

**MICHIGAN STRATEGIC FUND
BOARD MEETING AGENDA
March 24, 2015**

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

A. Administrative – Action Item

Ratification of Board Operating Documents – Jarrod Smith

B. Consent Agenda - Action Item

Proposed Meeting Minutes – February 24, 2015

Harrington Tool & Die – Renaissance Zone Revocation – Amy Lux

BorgWarner, Inc. – MBDP Amendment – Trevor Friedeberg

ADP Dealer Services, Inc. – MBDP Amendment – LeTasha Peebles

Huron River Ventures Agreement – Accelerator Fund Amendment – Mike Flanagan

C. Business Investment

1. Business Growth - Action Items

Superior Trade Zone Approval – Peter Anastor

Detroit Diesel Corporation – MBDP Grant – Marcia Gebarowksi

St. Mary Cement – Brownfield 381 Work Plan – Ken Murdoch

Triton Industries/Watertown Charter Township – CDBG Grant – Trevor Friedeberg

D. State Branding – Action Item

Travel Website Re-launch - Request to Issue RFP – Kelly Wolgamott

MICHIGAN STRATEGIC FUND

RESOLUTION

2015-

WHEREAS, the Governor of the State of Michigan issued Executive Order No. 2014-12 pursuant to Const 1963, art 5, § 2, entitled “Creation of Talent Investment Agency; Department of Licensing and Regulatory Affairs, Department of Treasury, Michigan Strategic Fund, Michigan State Housing Development Authority, State Land Bank Fast Track Authority, Office For New Americans Executive Reorganization (the “Executive Order”) effective March 16, 2015, which created a new principal Department of Talent and Economic Development (“TED”);

WHEREAS, among other things, Section V. B. of the Executive Order transferred the Michigan Strategic Fund originally created by Section 5 of the Michigan Strategic Fund Act, 1984 PA 270, MCL 125.2005 from the Department of Treasury to TED;

WHEREAS, among other things, Section V.A. of the Executive Order, upon its effective date, abolished the Michigan Strategic Fund (“MSF”) Board of Directors and required the appointment of a new MSF Board of Directors (“MSF Board”);

WHEREAS, an MSF Board sufficient to reach a quorum has been appointed, along with such members who are members of the MSF Board by operation of law;

WHEREAS, Section IX.B. of the Executive Order states that, “All rules, orders, contracts, plans, and agreements relating to the functions transferred by this [Executive] Order lawfully adopted prior to the effective date of this [Executive] Order by the responsible state agency shall continue to be effective until revised, amended, or rescinded”;

WHEREAS, notwithstanding Section IX.B, because this is the first meeting of the MSF Board subsequent to the Effective Date of the Executive Order, it is recommended that the MSF Board ratify and approve, subject to modification by the MSF Board at a future MSF Board meeting, its Bylaws, as Amended and Restated on April 22, 2014, its Board Conflict of Interest Policy and the Strategic Fund Compiled General Delegation of Authority, as amended, any currently effective memorandums of understanding, any program guidelines or procedures, appointments, committee selections and such other items of similar purpose (the “MSF Board Operating Documents”); and

WHEREAS, the MSF Board desires to ratify and confirm its MSF Board Operating Documents.

NOW, THEREFORE, BE IT HEREBY RESOLVED, by the Michigan Strategic Fund Board as follows:

1. MSF Board Operating Documents.

The MSF Board ratifies and confirms the MSF Board Operating Documents to assure complete continuity with the previous board of directors.

BE IT FURTHER RESOLVED, that this resolution shall be effective immediately upon adoption.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 24, 2015

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF MARCH 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:

Proposed Meeting Minutes – February 24, 2015

Harrington Tool & Die – Tool and Die Recovery Zone Revocation

BorgWarner, Inc. – Michigan Business Development Amendment

ADP Dealer Services, Inc. – Michigan Development Program Amendment
Huron River Ventures Agreement – Acceleration Fund Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan
March 24, 2015

**MICHIGAN STRATEGIC FUND BOARD
PROPOSED MEETING MINUTES
February 24, 2015**

Members Present:

Paul Anderson
Steve Arwood
Mike Jackson
Andrew Lockwood (on behalf of Treasurer Clinton)
Alan Pohl (on behalf of Director Zimmer)
Jody DePree Vanderwel
Shaun Wilson

Members Absent:

Terri Jo Umlor
Jim Walsh

Call to Order: Mr. Arwood called the meeting to order at 10:02 am

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

Communications: None

Due to the multitude of attendees on behalf of the Marquette projects, Mr. Arwood asked to change the order of the agenda. Paul Anderson motioned for the Board to take the Marquette General; DLP Replacement Hospital & Liberty Way Hospitality projects for consideration before resuming the standard agenda order. Jody DePree Vanderwel seconded the motion. **The motion carried: 7 ayes, 0 nays; 0 recused.**

Resolution 2015-013 Marquette General; DLP Replacement Hospital – Brownfield TIF

Jennifer Tucker, Community Assistance Team, provided the Board with information regarding this action item. The City of Marquette Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$55,763,061. The school taxes will be utilized to redevelop approximately 37 acres of property located between West Washington Street and U.S. Highway 41, and between South 7th Street and South McClellan Avenue in the City of Marquette. The proposed project will consist of demolition of existing structures on the site and construction of a new regional hospital. The property is currently owned by the City of Marquette and houses their Municipal Services Center operations. DLP Marquette General Hospital, LLC (DLP), an affiliate of Duke LifePoint Healthcare, has developed a draft purchase agreement for the eligible property, but it will not be executed until the MSF considers the Brownfield TIF for the property.

The project includes the development of an approximately 516,000 square foot acute-care hospital, 160,000 square feet of medical office buildings, and a 500 to 750 space parking deck. Approximately 150 permanent full-time jobs are anticipated to be created by this development project at an average hourly wage of \$32.22 in the first three years of operation, and 2,300 current jobs will be retained. The total capital investment will be at least \$170 million. In addition to the Act 381 Work Plan, the city has approved a PA 255 Commercial Redevelopment Act tax incentive which abates 50% of the local ad valorem taxes for twelve years, and is estimated to provide a contribution of over \$11.1 million. Environmental eligible activity costs including assessment, due care and environmental responses are expected to be approximately \$3.4 million.

Staff Recommendation

The MEDC recommends approval of the request by City of Marquette Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$55,763,061 described

above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$31,455,943. Capture of taxes levied for school operating purposes is subject to the following condition; capture of taxes levied for school operating purposes for specific eligible activities shall be prohibited if the costs are paid for or reimbursed under any other grant or tax credit program.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the project timeline, the investment history of Duke LifePoint, and the intended use of the old hospital parcels. There being no further questions, Mike Jackson motioned for the approval of Resolution 2015-013. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-014 Liberty Way Hospitality – MCRP

Jennifer Tucker, Community Assistance Team, provided the Board with information regarding this action item. Liberty Way Hospitality, LLC and Chemical Bank are requesting approval of a Michigan Community Revitalization Program incentive in the amount of the lesser of \$4,100,000 or 25% of “Eligible Investment” in the form of a Loan Participation under Other Economic Assistance. The Applicant anticipates that the project could result in eligible investment of \$18,498,204 and total capital investment in the amount of \$20,358,038 in the City of Marquette and the creation of 19 full time equivalent jobs. The development has been able to secure senior financing in the amount of \$12.4M or 61% of the total development cost. The loan-to-cost ratio is in line with traditional lending levels. Additionally, the project developer has been able to raise owner capital in excess of \$3.4M or 17% and is also deferring 100% of developer fees through cash flow. The remaining gap is being filled by the MCRP proceeds of \$4,100,000, which will be fully repayable.

The current request will support the construction of Building 2, which will consist of an 86,000 square foot extended stay hotel and residential facility, with a total of 108 combined units, of which the top story will contain space considered to be flex space which can be utilized as residential or hotel units depending upon demand. Building 2 will also host an approximately 145 stall underground parking garage. The project will also incorporate the construction of a pedestrian connector path to an extensive trail network and the new Marquette General Hospital health care campus. This will link "north side" neighborhoods, downtown, the hospital campus, and the community's extensive non-motorized trail network.

Staff Recommendation

MEDC staff recommends approval of a MCRP performance-based loan participation in the amount of \$4,100,000 for Liberty Way Hospitality, LLC.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the return on investment, as well as the additional financing secured for the project. There being no further questions, Paul Anderson motioned for the approval of Resolution 2015-014. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

At this time, Mr. Arwood resumed the normal order of business.

Resolution 2015-015 February Consent Agenda

Mr. Arwood asked if there were any questions on items falling under the consent agenda. There being none, Shaun Wilson motioned for the approval of the **January 2015 Proposed Meeting Minutes**, by Resolution 2015-015. Paul Anderson seconded the motion. **The motion carried: 7 ayes, 0 nays, 0 recused.**

Business Investment

Entrepreneurship

Resolution 2015-016 Business Incubator 2015 Award Recommendations

Paula Sorrell, Entrepreneurship & Innovation, provided the Board with information regarding this action item. The MEDC requests that the MSF Board approves awards in the amount of \$2,757,678 to the following 11 nonprofit/university organizations to provide business incubator services to early stage technology companies and institutions for commercializing competitive-edge technologies:

- Automation Alley
- Ann Arbor SPARK East
- Techtown Detroit
- Central Michigan University Research Corporation
- The Regents of the University of Michigan- Desai Family Accelerator
- Lansing Economic Area Partnership
- Lawrence Technological University
- Macomb-Oakland University Incubator
- Michigan Alternative and Renewable Energy Center
- MidMichigan Innovation Center, Inc
- Southwest Michigan Innovation Center, Inc

Since 2009 the Michigan Strategic Fund (“MSF”) has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators.

Staff Recommendation

The MEDC received 12 proposals totaling \$3,707,678 in response to the RFP. The JEC reviewed the proposals and decided to fund all proposals that received a consensus score of 70 or higher. One exception to this was the TechTown Detroit gatekeeper proposal. The RFP stated that each applicant could only apply under one of the two criteria, TechTown applied twice, the JEC decided to fund the proposal that scored highest of the two.

Of the 12 proposals, 11 were recommended for funding totaling \$2,757,678. MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with awardees.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Jody DePree Vanderwel motioned for the approval of Resolution 2015-016. Alan Pohl seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-017 NextEnergy Advanced Energy Acceleration Services – Grant Amendment

Paula Sorrell, Entrepreneurship & Innovation, provided the Board with information on this action item. MEDC Staff recommends the MSF Board approve a grant amendment in the amount of \$1,500,000 to NextEnergy to fund the continuation of their Advanced Energy Acceleration Services grant. The Advanced Energy Acceleration Services grant was funded to help drive investment and support job creation/retention in advanced energy technology based companies in the State of Michigan.

On March 25, 2014, the MSF selected NextEnergy to receive this grant in the amount of \$2,500,000 (Resolution No. 2014-035). This amount is governed under the terms and conditions of a Grant Agreement. The Grant Agreement term began April 1, 2014 and ends March 31, 2015.

NextEnergy, through this grant, continues to provide significant economic impact for the state. The grantee has continuously demonstrated stringent stewardship of the fund, while meeting or exceeding the expected metrics.

Staff Recommendation

MEDC Staff recommends the MSF Board approve this grant amendment for the amount of \$1,500,000, using funds allocated for the Fiscal Year 2015 21st Century Jobs Fund to support Entrepreneurship and Innovation. The grant would be administered under an amended grant agreement with NextEnergy with refined milestones and metrics. MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with NextEnergy.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the goal of sustainability for this grant, and the expected timeline. There being no further questions, Shaun Wilson motioned for the approval of Resolution 2015-017. Paul Anderson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-018 SBDC Business Accelerator Fund Amendment

Paula Sorrell, Entrepreneurship and Innovation, provided the Board with information regarding this action item. MEDC Staff recommends the MSF Board approve an amendment and additional funding of \$1,965,000 to the Small Business Development Center (SBDC) for the Business Accelerator Fund (BAF) grant to enable continuation of services provided to the entrepreneurial community through December 31, 2015. The MSF approved the initial funding of the BAF for \$3,532,957, later approved the amendment to add \$750,000, and then approved an additional award of \$1,733,248 (2014-017), so over the last 3.5 years the BAF program has received \$6,016,205.

Staff Recommendation

MEDC Staff recommends the MSF Board approve \$1,965,000 funding to the BAF. The grant would be administered under an amended grant agreement with the MI-SBDC. The source of the funding is from the 2015 21st Century Jobs Fund allocation to Entrepreneurship.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Jody DePree Vanderwel motioned for the approval of Resolution 2015-018. Alan Pohl seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Access to Capital

Resolution 2015-019 Community College Skilled Trades Program – Award Recommendations

Amy Cell & Ryan Hundt, Talent Programs and Chris Cook, Capital Access Programs, provided the Board with information regarding this action item. The Michigan Economic Development Corporation (“MEDC”) is requesting approval of awards related to the Community College Skilled Trade Equipment Program (“CCSTEP”), a program that will provide a total of \$50,000,000 in funding to certain Michigan Community Colleges, in order to cover costs related to purchasing, installing and training on equipment necessary to train and educate students in skilled-trade programs. The purpose of the CCSTEP is to provide Michigan Community Colleges funding to through the skilled trades equipment program to purchase equipment required to ensure Michigan community colleges can deliver educational programs in high-wage, high skill, and high-demand occupations as identified by regional labor market conditions, that build and retain a talented workforce in

Michigan. The CCSTEF is authorized by PA 252 of 2014. This Act authorizes the Michigan Strategic Fund to borrow up to \$50,000,000 for the purpose of making grants from the CCSTEF.

Staff Recommendation

MEDC Staff, based on the determination of the Joint Evaluation Committee, recommends the Board approve the listed awards presented for the Community College Skilled Trades Equipment Program, as outline in the resolution.

Board Discussion

Mr. Arwood asked if there were questions from the Board. Discussion ensued, pertaining to the application and review process. Alan Pohl, acting for and on behalf of Director Mike Zimmer, noted that there was a discrepancy in the amount awarded to Muskegon Community College. The resolution was amended to reflect the accurate amount. There being no further questions, Paul Anderson motioned for the approval of Resolution 2015-019, as amended. Alan Pohl seconded the motion, as amended. **The amended resolution motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-020 Community College Skilled Trade Equipment Fund – Bond Authorizing

Chris Cook, Capital Access Programs, provided the Board with information regarding this action item. The Michigan Economic Development Corporation (the “MEDC”) is requesting the Michigan Strategic Fund (the “MSF”) issue in an amount necessary to fund up to \$50,000,000.00 in grants to Michigan Community Colleges in order to purchase equipment and related investments related to skilled trades programs. At the September 2014 MSF Board meeting, the CCSTEP program and the Inducement for the bonding were approved.

According to MCL 125.2023 (1)(a), the MSF can issue bonds and give the proceeds of those bonds to Michigan Community Colleges pursuant to a grant or other agreement where the Community Colleges agree to use the proceeds for the purchase of equipment. The money will only be paid to the Community Colleges on a reimbursement basis in order to comply. The colleges must also provide a 25% match and meet other conditions in order to participate in the program.

MSF Counsel:	Office of Attorney General
Bond Counsel:	Miller Canfield, P.L.C.
Financial Advisor:	Robert W. Baird
Senior Managing Underwriter:	Citigroup Global Markets, Inc.
Underwriter’s Counsel:	Dickinson Wright, PLLC
Trustee:	U.S. Bank

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 \$57,000,000.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Jody DePree Vanderwel motioned for the approval of Resolution 2015-020. Mike Jackson seconded the motion. **The motion carried by a roll call vote: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-021 Display Pack, Inc./Hansen Realty Company, LLC – Bond Inducement

Chris Cook, Capital Access Programs, provided the Board with information regarding this action item. Display Pack, Inc. (“Display Pack”), a Michigan corporation, and Hansen Realty Company (“Hansen”), a Michigan limited liability company, are requesting private activity financing to invest in new machinery, equipment, and the acquisition and construction/improvement of an approximately 365,000 sq/ft building located in Cedar Springs within Kent County. Display Pack currently has 147 full-time employees at its Grand Rapids, Michigan manufacturing facility. The new facility will primarily manufacture plastic packaging and automotive trim products, and is expected to create approximately 50 full-time jobs within 3 years, with 32 being manufacturing.

Staff Recommendation

After reviewing the Private Activity Bond Application for Display Pack and Hansen, staff recommends the adoption of an Inducement Resolution in an amount of \$10,000,000.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2015-021. Alan Pohl seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Community Vitality

Resolution 2015-022 Wright Opera Block Project/City of Alma – CDBG

Nate Scramlin, Community Assistance Team, provided the Board with information regarding this action item. Wright Opera Block, LLC will be redeveloping the Wright Opera House and adjoining properties located on approximately 0.50 acres. In 2010, the Wright Opera Block was decimated by fire and the developer would like to restore the building to its former historic glory. The Wright Opera Block consists of multiple three-story buildings and an adjacent one story building known as the "Boiler Building". Within the Opera Block the top two floors will be renovated into approximately 14 residential units for 47 Alma College students. A lease has been executed with Alma College. Roughly 20,000 square feet of residential space will be created. The first floor will be renovated to accommodate multiple commercial/retail tenants. The total retail space to be renovated will be roughly 18,000 square feet. On June 24, 2014, the MSF unanimously approved a \$1,000,000 MCRP incentive in the form of a performance-based grant with Wright Opera Block, LLC and a \$419,958 CDBG Grant with the City of Alma in association with the redevelopment. Roughly 38,000 square feet of mixed-use space is to be redeveloped in Downtown Alma with a total private investment of \$6.7 million and the creation of 42 full-time equivalent positions. The Wright Opera Block project remains the number one priority for the City of Alma and the Downtown Development Authority because of the impact this transformational project will have on the downtown.

Staff Recommendation

With the resolution of the MSHDA grant on the Maples Project, and with the reduction of risk to the MSF, MEDC staff recommends a 60 day extension from the MSF Board date of the following approval: Approval of a MCRP performance-based grant in the amount of \$1,000,000 for Wright Opera Block, LLC, and approval of a CDBG infrastructure performance-based grant agreement in the amount of \$419,958 be authorized for the City of Alma for the Wright Opera Block Infrastructure Project.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the issue the project ran into with MSDHA, and how that issue was resolved for all parties with interest in the project. There being no further questions, Jody DePree Vanderwel motioned for the approval of

Resolution 2015-022. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-023 55 Ionia Partners – MCRP

Ryan Kilpatrick, Community Assistance Team, provided the Board with information regarding this action. 55 Ionia Partners, LLC (“Applicant” or “Borrower”) and Macatawa Bank (“Lender”) are requesting approval of a Michigan Community Revitalization Program incentive in the amount of the lesser of \$4,325,000 or 20% of “Eligible Investment” in the form of a Loan Participation under Other Economic Assistance. The Applicant anticipates that the project could result in eligible investment of \$25.3M and total capital investment in the amount of \$34.4 M in the City of Grand Rapids and the creation of 25 jobs. The building being redeveloped has been vacant since 2008. The development team has taken the necessary steps to secure \$20,000,000 in senior financing. Additionally, the project has secured \$170,000 in other grants and is contributing over \$9.5M in owner equity to the project. The project owner views this project as a long-term hold and the MCRP incentive will allow the project to produce a minimal annual cash-on-cash return of under 6% prior to sale.

The Applicant plans to renovate a 13 story building in the central business district of downtown Grand Rapids. The project will include 38,000 square feet of ground floor retail and second story office, as well as 111 market rate residential units on approximately 0.10 acres of property located at 55 Ionia in the City of Grand Rapids. The top two floors of the project will consist of for-sale condominium units which are not being considered for MEDC support.

Staff Recommendation

The MEDC staff recommends approval of an MCRP performance-based loan participation in the amount of \$4,325,000 for 55 Ionia Partners, LLC.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the benefits of this project and how they impact the City’s goals and strategic plan. There being no further questions. Mike Jackson motioned for the approval of Resolution 2015-023. Jody DePree Vanderwel seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

State Branding

Resolution 2015-024 Official Pure Michigan Travel Guide – Request to Issue RFP

David West, Travel Michigan, provided the Board with information regarding this action item.

For more than 20 years, Travel Michigan has entered into a contract with a full-service, integrated marketing partner and publisher for the development, sales, production and proactive distribution of the official state of Michigan travel guides, featuring articles with a focus on high quality content, editorial experience, compelling photography and innovative – but proven – proactive distribution solutions. For the past two years, this has included three seasonal guides – a spring/summer guide, a fall guide and a winter guide. As the existing contract for this project is near expiration, MEDC requests approval to issue a request for proposal to attract a new project contract.

Staff Recommendation

The MEDC recommends that the MSF Board approve the release of the RFP for the State of Michigan Official Travel Guide.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion pertaining to the scope of the

work contained in the RFP ensued. There being no further questions, Mike Jackson motioned for the approval of Resolution 2015-024. Andrew Lockwood seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Mr. Arwood adjourned the meeting at 11:21 am.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

MIKE ZIMMER
DIRECTOR

DESIGNATION OF AUTHORITY

As Director of the Michigan Department of Licensing and Regulatory Affairs, I hereby designate Al Pohl to serve as the LARA representative at the February 24, 2015, meeting of the Michigan Strategic Fund Board.

A handwritten signature in black ink, appearing to read "Mike Zimmer", written over a horizontal line.

Mike Zimmer, Director
Department of Licensing and Regulatory Affairs

Dated: 2-19-15



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

January 26, 2015

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

Dear Ms. Robach:

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

Sincerely,

A handwritten signature in cursive script that reads "R. Kevin Clinton".

R. Kevin Clinton
State Treasurer

CC: Andrew Lockwood

MEMORANDUM

Date: March 24, 2015
To: Michigan Strategic Fund Board
From: Amy Lux, Compliance Manager
Subject: *Harrington Tool Company
Tool and Die Recovery Zone – Revocation*

Action

The Michigan Economic Development Corporation (“MEDC”) is recommending the revocation of the Tool and Die Recovery Zone for Harrington Tool Company (the “Company”) by the Michigan Strategic Fund (“MSF”) Board. The Company’s ten-year Recovery Zone term is currently set to expire at the conclusion of 2016.

Background

The Company operated a tool and die shop in the City of Ludington, originally receiving a Tool and Die Recovery Zone designation in 2006 as a member of the Muskegon Tooling Alliance (the “Collaborative”) for a 5-year term. In 2008, the MSF Board approved a request by the Company to extend the term of its Recovery Zone to the ten-year term it currently has.

The MEDC was notified by the City of Ludington that the Company has ceased operations, which was confirmed by the Collaborative President and a representative for the Company.

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

The City of Ludington, the Company’s resident agent, and the Collaborative President, were notified that the MEDC would recommend the Recovery Zone for revocation.

Recommendation

MEDC Staff recommends the MSF Board revoke the Tool and Die Recovery Zone designation for Harrington Tool Company. The revocation will be effective retroactively for Tax Year 2015.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2015-**

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

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

WHEREAS, on December 20, 2006, the MSF Board approved a Tool & Die Recovery Zone designation for Harrington Tool Company (the “Company”) as a member of the Muskegon Tooling Alliance Tool & Die Collaborative (the “Collaborative”) at the Company’s site in the City of Ludington, Mason County at 105 N. Rath Avenue, Ludington, Michigan (the “Property”);

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

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

WHEREAS, the MEDC received notification from the City of Ludington that the Company has ceased operations;

WHEREAS, the Company and the Collaborative have confirmed the same; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Tool and Die Recovery Zone designation for Harrington Tool Company for the Property located in City of Ludington, Mason County at 105 N. Rath Avenue, Ludington, Michigan, effective retroactively on December 31, 2014 for property tax purposes and January 1, 2015 for all other purposes; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
March 24, 2015



MEMORANDUM

Date: March 24, 2015

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

From: Trevor Friedeberg, Development Finance Manager

Subject: BorgWarner Inc. (“Company” or “Applicant”)
Amendment to the Michigan Business Development Program 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 was re-authorized at the January 27, 2015, MSF Board meeting.

At the time of application, the Company included one entity, BorgWarner Inc., as the Applicant and therefore the sole entity authorized to create Qualified New Jobs counting towards milestones. Due to the fact this project involves the consolidation of the BorgWarner North American headquarters there are actually multiple entities involved with the project in Auburn Hills contributing to job creation. In order for the company to realize the benefit of the Business Development Program grant it is being requested that these entities be added to the grant agreement.

No other conditions of the project will change and this amendment request is to ensure the job creation will be accurately captured.

The Company has met their first Milestone of hiring 60 jobs and is on track to hitting their next Milestone ahead of schedule.

Recommendation

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

- a) Amend the definition of Company to include the following entities: BorgWarner Thermal Systems, Inc., BorgWarner Thermal Systems of Michigan, Inc., BorgWarner Powdered Metals, Inc., BorgWarner Emissions Systems of Michigan, Inc., BorgWarner Transmission Systems, LLC, BorgWarner TorqTransfer Systems, Inc., BorgWarner Morse TEC, LLC, and BorgWarner Turbo Systems of Michigan, Inc.

- 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

Printed Name: D3A35D8351814E8...
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

Printed Name: 2786B059D0DE488...
Trevor Friedeberg

Its: Development Finance Manager

Dated: 3/12/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF AN AMENDMENT TO THE 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, by Resolution 2014-042, as amended by resolution 2015-004, the MSF approved a \$3,200,000 Michigan Business Development Program performance based grant on January 27, 2015 for the creation of 180 Qualified New Jobs and a capital investment of 11,000,000;

WHEREAS, BorgWarner Inc. was approved as the Company under which Qualified New Jobs could be created. However, as this is a headquarter operation, there are multiple entities associated with the project that will in turn contribute to job creation as outlined in the revised Term Sheet attached as Exhibit A;

WHEREAS, the Company has requested that the additional entities associated with the Project be added to the grant agreement to accurately reflect the Qualified New Jobs being created (“Amendment Request”);

WHEREAS, the MEDC recommends that the MSF approve the Company’s Amendment Request subject to: 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
March 24, 2015



MEMORANDUM

Date: March 24, 2015

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

From: LeTasha Peebles, Program Specialist

Subject: *ADP Dealer Services, Inc. (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Amendment to change
Company Name*

Request

The Company is requesting an amendment to its existing MBDP Agreement to change the name to CDK Global, LLC.

Background

On April 24, 2013 the Michigan Strategic Fund approved a \$1,500,000 award for the Company under the MBDP. The Company proposed to expand market share and presence for integrated computing solutions to truck, auto, motorcycle, marine, recreational vehicle and heavy equipment dealers in the Midwest and United States by locating in Detroit, Wayne County, Michigan. The expansion would result in the creation of 150 Qualified New Jobs and \$3.3 million in capital investment. The City of Detroit committed to provide a property tax abatement in support of the project. To date, the Company has completed Milestone One, creating 100 Qualified New Jobs and received a disbursement in the amount of \$1,000,000. The Company has one remaining Milestone to complete by December 31, 2015 for the creation of an additional 50 Qualified New Jobs and a disbursement of \$500,000.

On October 1, 2014, CDK Global, LLC was formed as a result of a spin off from the Company. CDK Global is operating as a stand-alone company that will continue to provide integrated computing solutions to their worldwide market at the Project location, consistent with the original intent of the project.

Recommendation

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

- a) Amend the MBDP grant from ADP Dealer Services, Inc. to CDK Global, LLC; and
- b) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

APPROVAL OF AN AMENDMENT TO MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO ADP DEALER SERVICES, 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 2013-061, the MSF approved a \$1,500,000 Michigan Business Development Program performance based grant on April 24, 2013 for the creation of 150 Qualified New Jobs and a capital investment of \$3.3 million. A MBDP Grant Agreement (“Grant Agreement”) was fully executed October 10, 2013; and the Company proposed to expand market share and presence in the Midwest and United States by locating in Detroit, Wayne County, Michigan (the “Project”);

WHEREAS, the Company’s name was changed from ADP Dealer Services, Inc. to CDK Global, LLC effective October 1, 2014;

WHEREAS, the Company requests that the Michigan Business Development Program performance based Grant Agreement be amended and revised as follows: change the name from ADP Dealer Services, Inc. to CDK Global, LLC (“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
March 24, 2015



MEMORANDUM

Date: March 24, 2015

To: Michigan Strategic Fund Board

From: Michael Flanagan, Director, Equity Programs

Subject: *Accelerator Fund Program: Request to Amend Huron River Ventures Agreements*

ACTION

The MEDC requests that the MSF Board approve an amendment to the Huron River Ventures (“HRV” or “Fund”) Fund Documents allowing the Fund to extend its investment period by one year to March 30, 2016.

BACKGROUND

On August 9, 2010, the former Commercialization Board approved Huron River Ventures I, LP 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 on March 30, 2011 to memorialize the MSF investment into the Fund (collectively, “Fund Documents”). On January 27, 2015, the MSF approved a request to amend the Fund Documents to reduce the time commitment of one of the Fund’s Principals, Ryan Waddington, from 100% to 50% of his regular monthly business time to the Fund.

The Fund has requested that the MSF allow it to extend its investment period by one year which will allow it to invest the remainder of its capital prudently. Currently, the investment period expires on March 30, 2015. Venture capital fund investment periods are typically five years in length, but the Fund had originally set an aggressive timetable with only a four year period. While the Fund is nearly fully invested, a reasonable extension of one year will ensure that it is able to properly source, due diligence, and close on its final investment(s).

To date, the Fund has invested in 9 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.

RECOMMENDATION

MEDC staff recommends that the MSF Board approve a one year extension of the investment period for HRV in its Fund Documents to March 30, 2016.

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2015-

**APPROVAL OF AMENDMENT TO HURON RIVER VENTURES I
ACCELERATOR FUND AWARD**

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

WHEREAS, the Strategic Economic Investment and Commercialization Board (the “SEIC Board”) was created under the Act 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, 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 Board has designated that staff of the Michigan Economic Development Corporation (“MEDC”) provide administrative services for the Commercialization Program;

WHEREAS, on April 7, 2010, the SEIC Board established a competitive process as required by the Act to award loans to organizations that participate in creating a pool of investment capital to be managed in conjunction with existing venture capital funds (the “Accelerator Fund”);

WHEREAS, as part of the competitive process, Accelerator Fund applicants were required to submit proposals to the SEIC Board in accordance with the Request for Proposals established and released by the SEIC Board;

WHEREAS, on August 9, 2010, the SEIC Board approved Huron River Ventures I (“HRV”) to receive an Accelerator Fund award of up to \$6 million;

WHEREAS, HRV has requested that the MSF Board approve an extension of its investment period to March 30, 2016 (the “HRV Amendment”);

WHEREAS, the MEDC recommends that that MSF Board approve the HRV Amendment; and

WHEREAS, the MSF Board desires to approve the HR Amendment.

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

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate final terms and conditions of the HRV Amendment and to execute all documents necessary to effectuate the HRV Amendment.

Ayes:

Nays:

Lansing, Michigan
March 24, 2015



MEMORANDUM

DATE: March 24, 2015

TO: Michigan Strategic Fund Board Members

FROM: Peter Anastor, Managing Director
Next Michigan Development Corporation

BACKGROUND

The MEDC received the application for the Superior Trade Zone Next Michigan Development Corporation (NMDC), which includes the interlocal agreement approved by Governor Snyder's office. The benefits of an NMDC include the ability to form partnerships to leverage assets in order to support the development of multi-modal companies and the ability to utilize incentives that are not otherwise available to certain communities due to their population or other factors.

The following counties and communities have entered into the Interlocal Agreement to create the Superior Trade Zone NMDC:

- Delta County
- Marquette County
- City of Escanaba
- City of Gladstone
- City of Marquette
- Bark River Township
- Chocolay Township
- Ely Township
- Ford River Township
- Forsyth Township
- Garden Township
- Township of Ishpeming
- Township of Maple Ridge
- Nahma Township
- Richmond Township
- Wells Township

Current legislation allows for seven NMDCs in Michigan. Five NMDCs have been designated thus far including I-69 International Trade Corridor, Port Lansing, Northern Nexus (Grand Traverse Area Region), Vantage Port (Southeastern Michigan) and West Michigan Economic Partnership.

REQUEST

The Michigan Economic Development Corporation (MEDC) received a final application on March 6, 2015 for the designation of the Superior Trade Zone as an NMDC. The designation of the NMDC shall empower the Upper Peninsula communities with the incentive tools identified through Section 6(1) of the Next Michigan Development Act, MCL Marquette County 125.2956(1), to support its economic development efforts. The entire application is available to review for any Board member upon request.

The Board of the Michigan Strategic Fund pursuant to MCL 125.2955(2) shall apply the following criteria in determining whether to designate a NMDC:

(a) The nominal level of unemployed workers within the county or counties which are parties to the interlocal agreement creating the applicant eligible act 7 entity, if the applicant is an eligible act 7 entity, or within the applicant eligible urban entity, if the applicant is an eligible urban entity, in each case as publicly reported by the state Department of Energy, Labor, and Economic Growth as of the month

preceding the filing of the application on an adjusted or unadjusted basis, whichever is greater. Below are the unemployment percentages from the U.S. Bureau of Labor Statistics for December 2014:

- Delta County: 6.4%
- Marquette County 5.2%

(b) The number of local governmental unit parties to the applicant's interlocal agreement if the applicant is an Eligible Act 7 Entity, which in this instance is 16.

(c) Whether the application demonstrates evidence of significant job creation potential of a regional or state asset or combinations of enterprises, facilities, or obsolete facilities within the territory of the applicant, as documented by a comprehensive business plan and a third-party study or studies quantifying the job creation potential, and the degree of the job creation potential.

The entire third-party study is available to review for any Board member upon request.

The Superior Trade Zone will take advantage of the large tracts of land geographically located near the Delta County Airport Industrial Park and the Telkyte Industrial Park located at the former Air Force base in Marquette County. The Superior Trade Zone will utilize their natural resources in the agricultural, mining and tourism industries as well as trade opportunities that occur with Canada to the north.

(d) Whether the application is supported by public and private commitment and the degree of the commitment.

Included in the application were numerous letters of support and resolutions. The letters outline how the NMDC will assist in job creation and provide business growth, and will also bring various units of government and business organizations together toward a common goal that will benefit the entire region.

(e) The extent to which the interlocal agreement or the eligible urban entity creates the possibility of streamlined permitting.

The Superior Trade Zone governance board will work toward a one-stop-shop permitting approach where the functions with the State and local units of government work together simultaneously where appropriate.

RECOMMENDATION

Staff recommends to the Michigan Strategic Fund the designation of the Superior Trade Zone as a Next Michigan Development Corporation with immediate effect, March 24, 2015.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

NEXT MICHIGAN DEVELOPMENT CORPORATION

SUPERIOR TRADE ZONE

WHEREAS, the Next Michigan Development Act (the “Act”), 2010 PA 275, as amended, authorizes the Michigan Strategic Fund (“MSF”) to designate up to seven (7) Next Michigan Development Corporations (a “NMDC”) to foster economic opportunities in this state, prevent conditions of unemployment and underemployment, and promote economic growth;

WHEREAS, the Act provides that either an eligible Act 7 entity or an eligible urban entity may apply to the MSF Board for designation as a NMDC;

WHEREAS, the Act sets forth the criteria the MSF shall apply in determining whether or not to designate a NMDC at MCL 125.2955(2);

WHEREAS, the Act requires the MSF to grant or deny an application within forty-nine (49) days of receipt of an application for designation as a NMDC or the application is considered approved;

WHEREAS, the MSF received a final application from the Superior Trade Zone Next Michigan Development Corporation on behalf of seven communities (collectively the “Applicants”) on March 6, 2015, requesting designation of the Superior Trade Zone as a NMDC (the “Application”);

WHEREAS, the Superior Trade Zone is an eligible Act 7 entity formed by an interlocal agreement by and between the following communities: Counties of Delta and Marquette; Cities of Escanaba, Gladstone and Marquette; and Townships of Bark River, Chocolay, Ely, Ford River, Forsyth, Garden, Ishpeming, Maple Ridge, Nahma, Richmond and Wells;

WHEREAS, after review of the Application and the criteria set forth at MCL 125.2955(2) staff recommends that the MSF Board approve the Applicants’ Application for designation as a NMDC.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Applicants’ Application and designates the Superior Trade Zone as a NMDC effective March 24, 2015; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan

March 24, 2015



MEMORANDUM

Date: March 24, 2015

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

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *Detroit Diesel Corporation (“Company” or “Applicant”)*
Michigan Business Development Program Performance-based Grant Request

Summary

This is request from the Applicant for a \$1,300,000 performance-based grant. This project involves the creation of 245 Qualified New Jobs, and a capital investment of up to \$208,000,000 in the Charter Township of Redford, Wayne County.

Competitive locations, including other Daimler facilities, including Mexico and Germany, offer cost savings based on several factors. Mexico has lower labor costs and the ability to utilize existing infrastructure due to the fact that several components of the engine are currently produced at that facility. The Company’s Mannheim Germany location currently produced the medium duty engine, and could continue to benefit from the existing infrastructure and talent pool there, if they were to expand current capacity. With the commitment of state and local support, the Company made the decision to place production in Michigan so it will be made under the “Detroit” brand name.

Background

Founded in 1937, Detroit Diesel Corporation (“DDC”), a member of the Daimler group, is a leading manufacturer of heavy-duty diesel engines for the commercial truck market. Through its corporate headquarters in Detroit, Michigan, DDC is engaged in the design, manufacture, sale, and service of these products. DDC serves its customers and markets from its three million square foot manufacturing plant in Redford Township, Michigan, built over 74 years ago. DDC offers a complete line of heavy-duty diesel engines and other components for the commercial transportation industry in both the on-highway and vocational markets.

In 2013, the Company became a wholly-owned subsidiary of Daimler Trucks North America LLC, which is a wholly-owned subsidiary of Daimler North America Corporation.

The Company was awarded a Retention MEGA credit as well as two large Brownfield MBT credits in 2010 to add new manufacturing capacity into the facility and to retain jobs. To date, both Brownfield projects have been completed and the Company is in good standing with their Retention MEGA credit. Additionally, in 2013, the Company received a \$250,000 BDP grant for new jobs created related to the turbo-charger line being established in the Redford facility.

The Applicant plans to make significant investment in plant upgrades and new machinery and equipment for a new medium-duty engine line at their facility in the Charter Township of Redford, make investments and create jobs related to heavy duty truck manufacturing.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the Charter Township of Redford. The township has offered a “staff, financial, or economic commitment to the project” in the form of staff time to coordinate a business retention visit, use of public facilities at no cost to the Company, or marketing and promotion assistance related to the project.
- c) The Applicant has demonstrated a need for the funding. The Company has existing manufacturing locations that offer advantages to growth in engine production including existing capacity, and lower labor costs in Mexico and Germany.
- d) The Applicant plans to create 245 Qualified New Jobs above a statewide base employment level of 2,268.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the Company indicates that investment and new jobs will begin in the first quarter of 2015, the project supports a local supply chain in Michigan, and the project results in a positive ROI for Michigan.

Recommendation

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

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- 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: 3/6/2015

1. **Company Name:** Detroit Diesel Corporation ("Company" or "Applicant")

2. **Company Address ("Project"):** 13400 Outer Drive
Detroit, Michigan 48239

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

4. **Maximum Amount of MBDP Incentive:** Up to \$1,300,000 ("MBDP Incentive Award")

5. **Base Employment Level** 2,268 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 employment **at the Project 13400 Outer Drive, Detroit** employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

6. **Total Qualified New Job Creation:** 245 The minimum number of total Qualified New Jobs the Company shall be required to create **at the Project** (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and
(above Base Employment Level)

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:** December 17, 2014 (Date of accepted offer letter)

7. **Company Investment:** \$208,000,000 in building leasehold improvements, machinery and equipment, special tooling *or any combination thereof, for the Project.*

8. **Municipality supporting the Project:** Charter Township of Redford

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide at least one of the following: use of municipal facilities related to the project at no cost to the Company, marketing and promotional assistance related to the project, staff time to coordinate a retention visit with the Company. 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 \$500,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2015

b. **Disbursement Milestone 2:** Up to \$700,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2016.

c. **Disbursement Milestone 3:** Up to \$100,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 45 additional Qualified New Jobs (for a total of 245 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.

10. Term of Agreement:

Execution of Agreement to December 31, 2019

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; 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.

13. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by March 10, 2015, the MEDC may not be able to proceed with any recommendation to the MSF.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
DETROIT DIESEL 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, Detroit Diesel Corporation (“Company”) has requested a performance based MBDP grant of up to \$1,300,000 (“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
March 24, 2015



MEMORANDUM

Date: March 24, 2015

To: Michigan Strategic Fund (MSF) Board

From: Brent Morgan, Manager, Brownfield and Community Revitalization Programs
Kenneth Murdoch, Development Finance Manager
Dan Wells, Brownfield Senior Specialist

Subject: Charlevoix County Brownfield Redevelopment Authority
Community Incentive Program — Act 381 Work Plan Approval

Request

The County of Charlevoix Brownfield Redevelopment Authority is seeking approval to capture new local and school tax increment revenue for MSF eligible activities in the amount of \$4,133,214 over approximately 16 years. The total project investment is expected to be approximately \$130 million.

St. Marys Cement Inc. is evaluating other potential alternatives to this project, including reactivation of the St. Marys Cement Inc. plant located in Dixon, Illinois. Officials in Illinois are considering potential assistance and incentives that might be offered to the Company to reactivate that facility. Brownfield TIF support is critical to the consideration of the Charlevoix expansion. When completed, the project will significantly add to local and state taxes. Charlevoix County's unadjusted jobless rate was 6.1% in November 2014. This project is expected to create approximately 10 new, full-time jobs in Charlevoix Township and retain approximately 139 full time jobs.

Background

The tax increment revenue will be utilized to redevelop approximately 100 acres of property located at 16000 Bells Bay Road in the Charlevoix Township. St. Marys Cement Inc. owns and operates a cement manufacturing plant located in Charlevoix Township. The company is evaluating plans to expand operations and modernize the cement making process in order to increase production capacity at the plant from 1.2 million metric tonnes to two million metric tonnes. The property is currently owned by St. Marys Cement Inc., who will take out conventional loans to complete the project. The property has contamination related to a fuel oil spill and cement kiln dust piles as a result of the previous owners operations. St. Marys Cement Inc., is not the liable party. The previous owner is subject to a consent decree that was ordered in 2002 regarding the management of the contamination.

The project includes the modernization and expansion of the current clinker cooler, various kiln sections and piers, a flash furnace, G cooler, clinker conveyor, raw mill and coke/coal mills. Project improvements will be constructed through the last quarter of 2017. Eligible activities that will be undertaken to alleviate Brownfield conditions on the property and complete the project include lead and asbestos abatement, and the demolition and removal of existing outmoded structures and equipment. Interest costs are requested for the loans the company takes out to cover demolition activities.

Approximately 10 permanent full-time jobs are anticipated to be created by the manufacturing portion of the project at an average hourly wage of \$49.34. The total capital investment will be approximately \$130 million.

Property Eligibility

The project is located within the boundaries of Charlevoix Township, which is not a Qualified Local Governmental Unit, and has been determined to be a facility as verified by the Michigan Department of Environmental Quality (DEQ) on February 5, 2015.

The property is the subject of a Brownfield Plan, duly approved by the County of Charlevoix on January 28, 2015 and concurred with by Charlevoix Township on January 26, 2015.

Other State and Local Assistance to the Project

A P.A. 198 Industrial Facilities Tax abatement has been approved for the project that reduces local taxes by 50% for 12 years, the value of which is estimated at \$683,163.

Tax Capture Breakdown

There are 38.6809 non-homestead mills available for capture, with school millage equaling 24 mills (62.05%) and local millage equaling 14.6809 mills (37.95%). Due to the application of the PA 198 for 12 years, the ratio is shifted towards state capture at a 76.58% to 23.42% ratio for that period, then returning to a normal ratio thereafter. The capture ratio for the entire period is represented below. Tax increment capture will begin in 2017 and is estimated to continue for 16 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (75.11%)	\$3,104,457
Local tax capture (24.89%)	<u>\$1,028,757</u>
TOTAL	\$4,133,214

Cost of MSF Eligible Activities

Demolition	\$2,450,000
Lead or Asbestos Abatement	<u>+ 25,000</u>
Sub-Total	<u>\$2,475,000</u>
Contingency (15%)	<u>+ 371,250</u>
Sub-Total	<u>\$2,846,250</u>
Interest (5%)	<u>+1,266,964</u>
Sub-Total	<u>\$4,113,214</u>
Brownfield/Work Plan Preparation	<u>+ 20,000</u>
TOTAL	\$4,133,214

Recommendation

The MEDC recommends approval of the request by the County of Charlevoix Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$4,133,214 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$3,104,457.

KEY STATUTORY CRITERIA

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

a) Overall Benefit to the Public:

The proposed modernization and expansion project will increase cement production and keep the plant in production for the next 50 years. The project will result in approximately 300 construction jobs during the peak of construction.

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

This project is expected to create approximately 10 new, full-time jobs in Charlevoix Township and retain approximately 139 full time jobs.

c) Area of High Unemployment:

Charlevoix County's unadjusted jobless rate was 6.1% in November 2014. This compares to the statewide seasonally adjusted average of 5.7% in November 2014.

d) Level and Extent of Contamination Alleviated:

Previous environmental investigations have identified the presence of contaminants related to a fuel oil spill and cement kiln dust piles on the property in excess of DEQ Generic Residential Cleanup Criteria. The current owner is not a liable party but is subject to a consent decree related to management of the fuel contamination.

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:

While a Greenfield site was not considered, St. Marys Cement Inc. is evaluating other potential alternatives to this project, including reactivation of the St. Marys Cement Inc. plant located in Dixon, Illinois. Officials in Illinois are considering potential assistance and incentives that might be offered to the Company to reactivate that facility. Brownfield TIF support is critical to the consideration of the Charlevoix expansion.

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

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

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

i) Other Factors Considered:

No additional factors need to be considered for this project.

MAP OF PROJECT AREA



**RESOLUTION 2014-
MICHIGAN STRATEGIC FUND**

**County of Charlevoix Brownfield Redevelopment Authority
St. Marys Cement
Township of Charlevoix**

At the meeting of the Michigan Strategic Fund (“MSF”) held on March 24, 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 County of Charlevoix Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 16000 Bells Bay Road within the Township of Charlevoix, known as St. Marys Cement (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 62.05% to 37.95% ratio currently existing between school and local taxes for non-homestead properties, and at a 76.58% to 23.42% ratio during the 12 years of the PA 198 abatement, to reimburse the cost of demolition, lead and asbestos abatement as presented in the revised Work Plan dated February 25, 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 \$2,846,250 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$1,266,964 in interest, and a maximum of \$20,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$3,104,457.

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 Township as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

BE IT FURTHER RESOLVED, that the MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$1,266,964 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

March 24, 2015
Lansing, Michigan

MEMORANDUM

Date: March 24, 2015

To: Michigan Strategic Fund (MSF) Board

From: Trevor Friedeberg, Development Finance Manager
Lenore Costa, Program Specialist, Community Development Block Grant
Christine Whitz, Manager, Community Development Block Grant Program

Subject: Community Development Block Grant Program
Triton Industries, Inc. (“Company”)
Watertown Charter Township (“Applicant”)

Request

The Applicant is requesting \$1,400,000 in Community Development Block Grant (CDBG) funds for infrastructure improvements needed for the project. The Applicant expects that this project could result in private investment of \$2,643,650 and the creation of 37 jobs.

The Company is also considering Elkhart, Indiana for this expansion and relocation. Locating in Elkhart would put the Company in close proximity to its major suppliers. Elkhart also contains a skilled workforce specifically related to recreational products. The Company’s long standing commitment to Michigan has been demonstrated by decisions to date, however future growth necessitated a physical move which complicated the business decision under consideration. Incentive assistance was critical to help level the playing field to make an expansion in the region viable from a cost standpoint and sway stockholders to choose Michigan.

Background

The Company is a Lansing-based manufacturer of Manitou pontoon boats and has been in the area since 1985. Manitou pontoon boats are the industry leader in leisure, luxury, and performance pontoons. Manitou boats have a strong position within the luxury boat market and this has directly correlated to growth.

The Company’s current facility cannot support its future growth. Due to the lack of room to expand, the Company began looking at alternatives in the region as well as out of state, particularly Elkhart, Indiana. When evaluating alternative sites the Company found that Elkhart had favorable attributes including manufacturing space being offered at a very low price compared to other comparable buildings in the Lansing region. Labor costs in Michigan were also higher compared to Elkhart. Additionally, locating in Indiana would move the current operation out of state resulting in the loss of the current 73 Michigan employees.

The Company identified a building in Watertown Charter Township. This facility will provide the Company with ample room to expand in the future, however the sewer capacity cannot support the projected job growth. Both the Company and community committed to provide funding for the necessary infrastructure however were unable to cover the entire cost. The CDBG infrastructure grant will offset the cost allowing the sewer capacity to be upgraded to support the current projected growth as well as future growth for the Company.

This infrastructure project is also part of an overall strategy to attract additional business to expand or locate in the area.

The Applicant has agreed to fund activities related to architecture and/or infrastructure for the project. CDBG funds will be used to fund the public infrastructure, and the Company has agreed to fund activities related to architecture and/or engineering, private infrastructure, building improvements, demolition, planning, and other costs associated with the project.

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 37 full time positions over the next two years. The business has agreed that at least 19 of the 37 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 \$37,838 with an average wage of \$15.15 per hour.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a)(2) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project will add new diversified manufacturing jobs in the local area. The Lansing area historically has been automotive related manufacturing. The Company manufactures high end pontoon boats and will have the ability to provide new job opportunities for the skilled labor market. The additional sewer capacity will also allow for future development projects in the area.
- **Minimum Local Participation:** The Applicant will make an anticipated contribution of \$169,600 which is twelve percent (12%) of the total infrastructure costs. The funds will be provided by the Applicant's general fund.
- **Minimum Leverage Ratio:** The private leverage contribution, to be provided by the Company equals \$2,643,650, which results in a leverage ratio of approximately 2:1 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.

Recommendation

The MEDC Staff recommends:

- A CDBG Infrastructure grant agreement in the amount of \$1,400,000 be authorized for the Watertown Charter Township for the Triton Industries, Inc. Project.



**MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Performance Based Grant – Business Development Term Sheet**

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

Date: 3/3/2015

- 1. Community Name (“Grantee”):** Charter Township of Watertown
- 2. Company Name (“Company”):** Triton Industries, Inc.
- 3. Company Address (“Project”):** 16020/16085 Lowell Road
Lansing, Michigan 48906
- 4. Project Description and Activities:** CDBG Eligible Activities include public infrastructure. Grantee Eligible Activities include architecture and/or engineering, and public infrastructure. Company Eligible Activities include architecture and/or engineering, public and private infrastructure, building improvements, demolition, planning, , as well as other costs related to setting up a new luxury pontoon boat manufacturing facility.
- 5. Total Estimated Project Costs:** \$4,213,250
- 6. CDBG Grant Incentive Type:** Infrastructure Grant
- 7. Proposed CDBG Assistance to Company:** \$1,400,000

In no event shall the amount of the grant assistance exceed more than 90% percent (ninety percent) of the total estimated public infrastructure costs. If the actual cost is less than shown in the Total Estimated Project Costs, the amount of the Grant shall be reduced on a proportional basis. The Company and Grantee shall be responsible for any cost overruns. Funds will be made available to the Grantee on a reimbursement basis for eligible costs. The final terms and conditions shall be included in the Disbursement Schedule in the final Agreement.

- 8. Estimated Company Investment:** \$2,643,650
- 9. Type of Financing for Investment:**

<input type="checkbox"/>	Loan	
<input checked="" type="checkbox"/>	Cash Contribution	by Triton Industries, Inc.

- 10. Base Employment Level:** 73
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 date used to establish this level, shall be included in the final CDBG Incentive Award agreement(s) (“Agreement”).

11. Minimum Job Creation: 37

The minimum number of new jobs the Company must 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 CDBG Incentive Award.

New jobs must meet the following requirements to be included:

- *Must be full time (working 35 hours or more per week) or full-time equivalent employees (working 40 hours or more per week) of the company;*
- *At least 51% of the newly created jobs must be filled by low or moderate income persons based on household income. If the project results in more new jobs than expected, then the 51 percent requirement shall apply to the higher job number.*
- *Jobs must be created during the term of the Grant Agreements and must continue to be documented until the project is formally closed out; and*
- *Located at the project site.*

a. Minimum Hourly Wage: \$9.50 The new jobs must pay at least the Minimum Hourly Wage to be minimally eligible to receive the full amount of the CDBG Incentive Award.

b. Start Date for Measurement of New Jobs January 6, 2015

12. Project Milestones: The final terms and conditions of each of the Project Milestones shall be included in the final Agreement(s). Before any disbursement is made to the Company through the Community, the Company must demonstrate compliance with Project Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement(s), and further shall include:

- a. Grant Agreement(s) Executed:** March 31, 2015
- b. Property Acquisition Completed:** May 1, 2015
- c. Construction Commencement:** May 1, 2015
- d. Construction Completed:** November 2, 2015
- e. Job Creation Commencement:** January 6, 2015

13. Term of Agreement: The term of the Agreement(s) shall be 2 years. All required activities, including job creation and investment, must be completed within the Term.

14. Community Support for Project: A condition for execution of the final Agreement(s) is that the municipality has agreed to be the Grantee and committed to provide: A tax abatement on real property related to the project estimated to be worth \$263,059. The final terms and conditions evidencing this support shall be included in the final Agreement(s).

15. Repayment Provisions: It is understood and acknowledged by all parties, including the Company, that the investment and creation of jobs were essential factors in persuading the Grantor that this project is economically viable, and further, in the absence of this commitment by the Company, this grant(s) would not have been awarded.

The Company further acknowledges that should the private investment and job creation goals for this project not be met, the Grantee may require the repayment of the Grant(s) up to the full amount from the Company. The MSF may require the Grantee and Company to execute a Development Agreement that will be acknowledged by the MSF outlining repayment provisions.

16. Environmental Review: The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or starting project activities prior to written authorization will jeopardize or cause the withdrawal of your project for funding consideration.

17. Davis Bacon and Related Acts: These federal statutes and their implementing regulations require that federally-assisted construction work in excess of \$2,000 must have prevailing wage rates (determined by the U.S. Department of Labor) paid to all employees working on such construction work. If CDBG funds assist even just a portion of the construction work, then Davis-Bacon becomes applicable to the entire construction work. Note however, that CDBG funds can finance activities other than construction work, without triggering Davis-Bacon requirements, even though CDBG funds are part of an overall project which may involve construction work. For this project, Davis Bacon requirements apply to all public infrastructure activities paid for in whole or part with CDBG funds.

18. Reporting Requirements: The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:

- a. Progress Reports beginning October 15, 2015 and every six (6) months thereafter.
- b. Final Progress Report 60 days after completion of the Term.
- c. Job Creation Summary Report, along with the corresponding Income Certification Forms, beginning July 15, 2015 and every six months thereafter and with each CDBG Disbursement Request.

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

20. Conflicts of Interest: Please indicate below whether or not the **COMPANY(IES)** associated with this proposed project have a contractual relationship with one of more of the following entities

Yes No Michigan Economic Development Corporation

Yes No Michigan Association of Realtors

Yes No Michigan Department of Licensing & Regulatory Affairs

Yes No Michigan Department of Treasury

Yes No Springfield Commercial Roofing

Yes No Michigan Regional Council of Carpenters

Yes No PNC Financial Services Group

Yes No Grand Angels

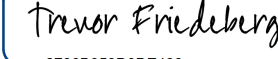
Yes No Greenstone Financial

If yes to any of the above, please describe the nature of the relationship.
PNC is the primary bank for the Company.

Michigan Economic Development Corporation

By: Trevor Friedeberg

Its: Development Finance Manager

Signature: 
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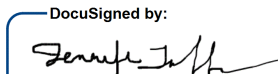
Dated: 3/11/2015

Acknowledged as received by:

Charter Township of Watertown

By: Jennifer Tubbs

Its: Township Manager

Signature: 
DocuSigned by:
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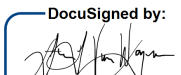
Dated: 3/10/2015

Acknowledged as received by:

Triton Industries, Inc.

By: Scott VanWagenen

Its: President

Signature: 
DocuSigned by:
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Dated: 3/11/2015

Cc: Lenore Costa, Program Specialist
Christine Whitz, Manager CDBG

MICHIGAN STRATEGIC FUND

RESOLUTION 2015- _____

APPROVAL OF TOWNSHIP OF WATERTOWN INFRASTRUCTURE PROJECT

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

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

WHEREAS, The CDBG program has policies, criteria, and parameters 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 Township of Watertown (the "Community") has submitted a complete application for approval requesting funding to be used to fund the Infrastructure Project (the "Project");

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$1,400,000 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$1,400,000 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

Board Date



MEMORANDUM

Date: March 24, 2015

To: MSF Board Members

From: Kelly A. Wolgamott, Director of Marketing and Advertising
Marketing, Communications and PR

Subject: Website Rebuild Request for Proposal

Background

As a part of our continuing efforts to enhance and evolve the travelers' experience at Michigan.org; MEDC/Travel Michigan is seeking to rebuild the travel website. Michigan.org is one of the nation's premiere Travel and Tourism websites. In the end, we want to be the top destination website in the U.S. The purpose of this Request for Proposal is to locate a web design and development organization with a proven record of creating custom web solutions. The qualified company selected will be required to assist the Michigan Economic Development Corporation (MEDC) and its partners in creating a new website for Michigan.org.

Recommendation

The MEDC recommends that the MSF Board approve the release of the RFP to complete a competitive review process for the michigan.org website rebuild.

REQUEST FOR PROPOSALS

Michigan Strategic Fund

Michigan.org Website Rebuild

RFP-CASE-129027

REMINDER

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

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

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-129027 Technical Proposal” and “RFP-CASE-129027 Price Proposal” with Company Name, and “message 1 of 3” as appropriate if the bid consists of multiple emails.

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

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

IMPORTANT DUE DATES

- **Monday, March 30, 2015, at 3:00 p.m.:** Questions from potential Bidders are due via email to contractsandgrants@michigan.org. Please note: The Michigan Strategic Fund (“MSF”) will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.
- **Friday, April 3, 2015, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, <http://www.michiganbusiness.org/129027-rfp/>
- **Monday, April 27, 2015, at 3:00 p.m.:** Electronic versions sent separately of each of your Technical and Price Proposals due to the MSF via email to contractsandgrants@michigan.org. **Proposals will not be accepted via U.S. mail or any other delivery method.**

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REQUEST FOR PROPOSAL
Michigan.org Website Rebuild
RFP-CASE-129027

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

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

SECTION I
WORK STATEMENT

PURPOSE

Michigan.org is one of the nation’s premiere Travel and Tourism websites. As a part of our continuing efforts to enhance and evolve the travelers’ experience at Michigan.org; MEDC/Travel Michigan is seeking to rebuild the travel website. In the end, we want to be the top destination web site in the U.S.

The purpose of this Request for Proposal is to locate a Web Design and Development Organization with a proven record of creating custom web solutions. The qualified company selected will be required to assist the Michigan Economic Development Corporation (MEDC) and its partners in creating a new web site for Michigan.org. While Travel Industry experience is not required it is highly preferred.

Provide content based on a traveler’s seasonal activity-based travel needs. The site should provide all the information necessary for a potential traveler to be able to plan a trip to Michigan.

This may include (not all-encompassing):

- Interactive/Reactive to user usage; enhancing and expanding the experience
- Sense of immersion with tailoring by region and activity
- Fully integrated calendar of events that manages itself based on site content (Example:

- specific events based on location or date)
- Site reflects current season with option to toggle to following season (skin & content)
- User look and feel that is multilingual supported
- 508 Compliant
- Getting around Michigan
- Things to do / Activities
- Cities and regions
- Current/timely content (i.e. seasonal activities)
- Inspiration/connecting the dots/stories
- Live cameras
- Store (promotion only and a link is provided to Puremichiganstore.com)
- Lodging (is integrated throughout the site, but not in top navigation or a booking site.)
- Other needs as determined by Travel Michigan

PROJECT OBJECTIVES

1. Creative design must visually continue Pure Michigan campaign; engaging, inviting, visually appealing with simple navigation and organization.
2. Utilize research data that MEDC has collected from site visitors to address site functionality and content needs
 - a. Majority of visitors are from mobile devices
 - b. Site needs to be functional on all commonly used mobile and desktop platforms
3. Pure Michigan is to be a top ranked tourism site.
 - a. Industry recognized web design
 - i. Skift
 - ii. HSMAI
 - iii. Mercury Award
 - b. Increased Traffic
 - c. Increase Traffic to linked sites
 - d. Strong & consistent ranking in the top 10 statewide travel sites
4. Create a custom user experience to promote Michigan travel opportunities to all national and international travelers. The site should assist out-of-state and out of country travelers
 - a. Locate opportunities by activity
 - b. Provide results in either list view, map view or storytelling format.
 - c. Multilingual supported web development
 - d. 508 Compliant Design in line with current ADA guidelines.
5. The content needs to change between current season and the upcoming season
6. Display all relevant content during a search, including lodging, events, etc.

- a. For instance, birding in Alpena search would also serve up hotel and festival/event content to provide an overall scope of opportunities in that area.
7. Interactive mapping (state/regional view) to illustrate key points of interest by activity on custom created maps. Leverage and integrate with existing geocoding where possible.
8. Mechanism to selectively feed content from third party sites/traveler/Pure Michigan information on a specific activity or attraction, etc. (Example: Traveler Posts via Instagram, CVB social media posts)
9. Ability to show and stream live content from cameras across the state
10. Create event functionality with advanced search capabilities
11. Integration of user-generated content from the MEDC's social media channels to increase social media engagement and web traffic on Michigan.org
12. Provide the ability for content extraction from MEDC partners (CVB, and State Agencies) to selectively update regional content, properties, events, etc., on Michigan.org.
 - a. Vendor will be required to work with partners to build solution.
 - b. Content will go through approval process prior to going live on Michigan.org.
13. Improve the metrics around visitor engagement/time on site; organic search traffic; improve site customer satisfaction (as measured by Foresee); and increase the number of visits to both Michigan.org and partner sites. Other metrics to be determined by Travel Michigan.
14. Provide all content written by Michigan centric writers (Writers need not live in Michigan however a deep familiarity and first hand extensive Michigan experiences are required)

The following objectives are key to the success of the project. However, they must be called out as separate line items within the Pricing Proposal

15. Microsites to be created within the site for beaches, beer trails, etc.
16. Translation of all site material to the following languages:
 - a. Chinese (Mandarin)
 - b. German
 - c. French
 - d. Spanish
 - e. French Canadian
 - f. Italian
 - g. Portuguese
17. Develop an Industry site (B2B portal) for Michigan's tourism industry. Unique URL with secure access for travel partners to access research data; industry news; media plans, etc. See visitflorida.org as an example.

MEDC Technical Requirements

The Vendor is to build a travel website with MEDC approved design, code and content. The MEDC will then implement and maintain the website in our hosted environment.

1. Responsive Website Design
 - a. The website uses the same URL on all mobile phones, tablets and desktop systems. The website serves the same content to any device but will change the view and order depending on the size of the device.
2. .NET Solution using a Commercial CMS
3. Operating System: Windows 2012
4. Web server: IIS
5. Database: SQL server2012
6. Web Browser:
 - a. IE – v9.0 and above (functional in 8.0 – broken images, etc., are ok)
 - b. FF – v34 and above
 - c. Safari – v7.0 and above
 - d. Chrome – 39.0.2.2171.x
7. User permissions: Role Based
8. Content Lifecycle: Audit History, Staging, Preview, Scheduling, Check-in/out, workflow Engine, Versioning/ Roll-back
9. .NET Solution using commercial CMS: Drag-n-Drop, Ability to create dynamic pages, Layouts, Inline Administration, Spellcheck, WYSIWYG Editor, Smart forms
10. Flexibility: Friendly URLs, Content Reuse
11. Tools: Layout /Template Editor, Asset Management, Document Management, Automatic Thumbnails, Spell checker, Global Search and replace, Accessibility Checker
12. Website Technologies: HTML5, CSS3, AJAX, JQuery, Bootstrap
13. Publishing Modal: Dynamic
14. Website Performance: Page Caching, HTTP Caching, HTTP Compression
15. Content Types: Blocks, Events, Deals, News, Slideshows
16. Style Guide for continued Maintenance
17. Code Repository with Supporting Documentation

SECTION II PROPOSAL FORMAT

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

A) TECHNICAL PROPOSAL

1. Business Organization and History – State the full name, address, and phone and facsimile number of your organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work hereunder. Indicate whether it operates as an individual,

partnership, or corporation; if as a corporation, include the state in which it is incorporated. If appropriate, the proposal must state whether the organization is licensed to operate in the State of Michigan.

2. Statement of the Problem – State in succinct terms your understanding of the problem(s) presented by this RFP.
3. Narrative – Include a narrative summary description of the proposed effort and of the services(s)/products(s) that will be delivered.
4. Technical Work Plans – Provide a detailed research outline and timelines for accomplishing the work.
5. Prior Experience – Describe the prior experience of your organization which you consider relevant to the successful accomplishment of the project defined in this RFP. Include sufficient detail to demonstrate the relevance of such experience. Proposals submitted should include, in this Section, descriptions of qualifying experience to include project descriptions, costs, and starting and completion dates of projects successfully completed; also include the name, address, and phone number of the responsible official of the client organization who may be contacted.

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

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

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

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

B) PRICE PROPOSAL

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

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

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

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

C) PROPOSAL SUBMITTAL

Submit separately marked electronic versions of each of your Technical and Price proposals to the MSF via email to contractsandgrants@michigan.org not later than **3:00 p.m. on April 27, 2015**. The MSF has no obligation to consider any proposal that is not timely received. **Proposals will not be accepted via U.S. mail or any other delivery method.**

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: "*RFP-CASE-129027 Technical Proposal*" and "*RFP-CASE-129027 Price Proposal*" with Company Name, and "message 1 of 3" as appropriate if the bid consists of multiple emails.

SECTION III
RFP PROCESS AND TERMS AND CONDITIONS

A) PRE-BID MEETING/QUESTIONS

A pre-bid meeting will not be held. Questions from Bidders concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm on March 30, 2015**. Questions must be submitted to:

Contracts and Grants
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Bidders must submit a complete response to this RFP, using the format provided in Section III of this RFP, by **3:00 p.m. on April 27, 2015**. No other distribution of proposals is to be made by the Bidder.

The Technical Proposal must be **signed physically or electronically** by an official of the Bidder authorized to bind the Bidder to its provisions. The proposal must include a statement as to the period during which it remains valid; this period must be at least ninety (90) days from April 27, 2015. The rates quoted in the Price Proposal must remain firm for the period indicated in Section II.

C) ECONOMY OF PREPARATION

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

D) SELECTION CRITERIA

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

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

1) Step I – Initial evaluation for compliance

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

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

2) Step II – Criteria for Satisfactory Technical Proposals

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

1.	Qualifications and Prior Experience
2.	Conceptual Design as it applies to the understanding of the project request and presents a solution that best meets MEDC needs
3.	Technical Work Plan and Project Management Approach
4.	Project Deliverable Responses
5.	Project Staffing
6.	Response to Requirements
7.	Price

- c.) During the JEC’s review, Bidders may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Bidders to clarify the proposals. The MSF will schedule these presentations, if required by the JEC.
- d.) Only those proposals receiving a score of **75% of the total points available** in the technical proposal evaluation will have their price evaluated to be considered for award.

1) Step III – Criteria for Satisfactory Price Proposal

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

the Bidder meeting the minimum point threshold and offering the *best proposal that meets the objectives of the RFP*.

- d.) The MSF reserves the right to award to another “best value” contractor in case the original Awardee does not accept the award.

E) BIDDERS COSTS

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

F) TAXES

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

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

G) CONFLICT OF INTEREST

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

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

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

H) BREACH OF CONTRACT

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

I) DISCLOSURE

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

J) FALSE INFORMATION

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

K) DISCLOSURE

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

L) PRICES HELD FIRM

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

M) BEST AND FINAL OFFER

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

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

N) CLARIFICATION/CHANGES IN THE RFP

Changes made to the RFP as the result of responses made to qualifying questions or concerns will be posted on <http://www.michiganbusiness.org/129027-rfp/>. Applicants are encouraged to regularly check this site for changes or other information related to the RFP.

O) ELECTRONIC BID RECEIPT

ELECTRONIC VERSIONS OF EACH OF YOUR TECHNICAL AND PRICE PROPOSALS SENT SEPARATELY MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE **3:00 p.m. on April 27, 2015**. Bidders are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

P) RESERVATION OF MSF DISCRETION

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

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

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

Q) JURISDICTION

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

R) ADDITIONAL CERTIFICATION

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

Bidders must include the following certification in the technical proposal:

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

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

**SECTION IV
CONTRACTUAL TERMS AND CONDITIONS**

A) CONTRACT TERMS AND CONDITIONS

- 1) The Contract – The proposal selected will be subject to the terms and conditions of the MSF’s Professional Services Contract (the “Contract”) upon execution of the Contract by the MSF and Bidder. The standard terms and conditions of the Contract are attached to this RFP as Attachment A.
- 2) Term of Work – It is estimated that the activities in the proposed Contract will cover the period July 1, 2015, through May 31, 2016.
- 3) Modification of Service – The MSF reserves the right to modify the requested services during the course of the Contract. Such modifications must be made in writing and may include the addition or deletion of tasks or any other modifications deemed necessary. Any changes in pricing proposed by the bidder resulting from the requested changes are subject to acceptance by the MSF. Changes may be increases or decreases.

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

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

B) CONTRACTOR RESPONSIBILITIES

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

C) ACCEPTANCE OF PROPOSAL CONTENT

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

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

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

D) PROJECT CONTROL AND REPORTS

1) Project Control

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

- (iii) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- (iv) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

(Remainder of page intentionally left blank)

ATTACHMENT A

PROFESSIONAL SERVICES CONTRACT
TERMS AND CONDITIONS

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

Contractor: Name
 Address
 Address

Federal I.D. No: xx-xxxxxxx

I. NATURE OF SERVICES

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

II. PERFORMANCE SCHEDULE

Starting Date: MONTH XX, 20XX

Ending Date: MONTH XX, 20XX

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

III. COMPENSATION INFORMATION

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

IV. MSF CONTRACT MANAGER

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

Robin Peebles
Travel Michigan
Michigan Strategic Fund
300 N. Washington Square
Lansing, Michigan 48913

V. TERMS AND CONDITIONS

A) Contractor Duties

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

B) Independent Contractor

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

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

6) Neither Contractor nor Contractor's employees or contract personnel shall be required by the MSF to devote full time to the performance of the services required by this Agreement; and

7) Contractor does not receive the majority of its annual compensation from the MSF.

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

C) Permits and Licenses

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

D) Materials

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

E) State and Federal Taxes

The MSF will not:

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

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

F) Fringe Benefits

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

G) Workers' Compensation

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

H) Unemployment Compensation

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

I) Access to Records

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

J) Termination

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

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

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

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

K) MSF Employees

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

L) Confidential Information

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

M) Conflict of Interest

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

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

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

N) Representations of Contractor

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

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

O) State of Michigan Competitors

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

P) Irreparable Injury

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

Q) Indemnification and Contractor Liability Insurance

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

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

amount.

R) Total Agreement

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

S) Assignment/Transfer/Subcontracting

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

T) Non-Discrimination and Unfair Labor Practices

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

Pursuant to 1980 PA 278 (the "Act"), MCL 423.321 *et seq.*, the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled by the United States National Labor Relations Board.

Contractor, in relation to this Agreement, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears on this register. Pursuant to section 4 of the Act, the MSF may void this Agreement if, after the Starting Date, the name of the Contractor as an employer or the name of the subcontractor, manufacturer or supplier of Contractor appears on the register.

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

U) Jurisdiction

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

United States.

V) Compliance with Laws

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

W) No Partnership or Agency Relationship

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

X) No Third Party Beneficiaries

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

Y) Counterparts

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

Z) Reimbursement

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

AA) Survival

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

(remainder of page intentionally left blank)

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

CONTRACTOR ACCEPTANCE:

CONTRACTOR

Dated: _____

Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund,
a Public Body Corporate and Politic

Dated: _____

Authorized Signer
Title

ATTACHMENT B

**INDEPENDENT PRICE DETERMINATION AND
PRICES HELD FIRM CERTIFICATION**

INDEPENDENT PRICE DETERMINATION

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

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

Each person signing the proposal certifies that she/he:

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

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

PRICES HELD FIRM

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

Signed _____

Date _____

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

MICHIGAN.ORG WEBSITE REBUILD REQUEST FOR PROPOSALS

WHEREAS, the Michigan Strategic Fund (“MSF”) desires to consider proposals to design and develop custom web site solutions;

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

WHEREAS, the MEDC recommends that the MSF issue the attached RFP to invite proposals from vendors to design and develop custom web site solutions for the Michigan.org website (“Website Rebuild RFP”);

WHEREAS, the MSF Board reviewed the Website Rebuild RFP attached to this Resolution, which includes provisions required by the Act and establishes a standard process to evaluate proposals submitted as a result of the RFP; and

WHEREAS, the MSF Board desires to initiate the Website Rebuild RFP process and to authorize the MSF Fund Manager to appoint a committee to review proposals received in response to the RFP and make recommendations to the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the attached Website Rebuild RFP and authorizes its issuance;

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager to appoint a Joint Evaluation Committee (“JEC”) to review proposals received in response to the Website Rebuild RFP and make recommendations to the MSF Board; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager, in consultation with the Department of Attorney General, to modify the Website Rebuild RFP as may be necessary or appropriate, if the modifications are not materially adverse to the interest of the MSF Board.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 24, 2015