarner Thermal Systems, Inc., BorgWarner Thermal Systems of Michigan, Inc., BorgWarner Powdered Metals, Inc., BorgWarner Emissions Systems of Michigan, Inc., BorgWarner Transmission Systems, Inc., BorgWarner TorqTransfer Systems, Inc., BorgWarner Morse TEC, Inc., and BorgWarner Turbo Systems of Michigan, Inc. based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company. |
| 7. Total Qualified New Job Creation:
<i>(above Base Employment Level)</i> | 180 | The minimum number of total Qualified <u>New</u> Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if |

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

a. Start Date for Measurement of Creation of Qualified New Jobs: November 15, 2013 (Date of Signed Offer Letter)

8. Company Investment: The company will invest \$11,000,000 in building renovations and furniture and fixtures, or any combination thereof, for the Project.

9. Municipality supporting the Project: The City of Auburn Hills

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

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

a. Disbursement Milestone 1: Up to \$1,000,000 Upon demonstrated creation of 60 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than February 28, 2015.

b. Disbursement Milestone 2: Up to \$1,000,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 60 additional Qualified New Jobs (for a total of 120 Qualified New Jobs) above the Base Employment Level, by no later than February 28, 2016.

- c. Disbursement Milestone 3:** Up to \$1,200,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 60 additional Qualified New Jobs (for a total of 180 Qualified New Jobs) above the Base Employment Level, by no later than February 28, 2017.

11. Term of Agreement: Execution of Agreement to February 28, 2019

12. Repayment Provisions:

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

13. Reporting Requirements:

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

14. Public Announcements:

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

15. Pre-Closing Requirements BorgWarner, Inc. MEGA (#214):

The Company shall forego the MEGA Tax Credit (#214) originally approved on September 16, 2003. The Company shall enter into a termination agreement with the Michigan Strategic Fund stating prior to execution of the final Agreement.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by March 7, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

BorgWarner Inc.

By: DocuSigned by:
Scott D. Gallett
D3A35D8351814E8...

Printed Name: Scott D. Gallett

Its: V.P. Marketing & Public Relations

Dated: 3/12/2014

Acknowledged as received by:

Michigan Economic Development Corporation

By: DocuSigned by:
Trevor Friedeberg
2786B059D0DE488...

Printed Name: Trevor Friedeberg

Its: Development Finance Manager

Dated: 3/12/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
BORGWARNER INC.**

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, BorgWarner Inc. (“Company”) has requested a performance based MBDP grant of up to \$3,200,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, BorgWarner Inc. was approved for a Business Development Program performance-based Grant on March 25, 2014, Resolution 2014-042. However, due to extended negotiations and administrative revisions, the Company parties were unable to enter into an agreement in the allotted timeframe; and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015



MEMORANDUM

Date: January 27, 2015

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

From: LeTasha Peebles, Program Specialist

Subject: *Access Business Group LLC (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Amendment to Extend First,
Second and Third Milestone Due Dates*

Request

The Company is requesting an amendment to its existing MBDP Agreement to extend the First, Second and Third Milestone due dates and extend the term of the grant.

Background

On May 23, 2012 the Michigan Strategic Fund approved a \$1,600,000 award for the Company under the MBDP. The Company proposed to renovate an existing warehouse in Ada Township, Kent County converting a portion of the facility into a nutritional products manufacturing facility. The operation planned to produce compressed tablets, hard shell tablets, and soft gel capsules and package at the location. Approximately 75% to 80% of the volume would be exported to foreign markets. The expansion would result in the creation of 180 Qualified New Jobs and about \$81 million in capital investment. The Township of Ada committed to provide a property tax abatement in support of the project.

The MBDP Agreement required the Company to obtain approval of municipality support and create 50 Qualified New Jobs no later than April 30, 2014 in order to meet the requirements for their first Milestone. The Company was required to create an additional 60 (for a total of 110) Qualified New Jobs in order to meet the requirements for their second Milestone and an additional 70 (for a total of 180) jobs to meet the requirements of the third Milestone. To date, the Company has not received any disbursements.

The Company has experienced unforeseen project delays due to a slight decrease in the demand for the product, and increased automation. Despite the downturn, the Company has created 44 of the 50 jobs required for their first Milestone and have already invested \$75.7 million into the project. In order to acquire the growth needed and utilize the investment made, the Company will need an extension of their first, second and third Milestone due dates to meet the requirements. By June 30, 2015 the Company expects to create the jobs required for the first milestone, and have a better understanding of the market trends related to the nutritional products market.

Recommendation

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

- a) Amend the May 23, 2012 approval for Access Business Group LLC to extend the deadline to meet the requirements for Milestone 1 from April 30, 2014 to June 30, 2015;
- b) Extend the deadline to meet the requirements for Milestone 2 from April 30, 2015 to June 30, 2016;
- c) Extend the deadline to meet the requirements for Milestone 3 from April 30, 2016 to June 30, 2017;

- d) Extend the term of the grant from an end date of April 30, 2018 to June 30, 2019; and
- e) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

APPROVAL OF AN AMENDMENT TO MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO ACCESS BUSINESS GROUP LLC

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, by Resolution 2012-55, the MSF approved a \$1,600,000 Michigan Business Development Program performance based grant on May 23, 2012 for the creation of 180 Qualified New Jobs and a capital investment of \$80.9 million. A MBDP Grant Agreement (“Grant Agreement”) was fully executed October 25, 2012; and the Company proposed to renovate an existing warehouse in Ada Township, Kent County converting a portion of the facility into a nutritional products manufacturing facility (the “Project”);

WHEREAS, the Company experienced unforeseen delays due to a slight decrease in the demand for the product, and increased automation;

WHEREAS, the Company requests that the Michigan Business Development Program performance based Grant Agreement be amended and revised as follows: amend Milestone One to extend the deadline to June 30, 2015; amend Milestone Two to extend the deadline to June 30, 2016; amend Milestone Three to extend the deadline to June 30, 2017; and extend the grant end date to June 30, 2019 (“Amendment”);

WHEREAS, the MEDC recommends that the MSF approve the Company’s Amendment request subject to: execution of the Grant Agreement Amendment within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“MBDP Amendment Award Recommendation”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015



MEMORANDUM

Date: January 27, 2015

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

From: LeTasha Peebles, Program Specialist

Subject: Moran Iron Works, Inc. (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Amendment to Extend the Second Due Date

Request

The Company is requesting an amendment to its existing MBDP Agreement to extend the Second Milestone due date and extend the term of the grant.

Background

On February 20, 2013 the Michigan Strategic Fund approved a \$2,000,000 award for the Company under the MBDP. The Company proposed to produce larger modules for new business growth related to Carbon Capture and Sequestration Equipment, small Module Nuclear Reactors and Energy Storage Devices in Onaway, and to make dock and facility improvements in Rogers City, Presque Isle County. The expansion would result in the creation of 75 Qualified New Jobs and about \$16.2 million in capital investment. The Township of Forrest committed to provide a property tax abatement in support of the project.

Under the MBDP Agreement, the Company had two Milestones to achieve. The first Milestone required the Company to receive a Tax Abatement from Forest Township, and create 34 Qualified New Jobs. The Company completed the requirements and received a disbursement in the amount of \$1 million on January 23, 2014. The second Milestone required the Company to create an additional 41 Qualified New Jobs for a total of 75 on December 31, 2014. The Company has created 12 of the 41 additional required for the second Milestone and therefore have not received a disbursement.

At this time, the Company has experienced hiring delays due to a shortage of skilled workers specializing in welding and fabrication. To address the shortage, the owner of the Company invested \$1 million of capital to create the Industrial Arts Institute (IAI) skilled trades training center which opened on August 4, 2014 in Onaway. The 15-week course had its first graduating class on November 13, 2014 and the Company hired four of those graduates. The next class started on January 5, 2015 and enrolled 24 students that the Company plans to make offers to upon completion. There are two additional classes being offered in May and August that will provide more graduates for hire. The Company has also partnered with MSHDA to assist the new hires with long term housing options including new home purchases to continue attracting and retaining talent to the area. With the new training center in place, the Company plans to continuing hiring graduates but will need additional time for the completion of the remaining courses.

Recommendation

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

- a) Amend the February 20, 2013 approval for Moran Iron Works, Inc. to extend the deadline to meet the requirements for Milestone 2 from December 31, 2014 to December 31, 2015;
- b) Extend the term of the grant from an end date of December 31, 2016 to December 31, 2017; and
- c) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

APPROVAL OF AN AMENDMENT TO MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO MORAN IRON WORKS, INC.

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, by Resolution 2012-011, the MSF approved a \$2,000,000 Michigan Business Development Program performance based grant on January 23, 2013 for the creation of 180 Qualified New Jobs and a capital investment of \$16.2 million. A MBDP Grant Agreement (“Grant Agreement”) was fully executed February 20, 2013; and the Company proposed to produce larger modules for new business growth related to Carbon Capture and Sequestration Equipment, small Module Nuclear Reactors and Energy Storage Devices in Onaway, and to make dock and facility improvements in Rogers City, Presque Isle County (the “Project”);

WHEREAS, the Company experienced hiring delays due to a shortage of skilled workers specializing in welding and fabrication;

WHEREAS, the Company requests that the Michigan Business Development Program performance based Grant Agreement be amended and revised as follows: amend Milestone Two to extend the deadline to December 31, 2015; and extend the grant end date to December 31, 2017 (“Amendment”);

WHEREAS, the MEDC recommends that the MSF approve the Company’s Amendment request subject to: execution of the Grant Agreement Amendment within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“MBDP Amendment Award Recommendation”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015



MEMORANDUM

Date: January 27, 2015
To: MSF Board
From: Mike Flanagan, Director, Equity Programs
Subject: *Pure Michigan Venture Development Fund – Rescind Award and Open Third Round*

Request

MEDC staff requests that the MSF Board approve the following related to the Pure Michigan Venture Development Fund (“PMVDF” or “Program”):

- rescind the existing PMVDF award of \$2.25 million to Detroit Innovate I, LP, which had been approved by the MSF Board in 2013;
- open a third round of funding for the Program to make additional award(s) to qualified venture fund(s);
- authorize the updated Program Application, Process, and Guidelines (attached); and
- delegate authority to the MSF Fund Manager to modify the Program Application, Process, and Guidelines as necessary, so long as such modifications are not materially adverse to the interests of the MSF.

Background

On January 23, 2013 the MSF Board authorized a second round of funding for the PMVDF Program, and on October 23, 2013, the MSF approved two awards under the second round of the Program to Detroit Venture Partners and to Detroit Innovate. Subsequent to approval of those awards, significant changes were made to the proposal submitted by Detroit Innovate. Adrian Fortino, one of the managing directors, left Detroit Innovate for a new position as a partner with another reputable venture fund, Mercury Fund, and remains in Michigan to cover the Midwest. Subsequent to Adrian’s announcement, Mahendra Ramsinghani, the other managing director of the fund, advised that he was required to move to California for personal reasons and needed to significantly scale back his commitment to Detroit Innovate.

As a result, Detroit Innovate has hired two new managing directors, Patti Glaza and Martin Dober, to run the fund. While both are well regarded and have quality track records, the original MSF approval to fund Detroit Innovate, and the prior recommendations of the expert peer reviewer and Joint Evaluation Committee (“JEC”), assumed the original management team. As such, the management transition essentially invalidates that process.

Due to these changes, the MEDC recommends that the PMVDF award to Detroit Innovate be rescinded and that the Program be opened for a third round of funding. MEDC intends to operate the third round in the same manner as previous rounds, in accordance with the attached Program Application, Process, and Guidelines, in order to award a qualified venture fund.

Recommendation

MEDC recommends that the MSF Board approve the foregoing requests.

Michigan Strategic Fund Board
21st Century Jobs Fund

Pure Michigan Venture Development Fund

Program Application, Process & Guidelines

Release Date: January 28, 2015

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I. **IMPORTANT DATES and REMINDERS**

- **Applications will be accepted starting January 28, 2015**
- **All applications must be received by February 28, 2015 in order to be considered for award**
- Questions from potential applicants regarding the Pure Michigan Venture Development Fund (“Program”) will only be accepted via email sent to VDF@Michigan.org. Responses to all qualifying questions will be posted on the MEDC’s website:
 - <http://www.michiganbusiness.org/start-up/capital/#equity-funding>
- Proposals must be submitted to the MEDC via email sent to VDF@Michigan.org. Once the MEDC has received the application you will be contacted on how to pay the application fee. Proposals will not be reviewed until the application fee has been received.
- **Venture funds should not submit an application fee until they have received notice from program staff.** MEDC Staff will conduct an initial review of the application prior to requiring the fee to ensure the application meets the minimum criteria of the Program. MEDC Staff will provide instructions for payment of the application fee upon verifying that the application meets the minimum requirements of the Program.
- A review of the application will be conducted by a Joint Evaluation Committee upon receipt of all qualified applications. Applicant funds should plan to be available for face to face interviews with the reviewers.
- Applications will not be accepted once available funding has been fully committed. If additional funding designated for the Program or previous investments have liquidity events that are returned to the Program the application process will be reopened and announced on <http://www.michiganbusiness.org/start-up/capital/#equity-funding>.
- Applicant proposals may not exceed 35 pages, utilizing ten (10) point font or greater, submitted as a single Portable Document Format (.pdf) file. Proposals in excess of 35 pages will be disqualified. Application format requirements can be found in Section VI of this document.
- Prior to final submission, please verify all of the specifications as described for Program as defined in this document are included.

II. INTRODUCTION

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

A. Program Overview

Under the 21st Century Jobs Fund Initiative, the MSF Board has been given the opportunity to foster the growth of innovative companies with the potential for high growth in Michigan. Early stage innovative companies often require venture capital in order to grow.

Recognizing that Michigan has a relatively small venture capital industry, the MSF has approved the Pure Michigan Venture Development Fund (“VDF” or “Program”) to assist in the growth of the venture industry by increasing the number of viable venture funds, with the intent of increasing the number of venture investments in the state. The program will ultimately encourage diversification of the state’s economy into competitive edge technology sectors, as defined in the MSF Act.

The Program, through a competitive process, awards qualifying first and second generation venture fund(s) up to \$2.25 million each. It is anticipated that the Program, in this current round, will award up to \$2.25 million to only one venture fund, based on the current MSF budget.

B. Program Goals

The Program has all of the following goals:

- Increase the number of viable first and second time funds in the state
- Grow the venture industry in MI
- Increase the amount of venture investments in the state
- Increase the number of venture professionals in the state
- Create more and better jobs
- Return of and on capital

III. ELIGIBILITY, REQUIREMENTS AND OBLIGATIONS

A. Venture Fund Eligibility Criteria

- This Program is designed to invest in first and second generation funds in Michigan for the primary purpose of increasing their ability to raise additional funds and become viable entities.
- To qualify, applicant venture funds are required to have raised \$1 million in private capital from at least 3 unrelated investors at the time of application, which must be evidenced by signed investor

commitments. Funds that have raised more than \$25 million are not eligible to apply. Funds with target sizes greater than \$50 million will not qualify for this Program.

- Venture funds seeking to apply must meet all of the following additional minimum criteria:
 - Must be headquartered in Michigan
 - Must have a minimum of 2 managing partners/directors
 - Must be a first or second generation fund (fund I or II)
 - Fund managers do not need to be first time fund managers. Preference will be given to experienced fund managers.
- Preference will be given to venture funds that are members of the Michigan Venture Capital Association (“MVCA”)
- Preference will be given to venture funds that have strong advisory and/or mentorship relationships, especially in the case of first-time fund manager applicants.
- Preference will be given to venture funds that have not previously received investment(s) from the Michigan Strategic Fund or MEDC. Funds that have received previous investment from the MSF or MEDC which makes up more than 20% of the fund size will not qualify to receive additional state funding from the Venture Development Program.
- To qualify, venture funds must submit all information required under Section VI of this document.
- Program staff will perform additional due diligence of applicant funds at its discretion prior to making any award, including civil and criminal background checks. Funds shall provide information upon request to the satisfaction of program staff’s due diligence.
- All proposals will be evaluated by a Joint Evaluation Committee (“JEC”).

B. Technology Sector Requirement

- Applicants of the Program must be able to show how they will create jobs and commercialize product(s) within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as determined by the MSF Board, including:
 1. Life Sciences Technology
 2. Advanced Automotive Manufacturing and Materials
 3. Homeland Security and Defense
 4. Alternative Energy
 5. Information Technology
 6. Agricultural Processing Technology
 7. and/or any other innovative technology as determined by the MSF Board

C. For-Profit Entity

- Only for-profit entities are eligible to receive funding through the Program.
- Eligible venture funds must be authorized to conduct business in the State of Michigan. For further details on eligibility requirements refer to *Legal Requirements, Appendix A*.

D. Application Fee

- A non-refundable application fee of \$1,000, payable to the MEDC, will be due upon notification from the MEDC. **The fee is not due at the time of application.** In cases where an application is disqualified prior to undergoing a review, no fee will be required. MEDC Staff will provide instructions on payment of the application fee if the application meets the minimum requirements of the Program.

E. Financial Contributions

- The MSF Board requires that applicants will have already received commitments of at least \$1 million from at least 3 unrelated investors at the time of application. Each proposal must include signed commitment agreements to evidence such commitments.
- General Partners of applicant funds are required to commit to invest at least 1% of the total fund size into the fund.

F. Awards, Agreements and Required Terms

- The Program invests as a limited partner up to \$2.25 million per qualified venture capital fund. Awards will be distributed in the form of equity investments or convertible notes at the discretion of the MSF after the review has been completed.
- Approved venture fund(s) will receive a provisional commitment of \$2.25 million, which shall be final committed in tranches contingent on the following milestones:
 1. First Tranche = \$125,000: contingent on execution of an agreement with the MSF, committing the fund to raise a total of \$8 million from other investors within 24 months. Funds may be used for, but are not limited to, operational expenses including fund raising activities. These funds can be drawn during the fund raising period as an advance on the limited partner commitment.
 2. Second Tranche = \$1 million: contingent on fund receiving commitments totaling \$4 million from at least three (3) other unrelated investors within 12 months of the initial disbursement, which must be evidenced by signed commitment agreements. These funds must be drawn proportionately and concurrently to other limited partner funds.
 3. Third Tranche = \$125,000: committed concurrently with second tranche so long as fund continues to fund raise. Funds may be used for, but are not limited to operational expenses including fund raising activities. These funds can be drawn during the fund raising period as an advance on the limited partner commitment.

4. Fourth Tranche = \$1 million: contingent on fund receiving commitments totaling \$8 million from at least three (3) other unrelated investors within 24 months from the initial disbursement, which must be evidenced by signed investor commitments. These funds must be drawn proportionately and concurrently to other limited partner funds.
- Should an approved fund fail to meet any of the above scheduled milestones, the MSF may at its discretion, rescind subsequent tranches of its commitment, and commit those funds to other qualified applicants.
 - Approved fund(s) must execute a side letter with the MSF, requiring, among other things, that it invest in Michigan companies, at minimum, an amount equal to the MSF investment into the fund.
 - Approved venture fund(s) shall be subject to periodic reporting requirements.
 - A total of \$9 million is targeted at the VDF program overall. The current program round intends to invest up to \$2.25 million into only one venture fund. The MSF may allocate additional funding to the VDF in the future. After investment award(s) have been officially announced, MEDC staff will contact each award recipient to set up a date and time to negotiate the contractual terms for the investment agreement and to structure a monitoring program. Successful applicants will also be informed of the requirements for progress reports.
 - All contracts approved by the MSF will contain a provision that the Auditor General has access to the books and records, including financial records and all other information and data relevant to the terms of the contract related to the use of the investment.
 - As a condition of receiving an investment from the Program, a venture fund must agree to maintain its principal operations in Michigan for a minimum of three years and execute a repurchase agreement with the MSF that provides for the repurchase of a qualified investment if the business voluntarily relocates out of Michigan prior to the third anniversary of the execution of the Program investment agreement.
 - Successful proposals approved for funding by the MSF Fund Manager are subject to the final execution of a legal agreement and successful completion of a due diligence review including, among other things, criminal and civil background checks of the applicant. Background checks will include, without limitation, affiliates, subsidiaries, officers, directors, managerial employees, and any person or entity which directly or indirectly holds a pecuniary interest in that business entity of 20% or more. Further details concerning this process are included in *Legal Requirements, Appendix A*.

G. Estimated Timeline

<u>January 27, 2015</u>	MSF Board final review and approval of the Program and Program Guidelines
<u>January 28, 2015</u>	Publication of the Program Guidelines at: http://www.michiganbusiness.org/start-up/capital/#equity-funding and opening of the Program to accept applications

<u>February 17, 2015</u>	Applicant questions due via e-mail
<u>February 20, 2015</u>	Responses to remaining questions posted on MEDC Website at http://www.michiganbusiness.org/start-up/capital/#equity-funding
<u>February 28, 2015</u>	Proposals in the form of a business plan must be received by the MEDC via email sent to VDF@Michigan.org
<u>Estimated 90 days from payment of the application fee</u>	Review Period; a review will be conducted by a JEC. Applicants should plan to be available for face to face interviews with the JEC during this period.

IV. APPLICATION PROCESS

A. Submission

- Applications must be sent by email to VDF@Michigan.org.
- Proposals will be time stamped by the MEDC Staff. It is the sole responsibility of the applicants to submit proposals and application fees in a timely fashion.
- Applicants will be notified by the MEDC with instructions on how to pay the \$1,000 application fee after receipt of the Company application and verification that it meets the guidelines for submittal.
- All questions from applicants must be submitted via email to VDF@Michigan.org. Questions that are phoned, faxed, sent through regular mail, or emailed directly to MEDC staff or the MSF Board will not be accepted. Answers to qualifying questions will be posted periodically at <http://www.michiganbusiness.org/start-up/capital/#equity-funding>; applicants are encouraged to check this website frequently.
- Incomplete proposals will not be accepted or reviewed. **Any change or update to the acceptance of proposals will be posted on the MEDC website.** Such postings shall constitute constructive notice to the general public and to all applicants of any modifications or alterations of the deadline for proposals. Therefore, applicants are strongly encouraged to continuously check the MEDC website at:
 - <http://www.michiganbusiness.org/start-up/capital/#equity-funding>.

B. Confidentiality of Submitted Materials

- **All** proposal materials and materials generated throughout the competition, including, but not limited to, JEC review materials, letters of commitment, biographical information, and due diligence information, submitted to the MEDC and State of Michigan through the MSF Board may be subject to public disclosure under Michigan’s Freedom of Information Act (“FOIA”). For further details on confidentiality requirements refer to the *Legal and Policy Section, Appendix A.*
- *As provided in the Michigan Strategic Fund Act (“MSF ACT”), the applicants may request that “financial or proprietary information,” as defined in the MSF Act, contained within proposal*

*submission materials be protected from disclosure under the Michigan FOIA. Such information **MUST** be identified directly within the material submitted by applicants and comply with the following requirements:*

- *Identify each component and portion of the narrative for which you are requesting confidentiality. **Text, tables or graphics MUST be bolded and marked with asterisks and brackets (*[bold if text]*) within the narrative.***
- *Identify the attachment and the portion of the document for which you are requesting confidentiality. **Text, tables or graphics MUST be bolded and marked with asterisks and for portions of a multi-page document, such as the Business Plan, you MUST also list the page numbers of all pages that contain information marked by asterisks and bold brackets.***
- Applicants understand that by failing to properly identify information that the applicant desires to be designated as confidential by the MSF Fund Manager, the applicant waives all rights and actions against the MEDC, the MSF Board, and the State of Michigan and its participants, officers, agents and employees regarding the release of information that could have otherwise been acknowledged as confidential but for the applicant's failure to properly designate the information as provided in this section or take other necessary action to have information acknowledged as confidential. It is the applicant's sole responsibility to identify information that it desires to be designated as confidential. Neither the MSF Board nor MEDC shall be liable for any inadvertent disclosure of any of the applicant's information designated as confidential by the applicant.
- The MSF Fund Manager will determine and acknowledge information requested to be kept confidential on a case by case basis.

V. REVIEW PROCESS

- All applications will undergo an evaluation process conducted by a Joint Evaluation Committee appointed by the MSF Fund Manager. The JEC will make final recommendations for awards to the MSF Board.

DECISIONS BY THE MSF ARE FINAL AND NOT SUBJECT TO APPEAL

VI. APPLICATION FORMAT – BUSINESS PLAN

Proposals must be in the form of a business plan, not to exceed 35 pages, utilizing ten (10) point font or greater, submitted as a single Portable Document Format (.pdf) file attachment. Proposals in excess of 35 pages will be disqualified. This page limit does not include the cover page, required appendices for letters of collaboration and/or financial commitment(s) or policy on conflict management.

Proposals may only be submitted electronically via email to the MEDC at VDF@Michigan.org. **Proposals will not be accepted via U.S. mail or any other delivery method.** A non refundable application fee of \$1,000 will be due upon notification from the MEDC.

Applicants are asked to submit a business plan that should contain, at a minimum, the following items:

A. Executive Summary

1. Overview of venture fund and business plan
2. Significance to Michigan

B. Partnership Information

1. Inception / History
2. Funds organized to date along with respective vintage years and amounts of committed capital
3. Organizational structure
4. Descriptions of all entities associated / affiliated with the Partnership
5. Detailed contact information for all office locations (address, telephone and fax) and key due diligence contact (e-mail, telephone and fax)

C. Fund Raising Information

1. Target / maximum amount of capital to be raised
2. Expected date of initial and final close
3. Prior funds' schedule of LPs along with individual commitment amounts if applicable
4. Preliminary indications of interest for the new fund (if applicable), with expected commitment amounts
5. Investors not investing in new fund (if applicable) and reason(s) for non-participation
6. Amount of capital drawn down for the prior fund (if applicable) along with estimated reserves for fees, expenses and future rounds of financing
7. Briefly describe your policies to share/allocate investment opportunities between active fund(s) and the new fund to be raised

D. Investment Focus

1. Investment strategy / philosophy along with an in-depth discussion of the changes (if any) as compared to the prior fund (if applicable)
2. Areas of focus across various dimensions including geography, sector and transaction type
3. Competitive matrix showing the Firm's competitive positioning against potential competitors
4. The Firm's competitive advantages given the aforementioned strategy/areas of focus
5. Any affiliations and/or partnerships with research institutions, universities, companies, etc.

E. Investment Profile

1. Investment plan as determined by number of investments, average investment size and investment pace during the investment period
2. Target company profile
 - Size (revenues, enterprise value, total capitalization, etc)
 - Average equity investment
 - Target ownership stake
3. Transaction structure / type
4. Portfolio diversification across various dimensions including:
 - Geography
 - Sector and sub-sector
 - Company (i.e. maximum total investment – inclusive of add-on acquisitions / financing – per company)

F. Investment Process

1. Past deal flow log for the last five years (or less if applicable) along with statistics showing the number of deals undergoing preliminary screening, detailed due diligence and actual investments
2. Expertise in sourcing and evaluating overall deal flow
3. Discuss the investment decision-making process at each stage of deal flow (preliminary screening, detailed due diligence, final investment)
4. Describe the composition of the investment committee and any change(s) from the prior fund(s) if applicable
5. Post-investment activities to monitor and add value to investee companies:
 - Form and format of reporting required from portfolio companies for term of investment
 - Establishing and monitoring achievement of milestones and actions contemplated when milestones are missed
 - Assistance to be provided to portfolio companies needing follow-on funding
 - Plans to protect the Fund's ownership position in its portfolio companies
 - Plans to assist portfolio companies with business, technology and management issues such as recruiting management team, introduction to partners or new customers, technology matchmaking activities, etc.

G. Milestones and Timing

1. Anticipated schedule of investing the bulk of the Award in portfolio companies
2. Anticipated exit schedules
3. Financial Objectives/Returns on investments

H. Financial Plan

1. Investment Forecast: Provide a five year cash-flow forecast for all investible funds, indicating how the Fund will allocate these dollars to each portfolio company
2. Five year Operating Budget for the Fund: Provide a detailed five-year Operating Budget for the Fund.
3. Personal Financial Plan: Provide evidence that fund managers have the personal financial means to commit to employment with the fund over the life of the fund.

I. Management Team

1. Total number of full-time professionals employed by the GP, broken down into investment professionals, accounting and finance professionals, and miscellaneous support staff
2. Breakdown of investment professionals by designation (Partner, Principal / Vice President, Associate, Analyst, etc)
3. Detailed biographies of all investment professionals along with relevant biographical information
4. Briefly describe any other professional responsibilities of management, including public funds, charitable activities, board responsibilities, etc.
5. Turnover of senior professionals (Vice President and above) since inception including reasons for departure and other relevant information
6. Describe the functional responsibilities of each investment professional along with approximate time allocation across various investment activities, including deal sourcing, structuring, execution, monitoring and exit management
7. Discuss expected staffing levels
8. Capital commitment by each professional
9. Carried interest split among investment professionals and the vesting schedule, along with comparison to the prior fund(s) if applicable
10. Attribution of all previous investments (if applicable) for all professionals employed by the fund, where applicable (see Summary Attribution Table referenced below)
11. Biographies of any fund advisors and/or mentors (if applicable) and approximate time and capacity working with the fund

J. Track Record

1. Historical investment track record in Excel showing:
 - Actual cash flows, by investment, for realized and unrealized investments
 - Actual LP cash flows (net of all expenses) for the prior fund(s)
2. Please provide Transaction Summaries for all investments made to date including the following information:
 - Company name, location and business description
 - Investment thesis
 - Existing investors in the company along with the respective investment amounts
 - Composition of the Board of Directors
 - Recent company developments
 - Initiatives taken by the Firm to improve company performance
 - Company outlook, including key milestones, progress on financial / operating parameters, etc
 - Exit plan (prospects for IPO, interest from strategic players, anticipated time frame for liquidity, etc) or if realized, mode of exit along with description of the exit process
3. Please provide the following financial information for all portfolio companies, both realized and unrealized, in Excel:
 - Relevant financial information – Revenues, EBITDA and Net Debt – historical (past three years), at the time of investment, most recent financial period as well as projected (at least three years)
 - Valuation multiples – Enterprise Value to Sales and Enterprise Value to EBITDA – at the time of investment as well as most recent financial period
 - Fully diluted ownership stake, both at the time of investment as well as current
4. Valuation policy
 - For financial reporting purposes
 - If different than above, the methodology used for calculating returns in the track record
5. Most recent quarterly and annual reports (including most recent audited financials) for each prior partnership
6. Co-investments
 - Have you provided co-investment opportunities to your LPs in the past five years?
 - Have you syndicated excess investment capacity to other GPs?
 - How have your co-investments provided to LPs performed relative to other investments?

K. Legal documents

- Please provide electronic copies of the following:
 - Offering memorandum
 - Partnership Agreement
 - Fund management and/or advisory agreements
 - Subscription Agreement
 - Legal/Tax opinion letter
 - All side-letters
- Advisory Committee

- Composition of the Committee
- Criteria for selection of the members
- Description of responsibilities

L. References

- Names and contact information (telephone and e-mail) for:
 - All portfolio company CEOs (including any replaced CEOs)
 - Former employees
 - All co-investors
 - All limited partners
 - Bankers and brokers
 - Law firms and auditors

M. A policy on conflict management

Reference: Summary Attribution Table

Fund	Company	Description	Location	Industry	Round(s)	Origination	Lead	Board Representation	Exit Involvement	Co-Investors
	Portfolio Company 1									
	Portfolio Company 2									
	Portfolio Company 3									
	Portfolio Company 4									
	Portfolio Company 5									
	Portfolio Company 6									
	Portfolio Company 7									

VII. GOVERNING BOARD AND ADMINISTRATION OF PROGRAM

The MSF Board is comprised of 11 members, including the Director of the Department of Licensing and Regulatory Affairs, the State Treasurer, the Chief Executive Officer of the MEDC and 8 additional members appointed by the Governor. A current list of MSF Board members can be found at the following internet link, <http://www.michiganbusiness.org/michigan-strategic-fund-msf/#members>.

Under the 21st Century Jobs Fund initiative, the MSF Board sets the strategic direction for funding commercialization activity and authorizes funding decisions. The MSF Board has designated the MEDC staff to provide administrative services for the programs that fall under the Board's responsibilities.

This program is subject to Michigan law. In the event of any conflicts that proceed to court, jurisdiction will be in a Michigan court of law. Nothing in this document shall be construed to limit the rights and remedies of the State of Michigan, the MSF Board, or the MEDC. As provided by Michigan law, the MSF Board retains complete discretion to accept or reject any proposal. In accordance with PA 215 and in concert with the Chief Compliance Officer of the 21st Century Jobs Fund, the MSF Board has established a comprehensive conflict of interest policy.

Any award is subject to the availability of funds. Applicants acknowledge that the MSF Board's performance of its payment obligation is contingent upon the State Legislature's continued approval of funding for the 21st Century Jobs Fund initiative.

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MEDC staff will review contractual terms for the award agreement and structure an award-monitoring program. The successful applicant will be informed of the requirements for investment monitoring and progress reports. The investment agreement will contain reporting requirements as stipulated in Public Act 215 of 2005, including, but not limited to, the following:

- Entities that received funding, the amount received, and the type of funding
- Valuation of the Company
- The number of new patents, copyrights, or trademarks applied for and issued to the Company
- The number of new jobs created and new jobs projected by the Company
- Amounts of other funds leveraged by the Company
- Money or other revenues or property returned to the Company
- The total number of new licensing agreements by institution and the number of new licensing agreements entered into by the Company
- Products commercialized and revenues generated by the Company
- State business taxes paid by the Company

All award agreements approved by the MSF Fund Manager will contain a provision that the MSF, the MEDC, the Auditor General and the Chief Compliance Officer have access to the books and records, including financial records and all other information and data relevant to the terms of the investment agreement, related to the use of the investment.

Prior to an investment being disbursed, the MEDC and the Office of the Chief Compliance Officer will conduct due diligence on the awardee, including, but not limited to, criminal and civil background checks of the applicant, and review of the organizational documentation and financial information of the applicant. The background checks will include, but may not be limited to, affiliates, subsidiaries, officers, directors and managerial employees. To facilitate these background checks, applicants will be required to provide as part of the required due diligence the complete names, addresses, and birthdates of all persons who fall within the above definition.

D. Required Disclosures and Conflicts of Interest

All proposals shall include disclosure statements signed by the Primary Contact of the official proposal and by any other stakeholder(s) or collaborating entity involved in the activities being proposed.

For as long as the application is pending and during the term of the investment agreement, if applicable, the disclosure statement must be updated any time a *significant financial interest*, as defined on the disclosure statement, arises.

E. Breach of Contract

A violation of any provision of the award agreement is grounds for any or all of the following, among other possible remedies: (i) rescission of the award; (ii) termination of all related underlying contractual agreements in which the MSF Board or MEDC is a party; or (iii) repayment by the recipient (s) of the award or any portion thereof, actually disbursed, either directly or indirectly, to the recipient.

If the MSF Board and/or the MSF Fund Manager has a reasonable belief that a breach of award agreement has occurred, the MSF Board or the MSF Fund Manager has the right to have the award recipient's annual financial statements separately audited by an independent certified public accountant. If the audit reveals

that a breach has occurred, the award recipient shall reimburse the MSF for the fees and expenses incurred to perform the audit in addition to other remedies available to the MSF Board at law or equity.

Naming a figurehead from Michigan as Primary Contact while the fund work is conducted by a non-Michigan-based organization or is substantially performed in another state is **not sufficient** for eligibility and, if discovered after an award has been made, will result in the termination or rescission of the award and subject the award recipient to any other remedies available to the MSF Board at law or equity. In addition to the requirements contained in this document and as provided by law, the contracts and policies of the MSF Board may provide for additional rights and remedies.

F. Notice of Proprietary Information Michigan Freedom of Information Act

Except as otherwise provided in these guidelines, all information in an applicant's proposal is subject to disclosure under Public Act No. 442 of 1976, known as the "Freedom of Information Act". This act also provides for complete disclosure of contracts, their attachments, due diligence materials, progress reports submitted throughout the term of the award agreement and financial documents submitted as required under the award agreements. Proposal information is furnished to the MEDC, the Joint Evaluation Committee, and the State of Michigan, through the MSF Board.

Proposal materials submitted by applicants may contain "financial or proprietary information", which is defined as "information that has not been publicly disseminated or which is unavailable from other sources, the release of which might cause competitive harm". Applicants are provided an opportunity to specifically designate such proprietary or financial information.

Applicants must be aware that, pursuant to MCL 125.2005(9), information the applicant deems confidential must be acknowledged by the Michigan Strategic Fund (MSF) Board or delegated authority as confidential to protect such information from disclosure under the Michigan Freedom of Information Act, MCL 15.243(1)(d). Information that is not acknowledged as confidential by the MSF Board or delegated authority may be subject to disclosure under the Michigan Freedom of Information Act. Unless considered proprietary in nature, routine financial information cannot be acknowledged as confidential. The MSF Fund Manager will make the final decision on whether information designated as confidential by the applicant will be acknowledged as confidential.

Applicants agree that by failing to properly identify information that the applicant desires to be designated as confidential by the MSF Board or delegated authority, the applicant waives all rights and actions against the MEDC, the MSF Board, and the State of Michigan and its participants, officers, agents and employees regarding the release of information that could have otherwise been acknowledged as confidential but for the applicant's failure to properly designate the information as provided in this section or take other necessary action to have information acknowledged as confidential. It is the applicant's sole responsibility to identify information that it desires to be designated as confidential.

The MEDC, the MSF Board, and the State of Michigan and its participants, officers, agents and employees shall not be liable for any inadvertent disclosure of any of the applicant's information designated as confidential by the applicant.

G. Submission Materials

Applicants may request confidential treatment for “financial or proprietary information” contained within proposal submission materials that meets the definition of “financial or proprietary information contained in the MSF Act. Such information **MUST** be identified directly within the material submitted by applicants by the following requirements:

*Identify each component and portion of the narrative for which you are requesting confidentiality. **Text, tables, or graphics MUST be bolded and marked with asterisks and brackets (*[bold if text]*) within the narrative.***

*Identify the attachment and the portion of the document for which you are requesting confidentiality. **Text, tables or graphics MUST be bolded and marked with asterisks and brackets (*[bold if text]*) on the attachment. If you are requesting confidentiality for portions of a multi-page document, such as the Business Plan, you MUST also list the page numbers on all pages that contain information marked by asterisks and bold brackets.***

Proposals that fail to differentiate truly proprietary information from public information by indiscriminately labeling large sections or entire proposals as proprietary cannot be properly protected and will be returned to the applicant without review and **may result in disqualification. Watermarks, footers and headers that state “Confidential” or similar general indications will be construed to be an indiscriminate labeling of confidential information and will not be acknowledged.**

Abstract/Executive Summary

The abstract or executive summary section required should not contain any confidential information. Applicants are advised that all information contained within the abstract or executive summary is subject to disclosure under the Michigan FOIA. By inserting confidential information in the abstract, applicants waive any and all rights and/or actions against the MEDC, the MSF Board and the State of Michigan for the release of information that otherwise would have been confidential information but for the applicant’s inclusion of the confidential information in the abstract.

H. Review Process

Names of review or interview panel members will not be available to applicants. Applicants and their representatives are NOT permitted to contact the Joint Evaluation Committee, MSF Board members or the MSF Fund Manager regarding the applicant’s proposal. All communications regarding the proposal or review process should be conducted via the following email address: VDF@Michigan.org. Any attempt by an applicant to contact the above mentioned parties may result in proposal disqualification.

By submitting a proposal, the applicant acknowledges that the decision to award an investment is subject to the sole discretion of the MSF. The MSF’s decision is final and is not subject to appeal. Any attempt by an applicant, collaborating entity, or other party of interest to the proposed fund to appeal and/or take any action, including, but not limited to, legal action, regarding the proposal or awards process in general may result in the applicant’s proposal being eliminated from award consideration. If the applicant has already received an award, the award(s) may be revoked at the discretion of the MSF Board or MSF Fund Manager. However, this paragraph should not be construed in a manner that would prevent an applicant from taking action, including legal, to protect any rights bestowed on the applicant in the actual award agreement negotiated with successful applicants.

I. Due Diligence

Prior to the disbursement of a the Program investment, the MEDC and the Office of the Chief Compliance Officer will conduct due diligence on the awardee, including, but not limited to, criminal and civil background checks of the applicant, and review of the applicant's organizational documentation and financial information. The background checks will include, but not be limited to, affiliates, subsidiaries, officers, directors and managerial employees. To facilitate these background checks, applicants will be required to provide the complete names, addresses, and birthdates of all persons for whom a background check will be conducted prior to the execution of an award agreement. All items must be submitted by **within two weeks of announcement of awards by the MSF**. If due diligence items are not submitted **within two weeks of announcement of awards**, the MSF reserves the right to rescind the award.

The following information will be required of the awardee. All items must be timely submitted and deemed satisfactory prior to the release of any award funds.

Individuals and Entities

Please immediately provide us the following information regarding your fund and business entity.

Individuals: First, Middle, and Last Name for:

- Primary Contact
- Each Company Officer
- Each Company Director
- Each Management Employee

Entities (in addition to information on Individuals noted above):

- Legal Entity Name, Entity Location, and State and/or Country of Incorporation for:
- Applicant Business
- Each Affiliate of Applicant Business
- Each Subsidiary of Applicant Business
- If the Applicant Business conducts business with foreign countries, please list such countries.

Organization Registration:

To receive payment from the State of Michigan, Public Act 533 of 2004 requires that awardees be registered in the State of Michigan Vendor/Payee System, **and must** authorize payments to be made via electronic funds transfer (EFT). No awards will be finalized nor payments authorized until the required registration and authorization is complete.

If you have not registered with the State of Michigan, please initiate the process to do so. If you have already registered with the State of Michigan, please verify and update your information. If you have not authorized EFT payment, please initiate the process to do so.

Access the Vendor/Payee System, Contracts and Payment Express at www.michigan.gov/cpexpress. To speak with Vendor/Payee System staff for assistance, call (517) 373-6222. **REGISTRATION MUST BE COMPLETE AND UPDATED IN ORDER TO RECEIVE PAYMENT.**

Due Diligence Financial and Legal Documents:

Corporate Records, including but not limited to:

- Articles of Incorporation/Organization and Bylaws/Operating Agreement of the Company, as amended to date
- Certificate of Good Standing
- A copy of the most current organizational chart available for the Company, including all entities or investments in which the Company owns less than a 100% interest

Other Documents:

Copies of tax liens

Description of all pending or threatened litigation and unsatisfied judgments

Documents relating to any injunctions, consent decrees, or settlements to which the Company is a party

Submit a Disclosure and Conflict of Interest Statement. The Statement may be viewed by visiting <http://www.michiganbusiness.org/start-up/capital/#equity-funding>.

List of all State of Michigan awards

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2015-

PURE MICHIGAN VENTURE DEVELOPMENT FUND PROGRAM

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

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

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

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

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

WHEREAS, at its June 27, 2012 meeting the MSF approved the guidelines and process for the Pure Michigan Venture Development Fund ("PMVDF Program"), which established a competitive proposal process for making awards to qualified venture funds;

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

WHEREAS, at its October 23, 2013 meeting, the MSF approved two awards under the second round of the PMVDF Program to Detroit Venture Partners and to Detroit Innovate (the "2013 PMVDF Awards");

WHEREAS, subsequent to approval of the 2013 PMVDF awards, significant changes were made to the proposal submitted by Detroit Innovate;

WHEREAS, due to the significant changes to the Detroit Innovate proposal, the MEDC recommends that the 2013 PMVDF Award to Detroit Innovate be rescinded and the PMVDF Program be opened for a third round of funding; and

WHEREAS, the MSF desires to rescind the 2013 PMVDF Award to Detroit Innovate and to open a third round of the PMVDF Program to make additional awards to qualified venture funds. The PMVDF Program Guidelines are attached as Exhibit A to this Resolution.

NOW, THEREFORE, BE IT RESOLVED, the award to Detroit Innovate is rescinded;

BE IT FURTHER RESOLVED, the MSF authorizes that the PMVDF Program be opened for a third round of applications from qualified venture funds using the attached PMVDF Program Guidelines; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the PMVDF Program Guidelines as may be necessary or appropriate, so long as the modifications do not substantially change the PMVDF Guidelines and are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015

MEMORANDUM

Date: January 27, 2015

To: Michigan Strategic Fund (“MSF”) Board



From: Mike Gietzen, Development Finance Manager
Lisa Green, Program Specialist, Community Development Block Grant
Christine Whitz, Manager, Community Development Block Grant (CDBG) Program

Subject: *Forest River Manufacturing LLC (“Company”)
Village of White Pigeon
Community Development Block Grant (CDBG) Request
Michigan Business Development Program Performance-based Grant Request*

Summary

The Village of White Pigeon is requesting the approval of a Community Development Block Grant (“CDBG”) for the Forest River Manufacturing LLC on the job training project in the amount of \$1,600,000.

Forest River Manufacturing LLC is also requesting approval of a Michigan Business Development Program (“MBDP”) performance-based grant in the amount of \$350,000.

Forest River Manufacturing LLC anticipates that the project will result in \$7,080,000 in total capital investment in the Village of White Pigeon, St. Joseph County and the creation of up to 396 jobs.

Forest River Manufacturing LLC also considered locations throughout Indiana for this project. The Company currently owns over 360 acres of land in Indiana where this project could expand to. These Indiana locations were considered based on previous experiences with Indiana’s workforce, logistical, cost parameters to customer locations, and relationships and conform within Indiana.

Background

Forest River Manufacturing, LLC is a world leader in the recreational vehicle industry. The Company now operates multiple manufacturing facilities throughout the Midwest and West coast U.S. producing motorized Class A, B and C RVs, travel trailers, fifth wheels, pop-up tent campers, park model trailers, destination trailers, cargo trailers, commercial vehicles, buses, pontoons, restroom trailers and mobile offices. The Company currently has headquarters and a very strong manufacturing presence in Indiana.

Forest River Manufacturing LLC has not received any incentives from the MSF in the past.

The Company is launching various new products and needs additional facilities to house each new line. The Company plans to construct three facilities of approximately 100,000 square feet each to house new product lines over a three-year timespan.

The following detail is provided in Appendices, as follows:

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

Recommendation

MEDC Staff recommends the following collectively:

- a) Approval of a CDBG job training grant agreement, in the amount of \$1,600,000 be authorized for the Village of White Pigeon for the Forest River Manufacturing LLC expansion project subject to the following condition:
 - Submittal of an executed special fee agreement between the Village of White Pigeon and Forest River Manufacturing, LLC
- b) Approval of the MBDP Proposal as outlined in the attached term sheet in Appendix C (collectively, "MBDP Proposal");
- c) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing ("Available Funding"), satisfactory completion of due diligence, (collectively, "Due Diligence"), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days;
 - MSF Fund Manager, in coordination with MEDC staff, can negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents;

APPENDIX A – CDBG PROGRAM REQUIREMENTS AND SCREENING GUIDELINES

Program Requirements

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

- **National Objective:**
This project qualifies for CDBG funding as the project activities are expected to result in the creation of 264 full time equivalent positions over the next two years. The business has agreed that at least 136 of the 264 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 \$6,060, with a minimum wage of \$11.00 per hour.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a) (17) of Title I of the Housing and Community Development Act of 1974, as amended.

CDBG Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It has been determined that the project is not a retention project, that the project involves out-of-state competition, that the project is shovel-ready with the support of the MSF, that the project creates diversification to the State of Michigan's economy, and creates near-term jobs.
- **Minimum Leverage Ratio:** The private leverage contribution, to be provided by Forest River Manufacturing, LLC, equals \$7,080,00 which results in a leverage ratio of approximately 4.43:1 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 MEDC staff has concluded that the project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.

APPENDIX B – MBDP Program Considerations

MBDP PROGRAM AND ITS GUIDELINES

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

SOURCE OF INFORMATION

It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MBDP guidelines, the information provided by the Forest River Manufacturing LLC 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 Forest River Manufacturing LLC, and, as applicable, from other relevant third party sources utilized by staff.

- a) Forest River Manufacturing LLC is a "Qualified Business", as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the Village of White Pigeon in St. Joseph County. The Village of White Pigeon has offered a "staff, financial, or economic commitment to the project" in the form of a PA 198 property tax abatement.
- c) Forest River Manufacturing LLC has demonstrated a need for the funding. The Company also considered locations throughout Indiana for this project. The Company currently owns over 360 acres of land in Indiana where this project could expand to. These Indiana locations were considered based on previous experiences of meet workforce, logistical, size, and cost parameters to customer location and experience relationship with the State of Indiana.
- d) Forest River Manufacturing LLC plans to create 264 Qualified New Jobs with the potential for up to 396 total jobs as result of the project above a statewide base employment level of 342.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the Company indicates that investment will begin in the first quarter of 2015, the project represents a diversification of Michigan's economy, and the project results in a positive ROI for Michigan.

APPENDIX C – Map of Project

500 W. Chicago Road
White Pigeon, Michigan 49099





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

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

Date: 1/21/2015

- 1. Company Name:** Forest River Manufacturing LLC (“Company” or “Applicant”)

- 2. Company Address:** 55470 County Road 1
Elkhart, Indiana 46515

- 3. Project Address (“Project”):** 500 W. Chicago Road
White Pigeon, Michigan 49099

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

- 5. Maximum Amount of MBDP Incentive:** Up to \$350,000 (“MBDP Incentive Award”)

- 6. Base Employment Level** 342 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement (“Agreement”) between the MSF and the Company.

- 7. Total Qualified New Job Creation:** 264 The minimum number of total Qualified New Jobs the Company shall be required to create at Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of
(above Base Employment Level)

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

a. Additional New Jobs 132

The minimum number of total Additional New Jobs the Company shall be required to create at the Project, in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Additional New Job means a new job created by the Company, in excess of the Base Employment Level and performed by the Company for consideration by an individual whose income taxes are withheld by the Company (or, to the satisfaction of the Grant Manager, and employee leasing company or professional employer organization and behalf of the Company). The final terms and conditions of the requirements for the minimum number of Additional New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

b. Start Date for Measurement of Creation of Qualified New Jobs:

Date of Approval of MSF Award

c. Company Investment:

\$7,080,000, for land cost, new construction, and machinery and equipment, or any combination thereof, for the Project.

8. Municipality supporting the Project:

Village of White Pigeon

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

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

a. Disbursement Milestone 1:

Up to \$350,000

Upon demonstration of fully executed Certification of Substantial Completion for sewer, entry road and water infrastructure completion and verification of final approval of municipality support by no later than March 1, 2016.

b. Disbursement Milestone 2:	No Disbursement	Upon completion of Disbursement Milestone 1 and upon demonstrated creation of 132 Qualified New Jobs or Additional New Jobs (total Additional New Jobs may not exceed 132) above the Base Employment Level, by no later than October 31, 2016
c. Disbursement Milestone 3:	No Disbursement	Upon completion of Disbursement Milestone 1 and completion of Milestone 2 and upon demonstrated creation of 132 additional Qualified New Jobs or Additional New Jobs (total Additional New Jobs may not exceed 132), for a total of 264 Qualified New Jobs or Additional New Jobs above the Base Employment Level, by no later than October 31, 2017
d. Disbursement Milestone 4:	No Disbursement	Upon completion of Disbursement Milestone 1, completion of Milestone 2 and completion of Milestone 3 upon demonstrated creation of 132 additional Qualified New Jobs or Additional New Jobs (total Additional New Jobs may not exceed 132), for a total of 396 Qualified New Jobs or Additional New Jobs above the Base Employment Level, by no later than October 31, 2018

10. Term of Agreement: Execution of Agreement to October 31, 2020.

11. Repayment Provisions:

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

12. Reporting Requirements:

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

13. Public Announcements:

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by January 21, 2015, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Forest River Manufacturing LLC

By:



Printed Name:

Mike Stump

Its:

Project Mgr

Dated:

1-22-15

Michigan Economic Development Corporation

By:



Printed Name:

Michael Gietzen

Its:

DFM

Dated:

1/23/2015

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
FOREST RIVER MANUFACTURING LLC**

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, Forest River Manufacturing, LLC (“Company”) has requested a performance based MBDP grant of up to \$350,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015

MICHIGAN STRATEGIC FUND

RESOLUTION 2015- _____

APPROVAL OF THE VILLAGE OF WHITE PIGEON'S JOB TRAINING PROJECT

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

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

WHEREAS, The CDBG program has policies, criteria, and parameters that are enumerated in the 2014 Program Guidelines, as amended (the "Criteria"). The MSF, by Resolution 2014-051, authorized and approved the Consolidated Plan and the Criteria and the MSF, by Resolution 2014-083, authorized and approved the 2014 Application Guide which includes guidelines for job creation grants;

WHEREAS, pursuant to SFCR 10.1-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG program;

WHEREAS, the Village of White Pigeon (the "Community") has submitted a complete application for approval requesting funding to be used to fund the Forest River Manufacturing, LLC Job Training Project (the "Project");

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$1,600,000 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$1,600,000 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds;

BE IT FURTHER RESOLVED, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution; 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
January 27, 2015

MEMORANDUM

Date: January 27, 2015



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

From: Trevor Friedeberg, Development Finance Manager

Subject: Toyota Motor Engineering & Manufacturing North America, Inc. (“Company” or “Applicant”)
Amendment to Approved Michigan Business Development Program Grant Agreement

Request

This is a request to amend the Michigan Business Development Program Grant Agreement for the Company by increasing the total grant award by \$1 million dollars for the creation of 85 additional Qualified New Jobs and an additional capital investment of \$75,150,000 in Ann Arbor Township, Washtenaw County, Michigan. The Company also evaluated sites in California. State and Local Incentive assistance were crucial to ensure the project would move forward in Michigan.

Background

On August 26, 2014 the Michigan Strategic Fund approved a \$4 million award for the Company under the Michigan Business Development Program (“MBDP”). The Company proposed to relocate its direct procurement from Erlanger, Kentucky to its campus in York Charter Township. This expansion is part of an increased investment in engineering capabilities to accommodate future growth in product development. The expansion required the Company to construct a new facility and create 250 new jobs at its York Charter Township, Washtenaw County campus.

The Company is proposing to expand its powertrain engineering at its existing Ann Arbor Charter Township facility as part of a larger nationwide initiative to evaluate where various units of Toyota North America will conduct their operations. To support this growth the Company will expand its existing powertrain facility by 45,000 square feet and create 85 new jobs. This expansion will involve a capital investment of approximately \$75,150,000. This project will also help secure future Research and Development and Engineering work in Michigan. Ann Arbor Charter Township has committed to provide a tax abatement on real property in support of the project.

When determining where to expand and/or consolidate operations the Company conducts extensive site selection processes. As part of the site selection process, the Company evaluates many aspects, including business and economic incentives and market conditions. For this project the Company also considered California, where they have existing powertrain operations. Incentive assistance was necessary to ensure the project was economically feasible allowing the Company to move forward with the project in Michigan.

Recommendation

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

- a) Approval of the MBDP Amendment as outlined in the attached term sheet (collectively, “MBDP Amendment”)
- b) Closing the MBDP Amendment, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- c) Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.



MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Grant Amendment - Term Sheet

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

Date: 1/13/2015

Company Name: Toyota Motor Engineering & Manufacturing North America, Inc. ("Company" or "Applicant")

Project Address ("Project"): York Charter Township Campus
8777 Platt Road
Saline, Michigan 48176

MBDP Incentive Type: Performance Based Grant

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

- **Maximum Amount of MBDP Incentive:** Up to \$4,000,000 ("MBDP Incentive Award")
- **Base Employment Level** 1,133
- **Total Qualified New Job Creation:** 250
(above Base Employment Level)
- **Company Investment:** \$32,500,000 for new construction and furniture and fixtures, or any combination thereof, for the Project
- **Municipality supporting the Project:** York Charter Township committed to provide a real and/or personal property tax abatement for property related to the Project.
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
 - **Disbursement Milestone 1:** Up to \$800,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2016.
 - **Disbursement Milestone 2:** Up to \$800,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 100 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.
 - **Disbursement Milestone 3:** Up to \$800,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of

Michigan Economic Development Corporation

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150 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.

- **Disbursement Milestone 4:** Up to \$800,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.
- **Disbursement Milestone 5:** Up to \$800,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3 and Disbursement Milestone 4, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.
- **Term of Agreement:** Execution of Agreement to December 22, 2022

Proposed MBDP Incentive Amendment

- **Project Address (“Project”):**
if different than above York Charter Township Campus
Saline, Michigan 48176
AND
Woodridge Avenue Campus
Ann Arbor Charter Township, Michigan 48105
- **Maximum Amount of MBDP Incentive:** Up to \$5,000,000 (“MBDP Incentive Award”)
- **Total Qualified New Job Creation:** 335 Increase the Qualified New Job Creation from 250
(above Base Employment Level) to 335
- **Company Investment:** \$107,650,000 building new construction, furniture and fixtures, and machinery and equipment or any combination thereof, for the Project.
- **Municipality supporting the Project** York Charter Township and Ann Arbor Charter Township have committed to provide a real and/or personal property tax abatement for property related to the Project.
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
 - **Disbursement Milestone 1:** Up to \$870,000 Upon demonstrated creation of 60 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2016.
 - **Disbursement Milestone 2:** Up to \$1,600,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 110 additional Qualified New Jobs (for a total of 170 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.

- **Disbursement Milestone 3:** Up to \$930,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 65 additional Qualified New Jobs (for a total of 235 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.
- **Disbursement Milestone 4:** Up to \$800,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 285 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.
- **Disbursement Milestone 5:** Up to \$800,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 335 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.

• **Term of Agreement:** Execution of Agreement to December 31, 2022

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by January 23, 2015, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Toyota Motor Engineering & Manufacturing North America, Inc.

By: Charles H. Brown
 Printed Name: Charles H. Brown
Vice President
 Its: and Secretary
 Dated: 1/19/15

Michigan Economic Development Corporation

By: Trevor Friedberg
 Printed Name: Trevor Friedberg
 Its: Development Finance Manager
 Dated: 1/20/2015

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
TOYOTA MOTOR ENGINEERING & MANUFACTURING NORTH AMERICA, INC.**

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, On August 26, 2014, the MSF Board approved a performance-based MBDP grant for \$4,000,000 to Toyota Motor Engineering & Manufacturing North America, Inc. (“Company”); and

WHEREAS, Toyota Motor Engineering & Manufacturing North America, Inc (“Company”) has requested a revision to the terms sheet for their performance based MBDP grant to establish equal cost-per-job disbursements at each milestone; and

WHEREAS, the MEDC recommends that the MSF approve the Company’s Request in accordance with the Revised Term Sheet.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Revised Terms Sheet; and

BE IT FURTHER RESOLVED, all other terms and conditions of the approval in Resolution 2014-129 remain unchanged.

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015

MEMORANDUM

Date: January 27, 2015
To: MSF Board
From: Mike Flanagan, Director, Equity Programs
Subject: *Accelerator Fund Program – Huron River Ventures, Amendment Request*



Request

Huron River Ventures I (the “Fund” or “HRV”), a venture capital fund awarded under the Accelerator Fund Program, both Principals of the Fund, Ryan Waddington and Tim Streit, and MEDC staff are requesting that:

- (i) the MSF amend the Fund Documents to reduce Ryan Waddington’s time commitment to the Fund from 100% to at least 50% of his regular monthly business time;
- (ii) the MSF clarify the Fund Documents to require that Tim Streit’s continue to devote 100% of his regular weekly business time to the Fund; and
- (iii) each of the Principals maintain the required Fund Membership Requirements (the aforementioned, collectively, “Modified Commitment”).

Background

On August 9, 2010, the former Commercialization Board approved Huron River Ventures I, to receive an Accelerator Fund award of \$6 million. On September 14, 2010, the MSF and the Fund signed the final convertible loan agreement, and thereafter the MSF entered into the limited partnership agreement, side letter, and other ancillary documents to memorialize the MSF investment into the Fund (collectively, “Fund Documents”). Under the Fund Documents, the Principals of the Fund are Ryan Waddington and Tim Streit. Among other things, the Fund Documents currently require each of the Principals to remain directly or indirectly a member of the GP and a member or manager of the Fund (“Fund Membership Requirements”) and a full time employee of the Fund. However, the Fund Documents permit a Principal to manage another fund with the consent of the MSF, in the event that at least 70% of the aggregate capital commitments of the Fund have either been invested, or reserved for future investments (“Investment Threshold”). The Fund advises that it has reached the Investment Threshold.

Ryan Waddington has recently been requested to become a manager at Arsenal Venture Partners, another venture capital fund with a Michigan office, to satisfy a requirement arising out of its relationship to an investment under the Michigan Early Stage Venture Investment Act to employ a Michigan resident.

MEDC staff recommends the approval of the Modified Commitment for the following reasons:

- The Fund advises that it has reached the 70% Investment Threshold, which allows a Principal to manage another fund with the consent of the MSF.

- To date, the Fund has invested in 8 Michigan companies and is satisfying its commitment to the State. The Fund is also performing well financially, currently reporting approximately a 1.3x multiple. It has sold two companies to date, and has several strong performing portfolio companies that are projected to profitably exit in the near term. Should this occur, the Fund has indicated that it would likely begin raising its next fund in the near term.
- The Fund is projecting to invest in only two more Michigan companies, one of which is in final due diligence and has been offered a term sheet. As such, the Fund will soon be transitioning from its investment period to its harvest period, which typically requires much less time from fund managers.
- Arsenal Venture Partners is also expected soon to be transitioning to its harvest period, and so Ryan Waddington should only be responsible for completing a small number of new Michigan investments for Arsenal. It should be noted that HRV has co-invested with Arsenal in the past, which indicates a strong synergy between the two funds. It is expected that Ryan Waddington's involvement at both funds will have a mutually beneficial effect and offers the best outcome for the State's investments in each fund.

Recommendation

MEDC Staff recommends that the MSF Board approve the Modified Commitment.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

AMENDMENT OF HURON RIVER VENTURES I, LIMITED PARTNERSHIP FUND DOCUMENTS

WHEREAS, the Michigan Legislature passed legislation establishing the 21st Century Jobs Fund initiative;

WHEREAS, Public Act 215 of 2005 (“Act”) created the former Strategic Economic Investment and Commercialization Board (the “Commercialization 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 (“Commercialization Program”);

WHEREAS, staff of the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Commercialization Program;

WHEREAS, on August 9, 2010, the former Commercialization Board approved Accelerator Fund applicant, Huron River Ventures I, Limited Partnership (“Fund”) to receive an Accelerator Fund award;

WHEREAS, on September 14, 2010, the MSF and the Fund signed the final convertible loan agreement, and thereafter the MSF entered into the limited partnership agreement, side letter, and other ancillary documents to memorialize the MSF investment into the Fund (collectively, “Fund Documents”);

WHEREAS, under the Fund Documents, the General Partner of the Fund is Huron River Venture Partners, LLC (“GP”), the Manager of the Fund is Huron River Venture Associates, LLC (“Manager”), and the Principals of the Fund are Ryan Waddington (“Waddington”) and Tim Streit (“Streit”)(Waddington and Streit, collectively, “Principals”);

WHEREAS, among other things, the Fund Documents currently require each of the Principals to remain directly or indirectly a member of the GP and a member or manager of the Fund (“Fund Membership Requirements”) and a full time employee of the Fund or GP;

WHEREAS, among other things, the Fund Documents permit a Principal to manage another fund with the consent of the MSF, in the event at least 70% of the aggregate capital commitments of the Fund have either been invested, or reserved for future investments (“Investment Threshold”);

WHEREAS, the Fund advises that it has reached the Investment Threshold;

WHEREAS, Waddington has been requested to become an employee and/or manage Arsenal Venture Partners, to satisfy a requirement arising out of its relationship to an investment under the Michigan Early Stage Venture Investment Act to employ a Michigan resident;

WHEREAS, the Fund, the GP, and the Manager have requested that: (i) the MSF amend the Fund Documents to reduce Waddington’s time commitment to the Fund from 100% to at least 50% of his regular monthly business time (ii) the MSF clarify the Fund Documents to require that Streit’s continue to devote

100% of his regular weekly business time to the Fund and (iii) continue that each of the Principals maintain the required Fund Membership Requirements (the aforementioned, collectively, "Modified Commitment");

WHEREAS, the MEDC recommends that the MSF approve the Modified Commitment.

NOW THEREFORE, BE IT RESOLVED, the MSF approves the Modified Commitment.

BE IT FURTHER RESOLVED, the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate the Modified Commitment.

Ayes:

Nays:

Recused:

Lansing, Michigan
January 27, 2015

MEMORANDUM



Date: January 27, 2015

To: Michigan Strategic Fund Board

From: Brent Morgan, Manager, Brownfield and Community Revitalization Programs
Rob Garza, Brownfield Program Specialist
Dan Leonard, Community Assistance Team Specialist

Subject: City of Alpena, Alpena Authority of Brownfield Redevelopment
Community Incentive Program — Act 381 Work Plan Approval

Request

The City of Alpena Authority for Brownfield Redevelopment is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$1,278,250.

Background

The school taxes will be utilized to redevelop approximately 1.93 acres of property located at 225 River Street in the City of Alpena. The project includes the redevelopment of a vacant lot in downtown Alpena for construction of a new ninety room four-story hotel. The property is currently owned by Alpena Lodging, LLC, an affiliate of the Amerilodge Group. This is a Michigan-based hotel operations and development company with fifteen hotels, predominately in Michigan.

The project includes the development of a Holiday Inn Express in downtown Alpena that will serve as the sole hotel within walking distance to the central business district. Redevelopment of this property will feature approximately 54,000 square footage of commercial space, infill the vacant land and the active patrons staying at the hotel will support existing businesses in the downtown. The subject property has remained vacant for several years due to the contamination issues. Eligible site preparation activities that will be undertaken to alleviate Brownfield conditions on the property include the following: geotechnical engineering, temporary site and erosion control, removal of unsuitable soils and adding engineered fill, and a special foundation systems to support the new structure due to the unsuitable soils. Infrastructure improvements to the adjacent streets will provide appropriate traffic flow to allow ingress and egress to the site, as well as through traffic. Moreover, pedestrian access to and from the site will be improved by the realignment of the existing bicycle trail system running along the Thunder Bay River.

Approximately 15 to 20 permanent full-time jobs are anticipated to be created by the commercial portion of the project with an average hourly wage of \$9.80. The total capital investment will be approximately \$8 million.

Property Eligibility

The project is located within the boundaries of the City of Alpena, a Qualified Local Governmental Unit, and determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on November 21, 2014.

The property is the subject of a Brownfield Plan, duly approved by the City of Alpena on November 17, 2014.

Other State and Local Assistance to the Project

In addition to the requested Act 381 Brownfield Plan, the City of Alpena has approved a Commercial Rehabilitation Act PA 210 abatement consisting of a local property tax exemption with an estimated value of \$776,000 in total for the first ten (10) years at 100% upon completion of the hotel.

Tax Capture Breakdown

There are 56.2629 non-homestead mills available for capture, with school millage equaling 24 mills (42.66%) and local millage equaling 32.2629 mills (57.34%). Due to the approval of the Commercial Rehabilitation Act PA 210, the local taxes will be abated at 100% for a period of 10 years, effectively increasing the ratio of state school capture during that time and creating an overall blended ratio of 63.65% school tax to 36.35% local tax. Tax increment capture will begin in 2015 and is estimated to continue for 30 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (63.65%)	\$ 813,619
Local tax capture (36.35%)	<u>\$ 464,631</u>
TOTAL	\$1,278,250

Cost of MSF Eligible Activities

Infrastructure Improvements	\$ 105,000
Site Preparation	<u>+1,000,000</u>
Sub-Total	\$1,105,000
Contingency (15%)	<u>+ 165,750</u>
Sub-Total	\$1,270,750
Brownfield/Work Plan Preparation	<u>+ 7,500</u>
TOTAL	\$1,278,250

Recommendation

The MEDC recommends approval of the request by City of Alpena Authority for Brownfield Redevelopment to capture local and school taxes for the MSF eligible activities totaling \$1,278,250 as described above. Utilizing the blended state to local capture ratio, the amount of school tax capture for this project is estimated at \$813,619.

KEY STATUTORY CRITERIA

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

a) Overall Benefit to the Public:

Redevelopment of the 225 River Street property for the Alpena Holiday Inn Express will stimulate private investment, dramatically improve a vacant area, upgrade infrastructure, increase tourism, provide employment opportunities, and increase taxable value and tax base in an underutilized area.

The development is consistent with the City of Alpena master plan and zoning ordinance and has received site plan approval from the City of Alpena Planning Commission. When completed, property taxes are estimated to total over \$213,000 per year (following the retirement of Brownfield obligations) with over 43.4% of these revenues going to the State of Michigan and 56.6% to local taxing jurisdictions. Currently, the proposed Eligible Property is vacant and generates only \$4,043 per year in property taxes.

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

This project is expected to create approximately 15 to 20 new, full-time jobs in the hospitality industry within the City of Alpena.

c) Area of High Unemployment:

The County of Alpena's unadjusted jobless rate was 6.6% in October 2014.

d) Level and Extent of Contamination Alleviated:

Historical use of the site for sawmill operations, coal storage, and automotive repair have resulted in contamination with hazardous substances such as tetrachlorethene, phenanthrene, and arsenic above the MDEQ Part 201 Generic Residential Cleanup Criteria (GRCC). As a result of this brownfield plan the subject property is required to meet the necessary due care obligations to prevent exposure to or exacerbation of pre-existing contamination. Redevelopment of the subject property will rely on due care activities to stabilize and physically clean up contaminated soils found throughout the 1.93 acre parcel. Due care activities include conducting a Phase 2 Environmental Site Assessment (ESA), the preparation of a Due Care Plan and soil remediation; developing and Due Care Pathway Mitigation which could include implementing a soils management plan to safely relocate soils on the property; engineered barriers to prevent direct contact with soils or vapors; and/or institutional controls.

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

The project is not qualifying as functionally obsolete or blighted.

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

Prior to purchase of the subject property, the Alpena Lodging, LLC development team considered several properties outside of downtown Alpena that could be considered 'Greenfield' sites. To make this strategic and environmentally challenged site competitive with the surrounding 'Greenfield' sites, the proposed Brownfield TIF dollars were essential to encourage the development team that the subject property was the best location for their \$8,200,000 redevelopment project.

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:

The MEDC infers that the Work Plan is financially and economically sound based on the materials received.

i) Other Factors Considered:

The community has demonstrated its commitment to the revitalization of downtown Alpena through the approval of a Commercial Rehabilitation Act PA 210 abatement consisting of a local property tax exemption with an estimated value of \$776,000 in total for the first ten (10) years at 100% upon completion of the hotel. Moreover, the development team was responsive to the design concerns that arose throughout the local government approval process. As a result, the cooperative efforts of the development team and the City resulted in a better project in terms of character, site design and functionality. This project when completed will demonstrate the value of the private sector working with the local unit of government to provide a downtown hospitality industry venue while maintaining and complementing the social character of the existing buildings and infrastructure in the heart of downtown Alpena.

MAP OF PROJECT AREA



**RESOLUTION 2014-
MICHIGAN STRATEGIC FUND**

**City of Alpena Authority for Brownfield Redevelopment
Alpena Holiday Inn Express
Alpena**

At the meeting of the Michigan Strategic Fund (“MSF”) held on January 27, 2015 in Lansing, Michigan.

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

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

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

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

WHEREAS, the City of Alpena Authority for Brownfield Redevelopment (the “Authority”) has submitted a work plan for property located at 225 River Street within the City of Alpena, known as Alpena Holiday Inn Express (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 63.65% to 36.35% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation and infrastructure

improvements as presented in the revised Work Plan dated January 12, 2015. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$1,270,250 for the principal activity costs of non-environmental activities and a contingency and a maximum of \$7,500 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,278,250.

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

January 27, 2015
Lansing, Michigan



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN/GRANT PORTFOLIO**

Board Meeting January 27, 2014

FOR QUARTER ENDED 12/31/14

BACKGROUND

On January 25, 2012, the Michigan Strategic Fund (“MSF”) Board approved by resolution a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund, (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor Fund program and Michigan Life Sciences Corridor Fund program, and (iii) those loans awarded under the Choose Michigan program, including the authority to approve loan restructure requests (“Delegation of Authority”). Under the Delegation of Authority, actions related to awards with an original amount of \$1,000,000 or less may be approved by the MSF Chairperson, the MSF Fund Manager and the MSF State Treasurer Director, with only one required to act. Actions related to awards with an original amount of \$1,000,001 to \$3,000,000 are reviewed by the MSF Investment Subcommittee before presentation to the delegates for final approval. Actions related to awards with an original amount of \$3,000,001 are presented to the full MSF Board.

In addition, under Executive Order No. 2010-8, the Governor abolished the Strategic Economic Investment and Commercialization (“SEIC”) Board and all powers, duties, and functions of the SEIC Board were transferred to the MSF. On October 27, 2010 the MSF Board delegated to the MSF Chairperson or the MSF State Treasurer Director the authority to approve final disbursements and no-cost amendments to grants and other contracts previously administered by the SEIC Board under the 21st Century Jobs Fund and its predecessor programs.

APPROVALS BY AUTHORIZED DELEGATE

Between October 1, 2014 and December 31, 2014 the following actions were approved by one of the authorized MSF Board members:

Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
AI Medical, Inc.	Restructure Request	\$400,000	\$400,000	October 24, 2014
Everist Genomics f/k/a Genetics Squared	Forbearance Agreement	\$1,569,999	\$1,569,999	October 27, 2014
NephRx, Corporation	Write Off Request	\$1,828,981	\$1,828,981	December 9, 2014

ABOUT THE COMPANIES

AI Medical Devices, Inc., Founded in 2003, AI Medical Devices, Inc. is a Williamston-based startup medical device company that has developed the Airway RIFL (Rigid Intubating Fiber optic Laryngoscope), which improves the medical outcomes of the intubation procedure when compared to current state-of-the-art intubation equipment.

Everist Genomics has developed a technology based on the idea that integrating therapeutic diagnostics with drug development maximizes the chances of clinical success. Everist Genomics has used its patented computational system, Evolver™, to develop concise rules for predicting sensitive and tolerant patient populations and, by using this, have created therapeutic diagnostics to increase the chances of marketing approval for the compounds under development.

NephRx, Corporation, is a Kalamazoo based company, which designs environmentally friendly insecticides. It is developing a new generation of insecticides by employing peptides sourced from spiders. Additionally it is completing clinical discovery and development of novel peptide growth factors for the treatment of kidney and gastrointestinal disorders specifically, for a “Wound Growth Factor” (WGF) peptide for the treatment of renal disease and acute renal failure. These projects are spin offs of that technology and aim to commercialize automotive space frame bodies in collaboration with Delphi.



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF PURE MICHIGAN VENTURE MATCH FUND
Board Meeting January 27, 2014**

FOR QUARTER ENDED 12/31/14

BACKGROUND

On March 28, 2012, the Michigan Strategic Fund (“MSF”) Board approved the creation and operation of the Pure Michigan Venture Match Fund (“PMVMF” or “Program”). At its August 28, 2013 meeting, the MSF Board authorized that companies which previously received an award under the PMVMF may apply for “Follow On” or “Catch Up” funding under the PMVMF. Under the MCL 125.2088k(3)(a), which was effective May 30, 2012, initial PMVMF evaluations may be performed by a Joint Evaluation Committee (“JEC”). To that end, the MSF Board delegated to the MSF Fund Manager the authority to approve PMVMF awards, including “Follow On” and “Catch Up” awards, upon the recommendation of a JEC to be appointed by the MSF Fund Manager.

APPROVALS BY AUTHORIZED DELEGATE

Between September 30, 2014 and December 31, 2014, the following actions were approved by one of the authorized MSF Board members:

Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
Algal Scientific Corporation	Pure Michigan Venture Match Fund	\$500,000	\$500,000	October 20, 2014
Knew Deal	Follow on Fund Approval Request	\$187,500	\$187,500	November 3, 2014

ABOUT THE COMPANIES

Algal Scientific Corporation, a Plymouth-based company, is an early stage corporation that has developed the world's first beta glucan from natural, non-GMO microalgae, which is an all-natural product that supports the immune systems in humans and other animals.

Knew Deal, Inc. d.b.a. Stik, a Detroit-based company, is using Facebook to bring the offline small business referral process online. Stik helps small businesses build reputations and positive word-of-mouth and help. Consumers discover businesses recommended by their friends who are known and authenticated. This trusted status makes these referrals enormously valuable and differentiates Stik.com from the other platforms with which it competes. Stik was granted a Pure Michigan Venture Match Fund Award in late 2012 for commercialization and growth purposes as a match to a qualified venture-led investment.



MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL ACCESS TEAM
October 1 – December 31, 2014

APPROVALS BY AUTHORIZED DELEGATES

Between October 1 and December 31, 2014 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

SSBCI - MBGF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
C&B Investments, LLC	MBGF-CSP	\$ 80,000	\$ 400,000	Approved by Chair and Fund Manager	November 13, 2014	Y
Tial Cast Corporation	MBGF-LPP	\$ 798,000	\$ 1,600,000	Approved by Chair and Fund Manager	December 8, 2014	N
Total		\$ 878,000	\$ 2,000,000			
MSDF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
Punch Bowl Detroit, LLC	MSDF-LGP	\$ 1,600,000	\$ 2,000,000	Approved by Chair and Fund Manager	November 13, 2014	N
Western Diversified Plastics, L.L.C.	MSDF-CSP	\$ 3,000,000	\$ 8,000,000	Approved by Chair and Fund Manager	December 17, 2014	Y
Lyons Industries, Inc.	MSDF-CSP	\$ 499,000	\$ 1,000,000	Approved by Chair and Fund Manager	December 18, 2014	N
Total		\$ 5,099,000	\$ 11,000,000			



MEMORANDUM

DATE: January 27, 2015

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

FROM: Josh Hundt, Director, Business Incentives
Deborah Stuart, Director, Community Incentive Programs

SUBJECT: Quarterly Report of Delegated Approvals on Michigan Business Development Program & Michigan Community Revitalization Program

On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the first quarter of the 2015 fiscal year.

Detailed information is now sent to all Board Members as they are approved. As such, the detailed informational sheet on each approval is not included in this memo. If you would like additional information on a project, please let us know.

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
SL America Corporation	10/6/2014	Auburn Hills	\$615,000	72	\$8,011,214
Summit Polymers, Inc.	10/9/2014	Vicksburg, Portage	\$800,000	198	\$7,290,552
L&W Engineering Company	10/9/2014	Detroit	\$300,000	100	\$10,100,000
Lippert Components Manufacturing, Inc.	10/16/2014	Sterling Heights	\$200,000	102	\$1,668,000
NBJX	10/16/2014	Canton	\$300,000	80	\$8,053,000
Mando America Corporation	10/27/2014	Bay City	\$200,000	25	\$13,422,500
LTC Roll & Engineering	10/29/2014	Cottreville	\$450,000	90	\$8,550,000
Fullerton Tool Company, Inc.	10/31/2014	Saginaw	\$400,000	58	\$8,044,884
Shanghai SIIC Automotive Electric Company STEC	11/5/2014	Madison Heights	\$700,000	176	\$15,097,200
TG Fluid Systems USA Corporation	11/21/2014	Brighton	\$150,000	36	\$12,943,128
Alcoa Howmet	11/26/2014	Whitehall	\$285,000	25	\$16,734,500
David Corporation	12/5/2014	Livonia	\$150,000	26	\$418,800
LOC Performance Products	12/16/2014	Plymouth	\$600,000	95	\$12,140,000

Fori Automation	12/23/2014	Shelby Township	\$250,000	52	\$9,900,000
NHK International Corporation	12/29/2014	Novi	\$150,000	26	\$9,000,000
Irwin Seating Company	12/30/2014	Grand Rapids	\$300,000	60	\$1,900,000

MCRP APPROVALS

There were no delegated approvals for MCRP during the first quarter of fiscal year 2015.

MEMORANDUM

Date: January 27, 2015
To: Michigan Strategic Fund Board
From: Christine Whitz, Manager, Community Development Block Grant Program
Subject: *Community Development Block Grant Program
 Quarterly Report of Delegated Approvals (October – December, 2014)*

On October 23, 2013, the MSF Board approved the Community Development Block Grant (CDBG) program delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the previous quarter. If you would like additional information on a project, please feel free to contact me.

Grantee	Approval Date	CDBG Funds	Brief Summary of Project
Village of Cassopolis	10/4/14	\$127,800	The Village of Cassopolis requested \$127,800 in CDBG funds for infrastructure improvements needed for the construction expansion at Schwintek Inc. The Village expects that this project could result in private investment of \$750,000 and the creation of ten (10) jobs.
City of Marquette	10/7/14	\$481,000	The City of Marquette requested \$481,000 in CDBG funds for building rehabilitation needed for the Delft Theater Project. The City expects that this project could result in private investment of \$1,278,300 and the creation of 25 jobs.
City of Adrian	11/11/14	\$112,905	The City of Adrian requested \$112,905 in CDBG funds for blight clearance needed for the 109 East Maumee Blight Elimination Project. The project involves demolishing the building’s blighted addition, remediating existing asbestos and securing the surrounding historic structures that will remain. There is an anticipated local contribution of \$37,635 to the project.
Technical Assistance*	12/18/14	\$15,000	The CDBG program requested \$5,000 in CDBG funds for onsite expert consulting, training and technical assistance services pertaining to the administration of the CDBG program and an additional \$10,000 for other similar future services with this contractor in fiscal 2015.
Township of Allouez	12/20/14	\$275,000	The Township of Allouez requested \$275,000 in CDBG funds for on the job training needs for the Neuvokas Corporation project. The Township expects that this project could result in private investment of \$1.3 million and the creation of 31 jobs.

County of Wexford	12/29/14	\$210,000	The County of Wexford requested \$210,000 in CDBG funds which will be sub-granted to the CDBG RLF Region 2 Fund Manager for a working capital loan to Harrietta Hills Trout Farm, LLC. The County expects that this project will result in the creation of six (6) jobs.
City of Bessemer	10/28/14	\$615,743	The City of Bessemer requested \$615,743 in CDBG Urgent Need funds for the water main repair and replacement project. There will be a local match of \$108,661.
City of Charlevoix	10/28/14	\$114,299	The City of Charlevoix requested \$114,299 in CDBG Urgent Need funds for the water line and road repair project. There will be a local match of \$114,300. The infrastructure project will repair and replace frozen water lines and repair roads impacted by extreme winter conditions.
City of Crystal Falls	10/28/14	\$15,534	The City of Crystal Falls requested \$15,534 in CDBG Urgent Need funds to repair five (5) water main breaks and one (1) damaged road. The City provided a local match of \$103,410.
City of Escanaba	10/28/14	\$23,064	The City of Escanaba requested \$23,064 in CDBG Urgent Need funds for repairs to their frozen water system. The City provided \$42,393 for their local match.
City of Gladstone	10/28/14	\$298,825	The City requested \$298,825 in CDBG Urgent Need funds for water and sewer lateral repairs and road restoration. There was a local match of \$232,487 for the project.
City of Iron River	10/28/14	\$75,569	The City of Iron River requested \$75,569 in CDBG Urgent Need funds for water main repairs, road reconstruction and sidewalk replacement. There was a local match of \$55,471 for the project.
City of Ironwood	10/28/14	\$531,299	The City requested \$531,299 in CDBG Urgent Need funds for repairs to frozen water line breaks and road repair. There was a local match of \$218,701 for the project.
City of Ishpeming	10/28/14	\$999,900	The City of Ishpeming requested \$999,900 in CDBG Urgent Need funds for water main, storm sewer, and associated road repairs. There was a local match of \$676,246 for the project.
City of Marquette	10/28/14	\$495,588	The City of Marquette requested \$495,588 in CDBG Urgent Need funds to repair several water lines, sanitary sewer, and storm sewer breaks. The City provided a local match of \$937,096.
City of Munising	10/28/14	\$170,735	The City of Munising requested \$170,735 in CDBG Urgent Need funds for the water main replacement project. The City provided a local match of \$86,716.
City of Negaunee	10/28/14	\$427,171	The City of Negaunee requested \$427,171 in CDBG Urgent Need funds for repairs to water line breaks and road restoration activities along Maas Street and Victoria Street. There was a local match of \$167,512 for the project.

City of Petoskey	10/28/14	\$96,255	The City of Petoskey requested \$96,255 in CDBG Urgent Need funds to repair several water line breaks and damaged roads. There was a local match of \$24,064.
City of Sault Ste. Marie	10/28/14	\$968,403	The City of Sault Ste. Marie requested \$968,403 in CDBG Urgent Need funds for water main, storm sewer, and associated road repairs. There was a local match of \$356,000 for the project.
City of St. Ignace	10/28/14	\$995,455	The City of St. Ignace requested \$995,455 in CDBG Urgent Need funds to repair water main and water main services and the restoration of the road within the area of the infrastructure repairs and replacements. Curb and gutter, driveway and sidewalk replacements and repairs within the area of the improvements will also be completed. The City provided a local match of \$268,102.
City of Wakefield	10/28/14	\$56,775	The City requested \$56,775 in CDBG Urgent Need funds for repairs to service lines and materials related to hard infrastructure. Local match of \$52,713 was provided by the City.
County of Cheboygan	10/28/14	\$20,419	The County of Cheboygan requested \$20,419 in CDBG Urgent Need funds to replace water main culverts at 25 locations. The County provided \$76,774 in local match to the project.
County of Marquette	10/28/14	\$3,413	The County of Marquette requested \$3,413 in CDBG Urgent Need funds for the repair of the water main infrastructure. The County provided a local match of \$29,721.
Township of Adams	10/28/14	\$67,735	The Township of Adams requested \$67,735 in CDBG Urgent Need funds for the replacement of a broken water main for potable water service. The Township provided a local match of \$67,740.
Township of Bear Creek	10/28/14	\$105,000	The Township of Bear Lake requested \$105,000 in CDBG Urgent Need funds to reconstruct .23 miles of Little Cedar Drive, which was pulverized during the spring thaw. There was a local match of \$29,000 for this project.
Township of Bessemer	10/28/14	\$494,376	The Township of Bessemer requested \$494,376 in CDBG Urgent Need funds for repairs to water mains, hydrants, valves and related roadways. The Township's local match to this project was \$101,201.
Township of Calumet	10/28/14	\$161,500	Calumet Township requested \$161,500 in CDBG Urgent Need funds for repairs to their sewer main and roads. There was a local match of \$69,300 for the project.

Township of Ely	10/28/14	\$26,834	The Township of Ely requested \$26,834 in CDBG Urgent Need funds for repairs to their frozen water system. Repairs to service lines and water mains, as well as some material costs were included. The Township's local match to this infrastructure project was \$15,477.
Township of Forsyth	10/28/14	\$14,453	The Township of Forsyth requested \$14,453 in CDBG Urgent Need funds for water line repairs extending through four (4) streets. The Township's local match to this project was \$56,836.
Township of Ishpeming	10/28/14	\$109,036	Ishpeming Township requested \$109,036 in CDBG Urgent Need funds for repairs to water lines and roads. There was a local match of \$176,367 for the project.
Township of Maple Ridge	10/28/14	\$5,952	The Township of Maple Ridge requested \$5,952 in CDBG Urgent Need funds for water tower repair and valve replacement. Local Match of \$4,198 was provided by the Township for the project.
Township of Powell	10/28/14	\$11,804	The Township of Powell requested \$11,804 in CDBG Urgent Need funds for the excavation, replacement and repair of water lines. The Township provided \$16,196 of local match for the project.
Township of Republic	10/28/14	\$34,323	The Township of Republic requested \$34,323 in CDBG Urgent Need funds to repair several water line breaks. There was a local match of \$63,677.
Township of St. James	10/28/14	\$94,700	The Township requested \$94,700 in CDBG Urgent Need funds for septic system repairs and materials. \$30,176 was provided by the Township as their local match.
Village of Calumet	10/28/14	\$139,400	The Village of Calumet requested \$139,400 in CDBG Urgent Need funds for water line repairs. The Village provided a local match of \$26,600.
Village of Laurium	10/28/14	\$258,300	The Village of Laurium requested \$258,300 in CDBG Urgent Need funds for water main repairs. The Village provided a local match of \$86,100.
Village of Newberry	10/28/14	\$146,954	The Village of Newberry requested \$146,954 in CDBG Urgent Need funds to fully repair three water main breaks and sub-base, base and pavement repairs along West Victory Way Street. The Village provided local match of \$50,000 for the project.
Total CDBG Funds for Quarter		\$8,800,519**	

*contractual services

**\$7,578,814 for CDBG Urgent Need funding included in total



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSF CONFIDENTIALITY MEMOS**

Board Meeting: January 27, 2015

FOR QUARTER ENDED DECEMBER 31, 2014

BACKGROUND

As a part of the process for negotiating with companies seeking to invest in Michigan, the Michigan Strategic Fund (MSF) receives information of a financial and/or proprietary nature from applicant companies. Avoiding the public disclosure of this information is desirable in order to protect against the potential for significant competitive harm to the applicant companies.

Via MCL 125.2005(9), as amended by Public Act 251 of 2011, information of a financial or proprietary nature considered by the applicant as confidential and acknowledged as confidential by the Michigan Strategic Fund Board or its designee is exempted from disclosure by the Michigan Freedom of Information Act, Public Act 442 of 1976, as amended. On February 27, 2012, the MSF Board approved by resolution the delegation of this authority to the MSF Fund Manager, who acknowledges the confidentiality of eligible information on behalf of the MSF Board by executing a confidentiality memo.

APPROVALS BY AUTHORIZED DELEGATE

During the period between October 1, 2014 and December 31, 2015, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
<p>C&B Investments, LLC and/or related borrowers/guarantors and FirstMerit Bank 487 W. Welch Ct. Traverse City, MI 49686</p>	<p>Any portion of any document or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>TI Automotive, LLC 1272 Doris Road Auburn Hills, MI 48326</p>	<p>Company Financial Statements - including notes; Staffing and Investment Chart; Highlighted application items including all individual salary information, Company FEIN, and annual breakdown of capital investment</p>
<p>Brose New Boston, Inc. 23400 Bell Road New Boston, MI 48164</p>	<p>Financial Statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other</p>



	<p>appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security numbers and any analysis, report or record of any kind by or on behalf of any of the applicants containing any of the foregoing information.</p>
<p>TG Fluid Systems USA Corporation 740 Advance Street Brighton, MI 48116</p>	<p>Pure Michigan Application – Salesforce Portal: Total Capital Investment (Year 1), Total Capital Investment (Year 2), Total Capital Investment (Year 3); Project Alternative; Total Avg Weekly Wage (Year 1), Total Avg Weekly Wage (Yrs 1& 2), Total Avg Weekly Wage (Yrs 1, 2, & 3); Description of employer paid benefits; Taxable Income – All Information (Years 1, 2, and 3); Financing – All Information (Years 1, 2, and 3)</p>
<p>Cytopherx, Inc. 401 W. Morgan Road Ann Arbor, MI 48108</p>	<p>Cytopherx term sheet November 4, 2013; Amendment to November 4, 2013 term sheet, August 1, 2014; Confidential Disclosure Agreement between Cytopherx, Inc. and an unnamed party entered into on January 16, 2014; Project Pacific Term Sheet - Redacted Executed Version</p>