

**MICHIGAN STRATEGIC FUND BOARD
MEETING DRAFT AGENDA
OCTOBER 28, 2014
10:00 AM**

Public comment *(please keep public comments to three (3) minutes)*

Communications (Informational) Andrea Robach

Quarterly Report of the Chief Compliance Officer (Informational) Kevin Francart

A. Consent Agenda

Proposed Meeting Minutes – September 17, 2014
2015 Michigan Strategic Fund Board Meeting Dates
Deep Freeze Additional Funding – CDBG – Chris Whitz
Benteler Automotive Corp – MEGA Amendment - Jeremy Webb T
oyota – MBDP Amendment – Stacy Bowerman
MDOT/MSF Memorandum of Understanding Renewal - Mark Morante

B. Administrative

New International Trade Center (NITC) – Acknowledgements – Andrew Doctoroff
SESA Exemption – Program Approval – Tyler Rossmassler

C. Business Growth

1. Entrepreneurship

Emerging Technologies Fund - MI-SBDC Grant Amendment – Antonio Luck

2. Business Investment

Magna Exteriors and Interiors – MBDP – Mike Gietzen
Autosystems America, Inc. dba Magna Lighting – MBDP – Mike Gietzen
Mobis North America – MBDP – Marcia Gebarowski
Greenfield Die and Manufacturing Corp. (Shiloh Industries) – MBDP – Marcia Gebarowski
Thomson Reuters- MBDP – Trevor Friedeberg

3. Access to Capital

Detroit Flooding Assistance – Program Guideline Amendments – Chris Cook
Lansing YMCA – Bond Authorizing – Chris Cook

D. Community Vitality

250 West Larned, LLC – MCRP – Stacy Esbrook
20 East Fulton Project – Brownfield TIF/MBT Amendment – Ryan Kilpatrick

E. Talent

Community College Equipment Program– Amy Cell

F. Informational

Quarterly Reporting



STATE OF MICHIGAN
OFFICE OF THE CHIEF COMPLIANCE OFFICER
LANSING

RICK SNYDER
GOVERNOR

KEVIN FRANCCART, ESQ.
CHIEF COMPLIANCE OFFICER

MEMORANDUM

October 14, 2014

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

Michael A. Finney
Chairperson
Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2014 Q4 Report of the Chief Compliance Officer.

The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the fourth quarter of the 2014 fiscal year were successfully resolved or are being appropriately addressed.

With respect to the Michigan Strategic Fund Board, the general authority compilation portion of the Strategic Fund Compiled Resolutions (the official compilation of general delegated authority; standard processes; and standard policies, in force, as required by the bylaws) was finished and published.

The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as conflict of interest issues, the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations. The Chief Compliance Officer gave formal advice regarding the use of funds for the Michigan community revitalization program under Chapter 8C, MCL 125.2090 *et seq.*

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

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

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

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

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

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

Consent Agenda Items:

1. Adoption of Proposed MSF Meeting Minutes, September 17, 2014
2. 2015 Michigan Strategic Fund Meeting Dates
3. Deep Freeze Additional Funding – CDBG
4. Benteler Automotive Corp. – MEGA Amendment
5. Toyota – MBDP Amendment
6. MDOT/MSF MOU Renewal

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014

**MICHIGAN STRATEGIC FUND BOARD
PROPOSED MEETING MINUTES
SEPTEMBER 17, 2014**

Members Present:

Mike Finney
Mike Jackson
Kevin Clinton
Bill Martin
Jim Walsh
Shaun Wilson
Mike Zimmerman

Members Absent:

Paul Anderson
Terri Jo Umlor
Jody DePree Vanderwel

Call to Order: Mr. Finney called the meeting to order at 2:03 pm

Public Comment: Mr. Finney asked if there was anyone in attendance who wished to come forward for public comment. No public comment.

Communications: None.

Resolutions 2014-142 – 144 September 2014 Consent Agenda

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

September 2014 Consent Agenda – **2014-142**
August 26, 2014 Proposed Meeting Minutes
Albion Machine & Tool Company Recovery Zone Revocation – **2014-143**
The POM Group Recovery Zone Revocation – **2014-144**

Mike Jackson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Shaun Wilson recused.

CATALYST PROJECT

Resolution 2014-145 Arena Bond Authorizing

Mark Morante, SVP and Senior Advisor, presented the Board with information regarding this action item.

On June 19, 2013, the City of Detroit Downtown Development Authority (the “DDA”), Olympia Development of Michigan, LLC (“ODM”) and Wayne County entered into a Memorandum of Understanding (the “MOU”) relating to the establishment of a “Catalyst Development Project” as defined in Act No. 197 of Public Acts of 1975, as amended, (the “Act 197”), consisting of the acquisition, construction, installation, furnishing and equipping of a new multipurpose events center comprised of approximately 650,000 square feet, approximately 18,000 seats, attached parking and ground floor retail to serve as the home arena of the Detroit Red Wings National Hockey League franchise and as a year-round venue for a wide range of sports and entertainment events (the “Events Center Project”), and the development or redevelopment of vacant and/or underutilized properties within the area adjacent to or near the Events Center Project. MSF Staff is seeking the

MSF Board's approval of the Bond Authorizing Resolution relating to the Series 2014A Bonds and Series 2014B Bonds.

Staff Recommendation

MEDC Staff recommends approval of the bonds, as outlined in the resolution.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued regarding the projected costs associated with the project, and acknowledging the private investment and development this project will encourage in the area surrounding the site. There being no further questions, Bill Martin motioned for the approval of Resolution 2014-145. Mike Jackson seconded the motion. **The motion carried by roll call vote: 6 ayes; 0 nays; 1 recused.**

Shaun Wilson returns.

BUSINESS GROWTH

Resolution 2014-146 Plasan Advanced Composites, Inc. - MBDP

Mike Gietzeb, Business Development Finance, provided the Board with information regarding this action item. This is request from the Applicant for a \$6,000,000 Performance-based other economic assistance incentive. A total of \$3,000,000 of the incentive will be paid back to the MSF in annual payments beginning December 1, 2018 and continue each December 1 through December 1, 2026. This project involves the creation of 620 Qualified New Jobs and a capital investment of up to \$29,022,005 in the City of Walker in Kent County.

Staff Recommendation

MEDC Staff recommends approval of the project as outlined in the resolution terms sheet.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Mike Zimmer motioned for the approval of Resolution 2014-146. Mike Jackson seconded the motion. **The motion carried: 7 ayes. 0 nays, 0 recused.**

Resolution 2014-147 & 148 Citic Dicastal, Inc. MBDP/CDBG

Stacy Bowerman, Business Development Finance, provided the Board with information regarding these action items. The Company and City request the approval of a Community Development Block Grant ("CDBG") for building acquisition in the amount of \$5,000,000. The Company is also requesting approval of a Michigan Business Development Program ("MBDP") performance-based grant in the amount of \$3,500,000. The Company anticipates that the project will result in approximately \$140 million in total capital investment in the City of Greenville, Montcalm County and the creation of 300 jobs. The Company is a new entity created under CiTiC Dicastal Co. Ltd. to support the manufacture of aluminum wheels in the North American market. The company was the first aluminum wheel manufacturer in Chinese mainland. After 23 years of development, the company has become the world's leading manufacturer of aluminum wheels. The company's customers in North America include major automotive original equipment manufacturers.

Staff Recommendation

MEDC Staff recommends approval as outlined in the resolutions and terms sheet.

Board Discussion

Mr. Finney complimented Brian Connors, Business Development Manager, on his relationships built with China. Mr. Finney asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolutions 2014-147 & 148. Mike Jackson seconded the motion. **The motion carried: 7 ayes, 0 nays, 0 recused.**

ACCESS TO CAPITAL

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

Resolution 2014-149 Glastender, Inc. – Bond Authorizing

Glastender (“Borrower”) is requesting private activity bond financing for the purpose of refunding the Michigan Strategic Fund’s (the “MSF”) outstanding Variable Rate Demand Limited Obligation Revenue Bond, Series 2008 Bonds issued in the original principal amount of \$7,600,000. Glastender, Inc., is a Michigan corporation that was incorporated in 1976. It is owned by its founder Jon D. Hall, Sr. and his family members. The company is a manufacturer of commercial food service equipment. Products manufactured by the company include automatic glasswashers, pass through cocktails stations, modular steel underbar equipment, beverage dispensing towers, ice cream freezers, vertical door back bar coolers, keg coolers, slide top bottle coolers, mug frosters, plate chillers, lettuce crispers, line chillers and bar die resorts, private clubs, cruise ships and private dining facilities. The company is located in Saginaw, Michigan, and employs approximately 232 individuals

Staff Recommendation

Based upon a determination by Clark Hill PLLC and the State of Michigan Attorney General’s office that the refunding complies with state and federal law requirements for tax-exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$5,900,000. The MSF will charge an issuance fee of \$7,375.00.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2014-149. Mike Jackson seconded the motion. **The motion carried with a roll call vote: 7 ayes; 0 nays; 0 recused.**

Shaun Wilson recused.

Resolution 2014-150 Four Seasons Development, LLC – Bond Authorizing

Four Seasons Development, LLC (“Four Seasons”), is seeking private activity bond financing in a maximum principal amount of \$2,300,000 for an approximately 32,184 foot expansion of an existing 71,253 square foot manufacturing facility in Saginaw, Michigan (the “Project”). Four Seasons, a real estate development company, is headquartered in Saginaw, Michigan; it presently owns and leases to Means Industries, Inc. (“Means Industries”), a 71,253 square foot manufacturing facility located at 3715 E. Washington Road, Saginaw, Michigan. Means Industries is a subsidiary of Amsted Industries, an international company with 45 facilities in 11 countries, which manufactures industrial, railroad and vehicular products. The proposed expansion is necessary to accommodate new equipment necessary for the Means Industries’ patented Mechanical Diode Clutches and next generation controllable Mechanical Diodes, as well as research and development. The new process will replace obsolete product lines. The new plant expansion will permit and retention of approximately 18 production jobs and create as many as 5 engineering support positions for the new process.

Staff Recommendation

Based upon a determination by Clark Hill PLC, and the State of Michigan Attorney General’s office that the project complies with state and federal law requirements for tax exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in the amount not to exceed the amount of \$2,300,000.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Mike Zimmer motioned for the approval of Resolution 2014-150. Bill Martin seconded the motion. **The motion carried with a roll call vote: 6 ayes; 0 nays; 1 recused.**

Shaun Wilson returns.

Resolution 2014-151 BMT Aerospace – Bond Authorizing

BMT Aerospace USA, Inc. (“Borrower”) is requesting private activity bond financing for the purpose of refinancing the Michigan Strategic Fund’s (the “MSF”) outstanding Limited Obligation Revenue Bond, Series 2007 Bonds issued in the original principal amount of \$6,500,000 (the “2007 Bonds”). Borrower is a manufacturer of gears and gearbox assemblies, primarily for the aerospace industry. The proceeds of the 2007 Bonds were used by Borrower in financing the acquisition of an approximately 56,638 square foot existing manufacturing facility, the renovation and rehabilitation of the facility, and the acquisition and installation of machinery and equipment, furnishings and fixtures located at 18559 Malyn Road, City of Fraser, Macomb County, Michigan. Since the 2007 Bonds were issued, the number of employees has increased from 96 to 135 in Fraser, Michigan specifically related to this project.

Staff Recommendation

Based upon a determination by Dykema Gossett PLLC and the State of Michigan Attorney General’s office that the refinancing complies with state and federal law requirements for tax-exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$2,600,000. The MSF will charge an issuance fee of \$3,250.00.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Mike Jackson motioned for the approval of Resolution 2014-151. Bill Martin seconded the motion. **The motion carried with a roll call vote: 7 ayes; 0 nays; 0 recused.**

COMMUNITY VITALITY

Resolution 2014-152 Lofts on 820, LLC - MCRP

Ryan Kilpatrick, Community Assistance Team, provided the Board with information regarding this action item. Lofts on 820, LLC (“Applicant” or “Borrower”) and Macatawa Bank (“Lender”) are requesting approval of a Michigan Community Revitalization Program incentive in the amount of \$3,100,000 in the form of a Loan Participation under Other Economic Assistance. The Applicant anticipates that the project could result in eligible investment of \$16,122,500 and total capital investment in the amount of \$21,700,000 in the City of Grand Rapids and the creation of 40 jobs. The proposed project is being developed by 616 Development (616), the owners of 616 will hold a small minority ownership interests in this project. 616 Development, based in Grand Rapids, Michigan, is a mission-driven boutique with an emphasis on revitalizing undersized areas.

The Applicant plans to redevelop approximately 156,000 square foot office building located at 820 Monroe NW and 804 Bond Ave in the City of Grand Rapids. The rehabilitation of the original four-story building will provide a completely renovated structure to house 82 market rate residential units occupying approximately 66,000 square feet. There will be 18,160 square feet of space for a restaurant and other commercial/retail occupancy on the ground floor, and 13,300 square feet of office space on the first and second floors. The project will consist of a total of approximately 125,705 square feet.

Staff Recommendation

The MEDC staff recommends approval of an MCRP performance-based loan participation in the amount of \$3,100,000 for Lofts on 820, LLC.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the details of the financing and available capital. There being no further questions, Bill Martin motioned for the approval of Resolution 2014-152. Mike Jackson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-153 & 154 The Griswold Project – MCRP/MBT Amendment

Stacy Esbrook, Community Assistance Team, presented the Board with information regarding these action items. Griswold Capitol Park, LLC is requesting approval of a Michigan Community Revitalization Program equity investment of \$4,798,000 (under MCRP Other Economic Assistance) to construct 80 residential units adjacent to the Westin Book Cadillac Hotel located off Griswold Street in the City of Detroit (Appendix A). The project is also requesting an amendment to the Brownfield SBT credit approved December 31, 2006 and amended July 30, 2008. The Applicant plans to construct a 5-story residential structure on top of the 10-level parking deck adjacent to the Westin Book Cadillac Hotel. The development will add 80 new residential units on approximately 0.40 acres of property located at 535 Griswold Street in the City of Detroit. The residential complex will offer one, two and three-bedroom units ranging in size from 815 square feet to 1,574 square feet. It is anticipated the project could result in eligible investment of \$19,192,000 and total capital investment in the amount of \$22,806,250 in the City of Detroit and the creation of 3 jobs. The project is located in the downtown and qualifies for an MCRP award because it was blighted.

The Applicant also requests an amendment to the Brownfield SBT credit to change the scope of the project and to convert the credit from the SBT structure to the MBT structure.

Staff Recommendation

MEDC Staff recommends the approval of both incentives as outlined in the resolutions.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Kevin Clinton motioned for the approval of Resolutions 2014-153 & 154. Jim Walsh seconded the motion. **The motion carried 7 ayes; 0 nays; 0 recused.**

Resolution 2014-155 & 156 Hallmark Ventures, LLC – MCRP/Brownfield TIF

Stacy Esbrook, Community Assistance Team, provided the Board with information regarding these action items. The project requests to use both the Michigan Community Revitalization Program (MCRP) and the Brownfield Act 381 Program for the project located at 22324 Michigan Avenue, Dearborn, Michigan. Hallmark Ventures, LLC (Applicant) is requesting approval of a performance-based grant in the amount of \$1,000,000. The Applicant anticipates that the project will result in eligible investment of \$6,569,720 and total capital investment of \$8,641,020 in the City of Dearborn and the creation of 52 full-time equivalent jobs. The City of Dearborn Brownfield Redevelopment Authority has submitted an Act 381 work plan (hereinafter work plan) request for the approval of local and school tax capture for eligible activities in the amount of \$943,700 (Appendix A). Eligible activities including demolition and asbestos abatement that will be undertaken to alleviate Brownfield conditions on the property.

Staff Recommendation

Approval of local and school tax capture for the Act 381 eligible activities totaling \$943,700 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$374,366. Approval of an MCRP performance-based grant in the amount of \$1,000,000 for Hallmark Ventures, LLC.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Mike Jackson motioned for the approval of Resolution 2014-155 & 156. Mike Zimmer seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-157 REIS Northville, LLC – Brownfield TIF

Stacy Esbrook, Community Assistance Team, provided the Board with information pertaining to this action item. The Charter Township of Northville Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$23,443,127. The school taxes will be utilized to redevelop approximately 415 acres of property located on the southwest corner of 7 Mile Road and Haggerty Road in Northville Township. The project will redevelop the site of a former Northville Psychiatric Hospital which opened in 1952 and closed in 2004. The hospital has remained vacant since 2004 and is in a general state of disrepair. The remainder of the property (+/-333 acres) is owned by the Charter Township of Northville, which will finance the conversion of the former state hospital campus into a large public park with a trail system.

Staff Recommendation

The MEDC staff recommends approval of the request by Northville Township Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$23,443,127 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$12,584,271.

Board Discussion

Mr. Finney complimented Stacy Esbrook on all of her work with regards to the Detroit area projects. Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the significant positive impact the rehabilitation of this property will have on the surrounding area. There being no further questions, Bill Martin motioned for the approval of Resolution 2014-157. Mike Jackson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-158 City of Sturgis - CDBG

Rosalyn Jones, Community Assistance Team, provided the Board with information regarding this action item. The City of Sturgis is requesting \$ 1,088,337 in Community Development Block Grant (CDBG) funds for a building rehabilitation project, involving three buildings in the heart of the downtown. CDBG eligible activities include structural work, façade, roof, and interior improvements. The City of Sturgis expects that this project could result in private investment of \$ 1,682,235 and the creation of 50 jobs. Harrison Investment Properties, LLC is looking to rehabilitate three downtown zero lot line buildings located at 107, 109-111, and 113 West Chicago Road in Sturgis. The developer created Wings of Sturgis as a separate entity to operate a franchised bar and grille type restaurant on the first floor of the building located at 109-111. Wings Etc. is a full-service restaurant and sports bar, bringing a new product offering to the downtown and responding to a void in the local market. The City of Sturgis will administer the grant and contribute \$150,000 to the project by burying the electrical lines behind the buildings. The removal of the overhead lines will significantly contribute to the aesthetics of the area and provide for improved access into the rear of the properties.

Staff Recommendation

MEDC Staff recommends A CDBG Rehabilitation grant agreement in the amount of \$ 1,088, 337 be authorized for the City of Sturgis for the West Chicago Development Project.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2014-158. Mike Jackson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

STATE BRANDING

Leslie Hornung, SVP Marketing, Communications and Public Relations, provided the Board with information regarding these action items.

Resolution 2014-159 McCann Business Marketing Amendment

This request is for the MSF Board to approve a one year extension of an existing contract with McCann Erickson USA, Inc. for business marketing and advertising services in the amount of \$3,238,685. This amount is inclusive of media placement costs, ad production and agency fees.

Staff Recommendation

The MEDC recommends that the MSF Board allocate \$3,238,685, and authorize the Fund Manager to enter into an extension of the contract agreement with McCann Erickson USA, Inc. for business marketing and advertising services.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Jim Walsh motioned for the approval of Resolution 2014-159. Mike Jackson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-160 McCann Tourism Marketing Amendment

This request is for the MSF Board to approve a one-year extension of an existing contract with McCann Erickson USA, Inc. for tourism marketing and advertising services in the amount of \$23,411,434.55. This amount is inclusive of media placements, ad production and agency fees.

Staff Recommendation

The MEDC recommends that the MSF Board allocate \$23,411,434.55, and authorize the Fund Manager to enter into an extension of the contract agreement with McCann Erickson USA, Inc. for travel marketing and advertising services.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2014-160. Mike Zimmer seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-161 Weber Shandwick Amendment

This request is for the MSF Board to approve a one year extension of an existing contract with Weber Shandwick for public relations services for MEDC in the amount of \$1,446,490 for the period of October 1, 2014-September 31, 2015. This contract includes PR services for both travel (\$935,175) and business (\$511,315).

Staff Recommendation

The MEDC recommends that the MSF Board allocate \$1,446,490 and authorize the Fund Manager to enter into an extension of the contract agreement with Weber Shandwick for public relations services.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the breakdown of services. There being no further questions, Mike Jackson motioned for the approval of Resolution 2014-161. Bill Martin seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-162 Meredith Contract Amendment

In August 2012, the MEDC issued a contract to Meredith Corporation in response to a Request for Proposal (RFP) to produce Michigan's official state seasonal travel guides. The purpose of the RFP was to enter into a contract with a full-service, integrated marketing partner and publisher for the development, sales, production and proactive distribution of three seasonal 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. Per Resolution 2012-99, the contract terms are from October 1, 2012 – September 30, 2015 with an allocation of \$1.5 million.

To complete the terms of the contract in order to meet the demand for the official seasonal travel publications through the end of FY2015, we are asking for approval on the amended scope of work in the contract exhibit, as well as an allocation of \$1.2 million to carry funding for this increased scope of work through to the end of the current contract. This includes production costs on five publications included in the new scope of work: the 2014 fall and 2014 winter guides, the 2015 spring/summer travel guide, the 2015 fall travel guide and pre-production costs on the 2015 winter guide.

Staff Recommendation

MEDC Staff recommends approval of \$1.2 million to carry funding for the increased scope of work, as outlined in the resolution.

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Mike Zimmer motioned for the approval of Resolution 2014-162. Mike Jackson seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

ADMINISTRATIVE

Mark Morante, MSF Fund Manager, provided the Board with information regarding these action items.

Mr. Finney recuses himself from this discussion, and names Mr. Jackson as acting Chairman.

Resolution 2014-163 Renewal of MSF Administrative Services MOU

Mark Morante, SVP & Special Advisor provided the Board with information regarding this action item. This is a request to reauthorize the Memorandum of Understanding (MOU) between the Michigan Strategic Fund (MSF) and Michigan Economic Development Corporation (MEDC) for FY 2015. Staff is also requesting that the MSF allocate the 4% Annual Appropriation from the 21st Century Jobs Funds to the MSF to provide services for 21st Century Jobs Funds programs.

Staff Recommendation

MEDC staff recommends that the MOU be amended to extend the effective date of the MOU through September 30, 2015. MEDC staff also recommends that the MSF authorize the expenditure of 4% of the annual appropriation from the 21st CJTF for administrative expenses for fiscal year 2014-2015.

Board Discussion

Mr. Jackson asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2014-163. Jim Walsh seconded the motion. **The motion carried: 6 ayes; 0 nays; 1 recused.**

Mr. Finney returns.

Resolution 2014-164 Transfer of 21st Century Funds & Allocation of MCRP & MBDP

This is a request to authorize the allocation of funds in the amount of \$130 million from the 21st Century Jobs Fund to the Michigan Strategic Fund (MSF) to operate the Michigan Business Development and the Michigan Community Revitalization Programs for FY 2015.

Staff Recommendation

MEDC recommends that the State Treasurer transfer \$130 million from the 21st Century Jobs Trust Fund to the MSF, according to the budget office spending plan, for the operation of the Michigan Business Development Program and the Michigan Community Revitalization Program for Fiscal Year 2015.

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the balance of the trust. There being no further questions, Mike Zimmer motioned for the approval of Resolution 2014-164. Mike Jackson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2014-165 Next Michigan Development Program – Delegation of Authority Renewal

Amy Lux, Renaissance Zone Specialist, provided the Board with information regarding this action item. The Michigan Economic Development Corporation (“MEDC”) is recommending the Michigan Strategic Fund (“MSF”) Board reauthorize the delegation of authority to the MSF Fund Manager or the MSF President for certain tasks related to the administration of the Next Michigan Program.

Staff Recommendation

MEDC Staff recommends the MSF Board reauthorize the following delegations of authority to the MSF Fund Manager or the MSF President with respect to the Next Michigan Program:

- a) Modifications to the Next Michigan Renaissance Zone Process and the Application for Certifying a Qualified Next Michigan Business within a Next Michigan Renaissance Zone;
- b) Approval of the next Michigan development corporations’ process for identifying and recommending eligible next Michigan businesses

Board Discussion

Mr. Finney asked if there were any questions from the Board. There being none, Mike Jackson motioned for the approval of Resolution 2014-165. Bill Martin seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Deanna Richeson, Director, Export Strategy, provided the Board with information regarding the following action items.

Resolution 2014-166 through 2014-170 Pure Michigan Export Program Approvals

The Michigan Economic Development Corporation (MEDC) Staff requests \$3.93 million to support the Pure Michigan Export program. These funds are available through MCL 125.2088b(4) in the Michigan Strategic Fund (MSF) Act for business development and business marketing costs. Approved funds will be utilized as follows:

Pure Michigan Export Program

MI-STEP - Export Promotion Incentives and Services	\$ 1,630,000
Foreign Trade Offices	\$ 975,000
Export Network Partners	\$ 600,000
Marketing, Research, and Administration	\$ 456,142

International Trade Shows/Events	\$ 268,900
Total Pure Michigan Export Program Request	\$ 3,930,042

- **Staff Recommendation**

Staff recommends approval of \$3.93 million to support activities of the Pure Michigan Export program utilizing funds from the 21st Century Jobs Fund as provided in MCL 125.2088b(4); Authorize the Memorandum of Understanding between the Michigan Strategic Fund and the Michigan Economic Development Corporation to provide administrative services for the Pure Michigan Export program; Approve the proposed eligibility and application guidelines and grant template; Approve the grant amounts to the following recipients:

Regional Export Network hosts: \$340,000 total
Automation Alley – \$170,000;
Van Andel Global Trade Center – \$75,000;
Northwest Michigan Council of Governments – \$45,000
Saginaw Valley State University - \$50,000
Small Business Services: \$260,710 total
Michigan Small Business and Technology Development Center – \$115,000;
Michigan State University-International Business Center – \$59,885;
Foster Swift Collins - \$25,825
Advance Resource Consulting - \$25,000
International Business Technology - \$35,000
International Trade Services Abroad: \$955,000 total
Council of Great Lakes Governors – \$800,000;
Europe Office TBD - \$155,000

Board Discussion

Mr. Finney asked if there were any questions from the Board. Discussion ensued pertaining to the general program strategy and funding by region. There being no further questions, Mike Jackson motioned for the approval of Resolutions 2014-166 through 2014-170. Jim Walsh seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Mr. Finney adjourned the meeting at 3:45 pm.

MICHIGAN STRATEGIC FUND

2015 Meeting Dates

**Michigan Economic Development Corporation
300 N. Washington Square
Lake Michigan Conference Room
Lansing, Michigan**

Tuesday, January 27, 2015

10:00 a.m.

Tuesday, February 24, 2015

10:00 a.m.

Tuesday, March 24, 2015

10:00 a.m.

Tuesday, April 28, 2015

10:00 a.m.

Tuesday, May 26, 2015

10:00 a.m.

Tuesday, June 23, 2015

10:00 a.m.

Tuesday, July 28, 2015

10:00 a.m.

Tuesday, August 25, 2015

10:00 a.m.

Tuesday, September 22, 2015

10:00 a.m.

Tuesday, October 27, 2015

10:00 a.m.

Tuesday, November 24, 2015

10:00 a.m.

Tuesday, December 15, 2015

10:00 a.m.

MEMORANDUM

Date: October 28, 2014

To: Michigan Strategic Fund (MSF) Board

From: Deborah Stuart, Director, Community Incentive Programs
Christine Whitz, Manager, Community Development Block Grant Program

Subject: *Community Development Block Grant Program
Urgent Need-Deep Freeze Response
Amendment of the Approved Allocation Amount*

Request

Michigan Economic Development Corporation (MEDC) staff requests an amendment of the original maximum funding for Urgent Need by increasing from \$6,000,000 to \$7,600,000 the Community Development Block Grant (CDBG) funds for eligible projects impacted by the extreme cold, last winter due to the high number of quality applications.

Background

At the July 22, 2014, Michigan Strategic Fund (MSF) board meeting, the MEDC staff requested approval to set aside up to \$6,000,000 in CDBG funds for eligible projects impacted by the 2013/2014 extremely cold winter. The cold temperatures and deep frost levels caused widespread damage to water and sewer mains and many roads. This is now referred to as the “Deep Freeze.”

MEDC staff conducted a “Deep Freeze” Urgent Need competitive round of funding and received 33 applications. The staff evaluated the applications, identified eligible activities, and is recommending increasing the total allocation amount to \$7,600,000 to be able to assist all eligible communities with their eligible costs. These costs are still being clarified and will not exceed the requested allocation amount. Although the MSF has approved a delegation of authority for grant awards up to one million dollars, and no individual project awards will exceed that amount, staff would like the MSF to approve the additional funds, as the total allocation amount exceeds the delegation authority.

Program Requirements

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

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

Recommendation

The MEDC staff recommends:

The MSF amends the authorized Deep Freeze Urgent Need funding amount to \$7,600,000 for infrastructure repair due to the damage caused by the Deep Freeze.

The MSF President or MSF Fund Manager, in coordination with MEDC staff, are authorized to approve funding for specific applicants and execute CDBG Agreements as provided in the previously adopted delegation of authority (Resolution 2014-122).

MICHIGAN STRATEGIC FUND

RESOLUTION 2014- _____

2015 DEEP FREEZE ALLOCATION AMENDMENT

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

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

WHEREAS, The CDBG program has policies, criteria, and parameters which are enumerated in the 2014 Program Guidelines, as amended (the “Criteria”) and the 2014 Application Guide (the “Guide”). The MSF by Resolution 2014-51 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2014-083 guidelines for 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 winter of 2013/2014 included extremely cold temperatures and deep frost levels causing widespread damage to water and sewer mains and many roads, resulting in an Urgent Need by Michigan communities for additional infrastructure funding (the “Deep Freeze”);

WHEREAS, on July 22, 2014, by Resolution 2014-118, the MSF therefore approved an allocation for these projects not to exceed \$6,000,000;

WHEREAS, communities that were impacted by the Deep Freeze applied for CDBG funding to remediate the damage caused by the Deep Freeze exceeding the approved allocation amount;

WHEREAS, the CDBG program staff reviewed the applications in light of the Criteria, Guide and HUD regulations and concluded whether the project was eligible for funding, not speculative in nature, economically sound, ready to proceed, and met urgent need requirements and/or at least 51 percent of the project beneficiaries were low and moderate income persons;

WHEREAS, MEDC staff recommends amending the approved allocation of \$6,000,000 for Deep Freeze projects (Resolution 2014-118) to \$7,600,000 to allow more impacted communities to be funded;

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the amended allocation of \$7,600,000 from the Michigan CDBG program for the purpose of funding communities’ proposed projects related to the Deep Freeze, contingent upon the MSF’s continued receipt of CDBG funds, and availability of adequate funds; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President or the MSF Fund Manager to approve Deep Freeze grants in accordance with the delegation of authority approved by Resolution 2014-122.

Ayes:
Nays:
Recused:
Lansing, Michigan
October 28, 2014



MEMORANDUM

Date: October 28, 2014

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

From: Jeremy Webb, Development Finance Manager

Subject: Benteler Automotive Corporation (“Company” or “Applicant”) *Standard MEGA Tax Credit Amendment*

Request

The Company is requesting an amendment to their Standard MEGA Tax Credit to add the City of Holland as an additional project location for the creation of Qualified New Jobs beginning with their 2012 tax year.

Background

Benteler Automotive Corporation is part of the Benteler Group, an international firm with operations in the automotive, steel/tube, distribution, and engineering services industries. The Benteler Group operates in 170 locations and 38 countries.

On February 15, 2011, the MEGA Board approved a five year 75 percent MEGA Tax Credit (Resolution 2011-022) for the Company to retain the headquarters in the City of Auburn Hills and create jobs related to the automotive and defense industries in the City of Grand Rapids, City of Wyoming, Comstock Township, and the City of Auburn Hills. The MEGA Tax Credit is for a maximum of 250 Qualified New Jobs with a Base Employment Level of 1,086. The City of Auburn Hills provided a PA 198 tax abatement in support of this project.

In the original application materials, the Company indicated that there will be job creation under the Subsidiary Business Benteler Aluminum Systems Michigan Inc. at its only Michigan location, in the City of Holland. However, the City of Holland was not included in Resolution 2011-022 and was subsequently left out of the Agreement. It is MEDC Staff’s belief that the intent of this project was to include the City of Holland for the purposes of creating Qualified New Jobs.

Recommendation

MEDC Staff recommends the following amendments to the MEGA Tax Credit (Resolution 2011-022):

- a) Amend the Project Description to include the City of Holland, Ottawa County as a location eligible for the Company to create Qualified New Jobs beginning with their 2012 tax year;
- b) All other aspects of the 2011 approval remain unchanged.

MICHIGAN STRATEGIC FUND

Resolution 2014-

**Benteler Automotive Corporation
Standard Credit (Amendment #1)**

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

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

WHEREAS, in Resolution 2011-022 adopted on February 15, 2011, the MEGA Board authorized a MEGA Tax Credit for Benteler Automotive Corporation (the “Company”) of 75 percent for a period of five consecutive years, beginning no later than the Company’s tax year ending December 31, 2012 to retain the headquarters in the City of Auburn Hills and create jobs related to the automotive and defense industries in the City of Grand Rapids, City of Wyoming, Comstock Township, and the City of Auburn Hills (the “Project”);

WHEREAS, while the application identified the City of Holland location as part of the project, the authorizing resolution and agreement did not include the City of Holland in the Project Description;

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

- (i) Revise the Project Description to include the City of Holland, Ottawa County, as a location eligible for the Company to create Qualified New Jobs;

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

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

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2011-022, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

October 28, 2014
Lansing, Michigan



MEMORANDUM

Date: October 28, 2014

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

From: Stacy Bowerman, Senior Planning & Project Manager

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

Request

MEDC staff is requesting an amendment to the MEGA Termination contingency included as part of the Michigan Business Development Program (“MBDP”) approval for the Applicant.

Background

On August 26, 2014 the Michigan Strategic Fund approved a \$4,000,000 award for the Applicant. The MBDP Approval required the Company to forgo its existing MEGA Tax Credit effective as of the approval of the MBDP Incentive. The Company has collected the MEGA Tax Credit for tax years ending March 31, 2009 through 2012. Therefore, the termination of the MEGA Tax Credit should go into effect tax year beginning April 1, 2012.

Recommendation

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

- a) Amend the August 26, 2014, approval for Toyota Motor Engineering & Manufacturing North America, Inc. to revise the MEGA Tax Credit termination from the approval of the MBDP Incentive Award to tax year beginning April 1, 2012.
- b) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

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

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

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

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

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

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

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

WHEREAS, the MSF approved a \$4,000,000 Michigan Business Development Program Performance based grant on August 26, 2014 for the company to expand at its York Charter Township facility (the “Project”);

WHEREAS, the Company is expanding the project scope in York Charter Township, by creating additional jobs;

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended and revised as follows: Amend the August 26, 2014, approval for Toyota Motor Engineering & Manufacturing North America, Inc. to revise the MEGA Tax Credit termination from the approval of the MBDP Incentive Award to tax year beginning April 1, 2012. (“Amendment”);

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014

MEMORANDUM OF UNDERSTANDING
BETWEEN
MICHIGAN DEPARTMENT OF TRANSPORTATION
AND
MICHIGAN STRATEGIC FUND

I. PURPOSE

This Memorandum of Understanding is made and entered into this date of _____ by and between the Michigan Department of Transportation (MDOT) and the Michigan Strategic Fund (MSF) establishes the responsibilities and procedures for MDOT to reimburse MSF for costs associated with providing a liaison to coordinate efforts between all stakeholders for the New International Trade Crossing (NITC) project.

II. AGREEMENT

Upon award and acceptance of this Memorandum of Understanding, MDOT and MSF agree to the following:

A. MDOT Agrees to:

1. Review and approve eligible billings.
2. Reimburse MSF at a rate of 80% of MSF's cost incurred upon approval of billings and receipt of progress reports up to amount of Two Hundred Forty-Nine Thousand Dollars (\$249,000). MDOT has sufficient funding to support this MOU.

MDOT funds in this Contract made available through legislative appropriations are based on projected revenue estimates. MDOT may reduce the amount of this Contract if the revenue actually received is insufficient to support the appropriation under which this Contract is made.

B. MSF Agrees to:

1. Provide staff to serve as an advisor working in conjunction with the assigned MDOT personnel providing technical expertise on the NITC project. This staff will:
 - a. Serve as the advisor to the Governor, President of the MSF, and the MSF, and provide services to MDOT in matters relating to the implementation of Michigan's responsibilities related to the NITC. Serve as liaison for Michigan in working with the all stakeholders for the NITC including but not limited to the State of Michigan, Canadian Government, US Federal Department of Transportation officials, the Governor's office, MDOT, MSF and City of Detroit officials.
 - b. Establish a working relationship with MDOT to ensure billing, financial, procedural and technical issues are resolved in a timely and judicious manner.
 - c. Work with the Federal Highway Administration (FHWA), MDOT, MSF and other federal and state agencies for guidance to obtain appropriate permits and licenses and ensure that other federal and state regulations are followed.

C. Costs

Salary:	\$131,800
Fringes:	\$ 92,200
Office Expenses:	\$ 5,000
Travel	<u>\$ 20,000</u>
Total Funds	<u>\$249,000</u>

D. Method of Payment and Financial Reporting

MSF shall submit on a quarterly basis an expenditure report to MDOT. This expenditure report shall indicate actual expenditures. Payment will be made through the interagency billing process. This report shall be submitted to MDOT within thirty days from the end of the billing period. For the month of September, billings shall be submitted as reasonably directed by the grant manager to meet fiscal year end closing deadlines (October 7) as due date for final expenditure report.

The following account structure should be used:

MDOT:

Project No. 80233

AY: 13
Index: 64915
PCA: 62400
Phase: CC

MSF:

Index: 11000
PCA: 25018

E. With regard to audits and record-keeping:

1. MSF will establish and maintain accurate records, in accordance with generally accepted accounting principles, of all expenses incurred for which payment is sought or made under this Memorandum of Understanding (RECORDS). Separate coding will be established and maintained for all costs incurred under this Memorandum of Understanding.
2. MSF will maintain the RECORDS for at least three (3) years from the date of final payment made by MDOT under this Memorandum of Understanding. In the event of a dispute with regard to the allowable expenses or any other issue under this Memorandum of Understanding, MSF will thereafter continue to maintain the RECORDS at least until that dispute has been finally decided and the time for all available challenges or appeals of that decision has expired.
3. MDOT or its representative may inspect, copy, or audit the RECORDS at any reasonable time after giving reasonable notice.
4. IF any part of the work is subcontracted, MSF will assure compliance with subsections (1), (2), and (3) above for all subcontracted work.

F. In the event that an audit performed by or on behalf of MDOT indicates an adjustment to the costs reported under this Memorandum of Understanding or questions the allowability of an item of expense, MDOT will promptly submit to MSF a Notice of Audit Results and a copy of the audit report, which may supplement or modify any tentative findings verbally communicated to MSF at the completion of an audit.

Within sixty (60) days after the date of the Notice of Audit Results, MSF will (a) respond in writing to the responsible Bureau or Office of MDOT indicating whether or not it concurs with the audit report, (b) clearly explain the nature and basis for any disagreement as to a disallowed item of expense, and (c) submit to MDOT a written explanation as to any questioned or no opinion expressed item of expense (RESPONSE). The RESPONSE will be clearly stated and will provide

any supporting documentation necessary to resolve any disagreement or questioned or no opinion expressed item of expense. Where the documentation is voluminous, MSF may supply appropriate excerpts and make alternate arrangements to conveniently and reasonably make that documentation available for review by MDOT. The RESPONSE will refer to and apply the language of the Memorandum of Understanding. MSF agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes MDOT to finally disallow any items of questioned or no opinion expressed cost.

MDOT will make its decision with regard to any Notice of Audit Results and RESPONSE within one hundred twenty (120) days after the date of the Notice of Audit Results. If MDOT determines that an overpayment has been made to MSF, MSF will repay that amount to MDOT or reach agreement with MDOT on a repayment schedule within thirty (30) days after the date of an invoice from MDOT. If MSF fails to repay the overpayment or reach agreement with MDOT on a repayment schedule within the thirty (30) day period, MSF agrees that MDOT will deduct all or a portion of the overpayment from any funds then or thereafter payable by MDOT to MSF under this Memorandum of Understanding or any other agreement or payable to MSF under the terms of 1951 PA 51, as applicable. Interest will be assessed on any partial payments or repayment schedules based on the unpaid balance at the end of each month until the balance is paid in full. The assessment of interest will begin thirty (30) days from the date of the invoice. The rate of interest will be based on the Michigan Department of Treasury common cash funds interest earnings. The rate of interest will be reviewed annually by MDOT and adjusted as necessary based on the Michigan Department of Treasury common cash funds interest earnings. MSF expressly consents to this withholding or offsetting of funds under those circumstances.

III. TERMINATION

Either party to this MOU may terminate this MOU without cause upon thirty (30) days prior written notice to the other party. MSF will be reimbursed for all costs incurred up to the termination date set forth in the notice of termination.

IV. MODIFICATION

This MOU may be modified in writing upon the mutual agreement of the parties and upon the award of a prior amendment to this MOU by the parties.

V. TERM

This Memorandum of Understanding will be in effect from October 1, 2013, through one year and upon mutual agreement of the parties, may be renewed for two additional one-year periods.

VI. SIGNATURES

This Memorandum of Understanding will become binding on the parties upon signing by the duly authorized representatives of MSF and MDOT.

MICHIGAN STRATEGIC FUND

BY: _____
Title:

MICHIGAN DEPARTMENT OF TRANSPORTATION

BY: _____
Title: MDOT Director

6-2-14
JH

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

Michigan Department of Transportation MOU

WHEREAS, Public Act 489 of 2000, MCL 12.251 to 12.260, created the Michigan Trust Fund Act, of which the 21st Century Jobs Trust Fund (“Trust Fund”) is established;

WHEREAS, Public Act 270 of 1984, MCL 125.2007(i), provided authority to engage personnel and consultants for professional management, technical assistance and advice;

WHEREAS, the Michigan Strategic Fund (the “MSF”) Board desires to enter into an agreement with the Michigan Department of Transportation (“MDOT”) to establish the responsibilities and procedures for MDOT to reimburse MSF for costs associated with providing a liaison to coordinate efforts between all stakeholders for the New International Trade Crossing project (the “MOU”);

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes entering into the MOU with MDOT for Fiscal Years 2014 and 2015, with terms acceptable to the MSF Fund Manager in consultation with the Attorney General’s office, and authorizes the MSF Fund Manager to sign the MOU.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014



MEMORANDUM

Date: October 22, 2014

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

From: Andrew S. Doctoroff, Senior Advisor to Governor’s Office – Transportation Initiatives

Subject: Approval of Acknowledgments

Request

This is a request to approve the MSF’s execution of a Michigan Funding Activities Acknowledgment (“Funding Acknowledgment”), Confidentiality Acknowledgment and an acknowledgment regarding the operations of the International Authority (“International Authority Acknowledgment”) (collectively, “Acknowledgments”).

Background

On July 28, 2012, the MSF executed the Crossing Agreement between Michigan and Canada. The Crossing Agreement has also been executed by MDOT, the Governor, Her Majesty the Queen in Right of Canada and the Windsor Detroit Bridge Authority (“WDBA”), the Canadian entity that will manage the New International Trade Crossing (“NITC”) project on a day-to-day basis. The Crossing Agreement establishes the International Authority, a bi-national entity that will approve critical decisions relating to the NITC project. The Crossing Agreement is the operative document intended to identify Michigan’s and Canada’s duties and rights in connection with the NITC project. The Crossing Agreement contemplates MSF’s participation in the NITC project, particularly as it relates to funds received from Canada and intended to pay for certain activities in Michigan, including but not limited to land acquisition.

On July 22, 2014, this Board voted to approve an initial funding acknowledgment. This document has been revised to incorporate changes addressing certain accounting concerns (relating to MDOT) raised by Canada and to which Michigan has agreed. The Funding Acknowledgment addresses how specifically NITC-related funding activities will take place. Most of the Funding Acknowledgment does not pertain to the MSF. Rather, it principally describes how a Michigan party such as MDOT and Canada will enter into so-called statements of activities that will describe, and provide budgets for, activities whose performance has been requested by the WDBA. However, the Funding Acknowledgment, at Section 5, states that MSF “will serve as the funding agent for the Michigan Parties to facilitate, on their behalf, the deposit, receipt, holding and disbursement of all funds to be provided by the WDBA for each statement of activities.” NITC-related funds provided by Canada will be remitted to, and held by, an escrow agent.

MSF’s finance-related duties will largely entail submitting to the escrow agent disbursement certificates and account closing certificates to confirm that requested work has been performed and that payment is required. Service providers, including the Michigan Department of Transportation, will provide requisite

information establishing the completion of work performed, and it is unlikely MSF will be called upon to make any substantive decisions about the NITC project.

The Confidentiality Acknowledgment addresses how any confidential information relating to the NITC project will be maintained by the parties to the Crossing Agreement.

The International Authority Acknowledgment addresses the functioning of the International Authority, and it is based largely on terms included in the Crossing Agreement. It also addresses administrative issues, including the budgeting of operational funds provided by the WDBA. There are no terms in the Confidentiality Acknowledgment or the International Authority Acknowledgment that specifically pertain to the MSF.

The Acknowledgments have been negotiated at length by Canada and Michigan.

Business Case

Because of the MSF's overall involvement as funding agent, and because it is a party to the Crossing Agreement, execution of the Acknowledgments is a condition precedent to further NITC-related activities, including the receipt and disbursement of funds provided by Canada – funds necessary for the NITC project to move forward. The NITC project will create thousands of jobs in Michigan and catalyze long-term and sustained economic growth in this region. Thus, there is a strong business case for authorizing MSF's execution of the Acknowledgments. Approval of the Acknowledgments is requested at this time because: (1) Canadian participation in the funding and other aspects of the NITC project is conditioned on MSF's approval the acknowledgments; (2) it is expected that Canada's need to perform one or more specific obligations will arise within the near future; and (3) MSF's role in the Acknowledgments is administrative.

**Acknowledgment of Implementation of Crossing Agreement:
Michigan Activities Funding**

Preamble:

On June 15, 2012, a Crossing Agreement was executed by Canada and Michigan providing a framework for the Crossing Authority (n/k/a the Windsor-Detroit Bridge Authority (“**WDBA**”)) established by Canada to design, construct, finance, operate and maintain a new International Crossing between Canada and Michigan, under the oversight of a jointly established International Authority with three members appointed by Canada and the WDBA and three members appointed by the Michigan Parties, and with funding approved by Canada, but with no funding by the Michigan Parties. The Michigan Parties are not obligated to pay any of the costs of the new International Crossing.

On June 29, 2012, the Crossing Agreement was executed by the Michigan Department of Transportation and the Michigan Strategic Fund.

On October 9, 2012, the WDBA was formed by Canada pursuant to subsection 29(1) of the *International Bridges and Tunnels Act* (Canada).

On November 2, 2012, the Crossing Agreement was executed by the WDBA.

On March 25, 2013, the US Secretary of State approved the Crossing Agreement in accordance with the *International Bridge Act of 1972* (US).

1. Implementation of Crossing Agreement.

Under the Crossing Agreement, the Michigan Parties are required to undertake certain activities, subject to funding by the WDBA and other conditions. The Parties hereby acknowledge their mutual understanding (“**Acknowledgment**”) as to the funding by the WDBA of the costs and expenses associated with the activities required of the Michigan Parties under the Crossing Agreement, thereby ensuring full and prompt reimbursement of any costs and expenses temporarily incurred by the Michigan Parties in accordance with this Acknowledgment.

2. Interpretation.

Capitalized terms not otherwise defined herein shall have the meaning given to them in the Crossing Agreement. As used in this Acknowledgment, “**Governor’s Designee**” means the individual holding the position of “Senior Advisor – Transportation Initiatives,” or any other individual the Governor may designate, within the Executive Office of the Governor. As provided in the Crossing Agreement, “**costs and expenses**” means amounts paid by the Michigan Parties to third parties on a cost recovery basis. For

purposes of this definition, “third parties” shall include employees of the Parties. Accordingly, “costs and expenses” shall include, on a cost recovery basis, the wages paid and other costs incurred by the Michigan Parties for time spent by their employees working on designated activities in accordance with each statement of activities.

3. Statements of Activities.

From time to time, the WDBA may request the Michigan Parties to perform particular activities consistent with the Crossing Agreement. Thereafter, the WDBA and the appropriate Michigan Party or Michigan Parties shall enter into one or more statements of activities, which, along with this Acknowledgment, will govern the funding by the WDBA of the costs and expenses associated with such activities.

A statement of activities may address a single designated activity or several designated activities. Each statement of activities will contain such terms, conditions, requirements and standards of performance as may be appropriate for the particular designated activities, each of which shall be set forth with the degree of specificity that is reasonable for the particular designated activity.

Each statement of activities shall set forth the total estimated costs and expenses the Michigan Parties are reasonably expected to incur in the performance of designated activities. If a Michigan Party is expected to enter into a contract with a third party in connection with any designated activity, the statement of activities will set forth, separately, the estimated costs and expenses and the disbursees for each such contract. By execution of each statement of activities, the WDBA shall be obligated to fund all designated activities performed by the Michigan Parties in accordance with the statement of activities and this Acknowledgment up to the amount of the total estimated costs and expenses for such activities set forth in the statement of activities. However, the WDBA shall have no obligation to fund any costs and expenses related to any contract between a Michigan Party and any third party unless a statement of activities authorizes the contract and the WDBA has approved the contract prior to execution.

As provided in the Crossing Agreement, the Michigan Parties shall be responsible for complying with all federal aid eligibility requirements applicable to each designated activity set forth in a statement of activities. Notwithstanding the foregoing, each statement of activities shall include such description or list of the federal aid eligibility requirements and regulations applicable to the designated activities as the WDBA may reasonably request and as the Michigan Parties may reasonably provide.

The parties to each statement of activities may amend a statement of activities from time to time based on new developments or for any other reason.

4. Budgets.

On or before the 30th day before the commencement of each fiscal year for the WDBA, the WDBA and the Governor of Michigan or the Governor's Designee in consultation with the Michigan Parties shall establish an annual budget of the total costs and expenses reasonably expected to be incurred by the Michigan Parties during each quarter of such fiscal year for designated activities under all statements of activities (the "**Annual Budget**"). On or before the 15th day before the commencement of the second, third and fourth fiscal quarters for the WDBA, the WDBA and the Governor of Michigan or the Governor's Designee in consultation with the Michigan Parties shall adjust the budget for such fiscal quarter, to the extent reasonably necessary, to reflect the total costs and expenses that are then reasonably expected to be incurred by the Michigan Parties for designated activities under all statements of activities for such fiscal quarter (each, an "**Adjusted Quarterly Budget**"). The amount budgeted in the Annual Budget for the first fiscal quarter and in each Adjusted Quarterly Budget for the second, third and fourth fiscal quarters shall be the "**Quarterly Budgeted Amount.**"

During any fiscal quarter, a supplemental budget may be established by mutual agreement of the WDBA and the Governor of Michigan or the Governor's Designee in consultation with the Michigan Parties to account for unexpected costs and expenses or unexpected activities that may need to be performed during the fiscal quarter (a "**Supplemental Budget**").

Each Annual Budget, Adjusted Quarterly Budget and Supplemental Budget shall set forth the budgeted designated activities and budgeted costs and expenses by reference to applicable statements of activities or otherwise with sufficient specificity to avoid any reasonable ambiguity regarding the budgeted designated activities and budgeted costs and expenses.

5. Escrow Account.

MSF will serve as the funding agent for the Michigan Parties to facilitate, on their behalf, the deposit, receipt, holding and disbursement of all funds to be provided by the WDBA for each statement of activities.

Promptly after execution of this Acknowledgment, the WDBA and MSF shall enter into an escrow agreement pursuant to which an escrow account shall be established with a bank or other institution selected by the WDBA to hold all funds to be disbursed under all statements of activities and this Acknowledgment (the "**Escrow Account**"). MSF shall pay, or cause to be paid, all amounts payable at any time to the escrow agent under the escrow agreement. The balance on deposit in the Escrow Account at any time, including any interest or investment returns, shall be the "**Escrow Amount.**"

Following the establishment of the Annual Budget and each Adjusted Quarterly Budget and within five business days after the beginning of each fiscal quarter, the WDBA shall deposit in the Escrow Account the amount that the WDBA reasonably determines to be

necessary for the resulting Escrow Amount to cover (a) the Quarterly Budgeted Amount for such fiscal quarter and (b) the costs and expenses incurred or reasonably estimated to have been incurred by the Michigan Parties in the prior fiscal quarter that are yet to be funded by disbursement from the Escrow Account in accordance with the escrow agreement. Promptly following the establishment of any Supplemental Budget, the WDBA shall deposit in the Escrow Account an amount equal to the additional costs and expenses included in the Supplemental Budget.

All Party-Approved Costs and Expenses and all Monitor-Approved Costs and Expenses (as defined below) shall be funded by disbursement from the Escrow Account in accordance with the escrow agreement.

6. Performance of Designated Activities

The Michigan Parties shall not perform any designated activities other than those designated activities set forth in an Annual Budget for the first fiscal quarter, in an Adjusted Quarterly Budget for the second, third and fourth fiscal quarters or in a Supplemental Budget.

If, at any time, a Michigan Party performing designated activities under a statement of activities reasonably believes that the costs and expenses of such activities will exceed the Escrow Amount during the remainder of a particular fiscal quarter, the Michigan Party shall promptly notify the WDBA and provide a revised estimate of the costs and expenses. Thereafter, the WDBA and the Michigan Party will cooperate in good faith to supplement the existing budget as appropriate to address the increased estimate of costs and expenses. Any time after the Michigan Party has provided the revised estimate of costs and expenses, the Michigan Party may deliver a notice to the WDBA invoking a maximum of ten Business Days for the budget to be supplemented as appropriate to address the increased estimate of costs and expenses. If such supplement is not achieved within ten Business Days after delivery of such notice, the Michigan Party, acting reasonably and in consultation with the WDBA, may suspend or delay the performance of designated activities to the extent reasonably necessary for it to avoid incurring costs and expenses during the remainder of such fiscal quarter greater than the Escrow Amount. The Michigan Parties and the WDBA shall cooperate and consult with each other to identify which particular designated activities should be suspended or delayed until an appropriate supplement is achieved.

The WDBA may at any time, by written notice, terminate or suspend a statement of activities and/or direct a Michigan Party to cease performing any designated activities under a statement of activities. The Michigan Party shall promptly comply with such direction and shall promptly notify the WDBA of any costs and expenses the Michigan Party reasonably anticipates it will incur as a result of such cessation of activities notwithstanding reasonable efforts by the Michigan Party to mitigate such costs and expenses (“**Cessation Related Costs and Expenses**”). The WDBA shall be required to fund any Cessation Related Costs and Expenses of the Michigan Parties in addition to funding the costs and expenses of designated activities incurred by the Michigan Parties

in accordance with this Acknowledgment and the statement of activities before the WDBA directed the cessation of the designated activities. The WDBA may at any time un-suspend a suspended statement of activities and/or direct a Michigan Party to resume performing designated activities under a statement of activities, and the Michigan Party shall promptly comply with such direction.

7. Periodic Reporting/ Party-Approved Costs and Expenses.

On no more often than a bi-weekly basis, *i.e.*, once every other week, the Governor of Michigan or the Governor's Designee shall submit to the WDBA an itemized report ("**Costs and Expenses Report**") of the costs and expenses, including any Cessation Related Costs and Expenses, incurred under each statement of activities and this Acknowledgment during the period since the most recently submitted Costs and Expenses Report. Each Costs and Expenses Report shall provide such supporting detail and documentation as necessary to reasonably substantiate, and for the WDBA to reasonably verify, that the costs and expenses were incurred in accordance with the applicable statement of activities and this Acknowledgment.

Within 15 days of receipt of a Costs and Expenses Report, the WDBA may deliver to the Governor or the Governor's Designee a written objection to a Costs and Expenses Report, which shall include a reasonably detailed explanation for the objection. The WDBA shall not object to a Costs and Expenses Report except on the grounds that the costs and expenses incurred were previously reimbursed by WDBA or that the activities performed and the related costs and expenses incurred were not in accordance with the applicable statement of activities and this Acknowledgment, including (i) the costs and expenses were more than the Quarterly Budgeted Amount or the amount budgeted in an applicable Supplemental Budget or (ii) the activities performed were not in accordance with the first fiscal quarter budget in an Annual Budget, an Adjusted Quarterly Budget or a Supplemental Budget. The WDBA and the Governor of Michigan or the Governor's Designee will cooperate in good faith and share such information as either party may reasonably request to resolve any objection.

As promptly as reasonably possible and by no later than 30 days after the WDBA's receipt of a Costs and Expenses Report, the WDBA and the Governor of Michigan or the Governor's Designee shall sign a form identifying all costs and expenses, and the related disbursees, for which there is no objection ("**Party-Approved Costs and Expenses**") and a form identifying all costs and expenses, and the related disbursees, for which there remains any objection ("**Disputed Costs and Expenses**").

In addition, the WDBA and the Governor of Michigan or the Governor's Designee may from time to time, without having delivered or received an applicable Costs and Expenses Report, sign a Party-Approved Costs and Expenses form identifying particular disbursees and the related disbursement amounts which the WDBA and the Governor of Michigan or the Governor's Designee may agree to be necessary or appropriate under an applicable Statement of Activities and this Acknowledgment (such amounts shall be included as Party-Approved Costs and Expenses).

The requirements stated in this paragraph may be satisfied through a mutually acceptable and agreed upon electronic or other process.

8. Payment Monitor.

On or before December 1 of each year and promptly after resignation or removal of the Payment Monitor, the WDBA and the Governor of Michigan or the Governor's Designee shall either agree upon an individual or select by lot one of the three Neutral Arbitrators to perform the function of payment monitor under this Section 8 (the "**Payment Monitor**") for the 12 month period beginning January 1 and ending December 31 or for such other period as agreed by the WDBA and the Governor of Michigan or the Governor's Designee.

At any time, the Governor of Michigan or the Governor's Designee may submit Disputed Costs and Expenses to the Payment Monitor to make a determination whether such Disputed Costs and Expenses were incurred in accordance with the applicable statement of activities and this Acknowledgment. If, at any time, the aggregate of all unresolved Disputed Costs and Expenses equals USD \$100,000 or more, then either the WDBA or the Governor of Michigan or the Governor's Designee may submit such Disputed Costs and Expenses to the Payment Monitor to make a determination whether such Disputed Costs and Expenses were incurred in accordance with the applicable statement of activities and this Acknowledgment. If on September 30 of each year there are any unresolved Disputed Costs and Expenses, then either the WDBA or the Governor of Michigan or the Governor's Designee may submit such Disputed Costs and Expenses to the Payment Monitor to make a determination whether such Disputed Costs and Expenses were incurred in accordance with the applicable statement of activities and this Acknowledgment.

The Payment Monitor may request, and the WDBA and the Governor of Michigan or the Governor's Designee shall provide, such information as the Payment Monitor considers necessary or appropriate to make a determination. The Payment Monitor shall make such determination in writing as promptly as possible. The Payment Monitor's determination shall be final and binding on the WDBA and the Michigan Parties.

Each written determination by a Payment Monitor shall include a form signed by the Payment Monitor and delivered to the WDBA and the Governor or the Governor's Designee identifying all costs and expenses, and the related disbursees, which the Payment Monitor has determined to be in accordance with the applicable statement of activities and this Acknowledgment ("**Monitor-Approved Costs and Expenses**").

9. Reimbursement of Prior Costs and Expenses.

Notwithstanding anything to the contrary in this Acknowledgment, within 30 days after the date of this Acknowledgment, the WDBA shall pay USD \$91,925.76 to Michigan as reimbursement of all costs and expenses incurred by the Michigan Parties prior to July

31, 2014. The WDBA shall promptly reimburse the Michigan Parties for any costs and expenses incurred by the Michigan Parties on and after such date and prior to the effective date of this Acknowledgment upon submission by the Michigan Parties to the WDBA of supporting documentation in form and scope substantially similar to that information previously submitted to substantiate the amount of the foregoing payment.

10. General.

The WDBA and the Michigan Parties acknowledge and agree that Transport Canada may perform the obligations and exercise the rights of the WDBA under this Acknowledgment until such time as the WDBA informs the Michigan Parties in writing that it is prepared to perform such obligations and exercise such rights.

All requests, approvals, consents, waivers, reports, notices, certifications and acknowledgments under this Acknowledgment shall be in writing.

Any dispute, controversy or claim arising out of or relating to this Acknowledgment or the Escrow Account shall be considered a Dispute and be subject to Article XIV of the Crossing Agreement.

This Acknowledgment may be amended, supplemented or restated by a written document signed by all Parties. No amendment, supplement, or restatement to or of this Acknowledgment shall have any force or effect unless it is in writing and unless signed by all Parties.

This Acknowledgment shall be subject to the provisions of Sections 1, 2 and 4 through 12 of Article XVIII of the Crossing Agreement as if this Acknowledgment were the "Agreement" as set forth in such provisions.

Michigan shall cause an original executed copy of this Acknowledgment to be filed with the Michigan Secretary of State, Office of the Great Seal and with the Clerk of Ingham County, in the State of Michigan.

This Acknowledgment shall be effective and binding upon execution of it by all of the Parties.

[Signature page follows.]

8789065

This Acknowledgment of Implementation of Crossing Agreement: Michigan Activities Funding is EXECUTED by Canada on this _____ day of _____, 2014.

HER MAJESTY THE QUEEN IN
RIGHT OF CANADA, as
represented by the Minister of
Transport

By: _____
Name:
Title:

This Acknowledgment of Implementation of Crossing Agreement: Michigan Activities Funding is EXECUTED by Windsor-Detroit Bridge Authority on this _____ day of _____, 2014.

WINDSOR-DETROIT BRIDGE
AUTHORITY

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: Michigan Activities Funding is EXECUTED by Michigan on this _____ day of _____, 2014.

STATE OF MICHIGAN

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: Michigan Activities Funding is EXECUTED by Michigan Department of Transportation on this _____ day of _____, 2014.

MICHIGAN DEPARTMENT OF
TRANSPORTATION

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: Michigan Activities Funding is EXECUTED by Michigan Strategic Fund on this _____ day of _____, 2014.

MICHIGAN STRATEGIC FUND

By: _____

Name:

Title:

**Acknowledgment of Implementation of Crossing Agreement:
Confidentiality**

Preamble:

On June 15, 2012, a Crossing Agreement was executed by Canada and Michigan providing a framework for the Crossing Authority (n/k/a the Windsor-Detroit Bridge Authority (“**WDBA**”) established by Canada to design, construct, finance, operate and maintain a new International Crossing between Canada and Michigan, under the oversight of a jointly established International Authority with three members appointed by Canada and the WDBA and three members appointed by the Michigan Parties, and with funding approved by Canada, but with no funding by the Michigan Parties. The Michigan Parties are not obligated to pay any of the costs of the new International Crossing.

On June 29, 2012, the Crossing Agreement was executed by the Michigan Department of Transportation and the Michigan Strategic Fund.

On October 9, 2012, the WDBA was formed by Canada pursuant to subsection 29(1) of the *International Bridges and Tunnels Act* (Canada).

On November 2, 2012, the Crossing Agreement was executed by the WDBA.

On March 25, 2013, the US Secretary of State approved the Crossing Agreement in accordance with the *International Bridge Act of 1972* (US).

Under Article XVII of the Crossing Agreement, the Parties have agreed that confidential information shall remain confidential to the maximum extent permitted by Applicable Law and that, before any confidential information is delivered or made available, a process or method shall be established for maintaining confidentiality of all confidential information provided to the maximum extent permitted by Applicable Law.

1. Understanding and Implementation of Crossing Agreement.

The Parties hereby acknowledge their mutual understanding (“**Acknowledgment**”) of the implementation of the existing agreement under Article XVII of the Crossing Agreement with respect to the establishment of a process or method for maintaining confidentiality of all confidential information to the maximum extent permitted by Applicable Law.

The Parties do not intend to prohibit the disclosure by any Party of any confidential information if such disclosure is required under Applicable Law and made in accordance with Section 10 of this Acknowledgment.

2. Interpretation.

Capitalized terms not otherwise defined herein shall have the meaning given to them in the Crossing Agreement. As used in this Acknowledgment, “**Governor’s Designee**” means the individual holding the position of “Senior Advisor – Transportation Initiatives,” or any other individual the Governor may designate, within the Executive Office of the Governor.

3. Confidential Information.

For purposes of Article XVII of the Crossing Agreement and this Acknowledgment, “**confidential information**” shall mean all exchanged confidential information and de facto confidential information.

“**Exchanged confidential information**” shall mean any of the following which is provided by the WDBA or Canada to a Michigan Party or provided by a Michigan Party to the WDBA or Canada:

- All documents, records and other information designated as confidential by the provider of the information (“**Designated Confidential Information**”), provided that a Party shall not designate any document, record or other information as confidential unless such Party reasonably believes the confidentiality of the document, record or other information is reasonably necessary to advance the purpose of the Crossing Agreement or the document, record or other information is not in the public domain and contains trade secret or other confidential, sensitive, strategic, research, development or commercial information; and
- All documents, records or other information related to the RFQ, RFP, form of the Public-Private Agreement or implementation of the public private partnership procurement process referred to in the Crossing Agreement (“**Procurement Process Confidential Information**”); and
- All information obtained from any document, record or consultation in any WDBA Consultation Office or Michigan Party Consultation Office;

together with all reports, analyses, compilations, memoranda, notes, studies or other documents or records or electronic media prepared by a Party or its Representatives that contain or otherwise reflect or are derived from such exchanged confidential information.

“**De facto confidential information**” shall mean:

- All documents, records and other information related to any arbitration proceeding under Article XIV of the Crossing Agreement, including any decision of the arbitrators; and
- All notices, documents, records and other information that are the subject of, a part of, a record of or relate in any way to any meeting, deliberation or decision of the International Authority and all documents, records and other information

provided by the International Authority to a Party and designated as confidential by the International Authority; and

- All draft official records, including minutes, of meetings between the WDBA or Canada and a Michigan Party or their respective Representatives, and all final official records, including minutes, of meetings, between the WDBA or Canada and a Michigan Party or their respective Representatives that are labeled confidential in accordance with Section 9 of this Acknowledgment;

together with all reports, analyses, compilations, memoranda, notes, studies or other documents or records or electronic media prepared by a Party or its Representatives that contain or otherwise reflect or are derived from such de facto confidential information; except, in each case, as is in the public domain other than as a result of a failure of any Party or the International Authority to comply with its confidentiality obligations.

Notwithstanding anything to the contrary in this Acknowledgment, no document, record or other information shall be deemed confidential information if (i) the Governor of Michigan or the Governor's Designee and the WDBA or Canada each consent otherwise in writing, (ii) such document, record or other information is generally available to the public other than as a result of a disclosure inconsistent with Article XVII of the Crossing Agreement and this Acknowledgment, or (iii) such document, record or other information is generally available to the recipient on a non-confidential basis from another source other than as a result of a disclosure inconsistent with Article XVII of the Crossing Agreement and this Acknowledgment.

4. Non-Disclosure Obligations.

A Party shall not provide, deliver or otherwise disclose any confidential information to any Person other than (i) as to exchanged confidential information, with the written consent of the Party that provided the exchanged confidential information, or (ii) to another Party in accordance with Section 5 of this Acknowledgment, or (iii) as reasonably necessary to enforce a decision or award of arbitration in accordance with Section 7 of this Acknowledgment, or (iv) to the recipient Party's Representatives in accordance with Section 8 of this Acknowledgment, or (v) as required by Applicable Law in accordance with Section 10 of this Acknowledgment or (vi) to the International Authority, if the providing Party designates such information as confidential at the time it is provided.

5. Confidential Information Provided by a Party to Another Party.

Any Party that possesses exchanged confidential information may provide such confidential information to another Party if the providing Party designates such information as confidential at the time it is provided. Any Party that possesses de facto confidential information may provide such confidential information to another Party without having to designate such information as confidential at the time it is provided.

The WDBA or Canada may provide confidential information to the Executive Office of the Governor which is designated "CONFIDENTIAL: DISTRIBUTION PROHIBITED BEYOND THE EXECUTIVE OFFICE OF THE GOVERNOR OF MICHIGAN" or other similar designation and, unless the WDBA or Canada otherwise consents in writing, the Executive Office of the Governor shall not provide, deliver or otherwise disclose any such confidential information to any Person who is not a state employee within the Executive Office of the Governor.

6. Consultation Offices.

For the purpose of establishing a secure and convenient location for consultation among the Parties in accordance with the Crossing Agreement, the WDBA may establish and maintain, at its own expense, one or more offices in locations which are mutually acceptable to the WDBA and the Governor of Michigan or the Governor's Designee (each, a "**WDBA Consultation Office**"). All documents, records and other information located in a WDBA Consultation Office at any time shall be exclusively owned by the WDBA, notwithstanding the viewing of such documents, records and other information by any other Party or its Representatives while visiting a WDBA Consultation Office. Unless removed by the WDBA, all documents, records and other information located at any time in a WDBA Consultation Office shall remain in the WDBA Consultation Office in the exclusive possession of the WDBA and shall not be removed, retained, copied, photographed or otherwise reproduced by any other Party or its Representatives. Each WDBA Consultation Office shall be open and available for consultation by any Party and its Representatives during business hours on any Business Day or period of Business Days requested in advance by any Party. The WDBA shall implement reasonable security measures designed to ensure the security of each WDBA Consultation Office and its contents. Upon request by the Governor of Michigan or the Governor's Designee, the WDBA shall destroy or cause its Representatives to destroy any or all documents, records and other information promptly after their removal from a WDBA Consultation Office; provided that the WDBA may retain such documents, records and other information that the WDBA, in its reasonable judgment, is required to retain under Applicable Law. The delivery by the WDBA of documents, records and other information to a WDBA Consultation Office to which the Michigan Parties and their Representatives are granted reasonable access shall fulfill any and all obligations of the WDBA under the Crossing Agreement to deliver or provide any such documents, records and other information to the Michigan Parties and their Representatives. The WDBA shall have no further obligation to otherwise deliver or provide any such documents, records and other information to the Michigan Parties and their Representatives. The WDBA shall not deliver any documents, records or other information to a WDBA Consultation Office which is not Designated Confidential Information or Procurement Process Confidential Information.

For the purpose of establishing a secure and convenient location for consultation among the Parties in accordance with the Crossing Agreement, any Michigan Party may establish and maintain, at its own expense except as otherwise agreed by the WDBA, one or more offices in locations which are mutually acceptable to the Governor of Michigan

or the Governor's Designee and the WDBA (each, a “**Michigan Party Consultation Office**”). All documents, records and other information located in a Michigan Party Consultation Office at any time shall be exclusively owned by the applicable Michigan Party, notwithstanding the viewing of such documents, records and other information by any other Party or its Representatives while visiting a Michigan Party Consultation Office. Unless removed by the applicable Michigan Party, all documents, records and other information located at any time in a Michigan Party Consultation Office shall remain in the Michigan Party Consultation Office in the exclusive possession of the applicable Michigan Party and shall not be removed, retained, copied, photographed or otherwise reproduced by any other Party or its Representatives. Each Michigan Party Consultation Office shall be open and available for consultation by any Party and its Representatives during business hours on any Business Day or period of Business Days requested in advance by any Party. The applicable Michigan Party shall implement reasonable security measures designed to ensure the security of each Michigan Party Consultation Office and its contents. Upon request by the WDBA or Canada, the applicable Michigan Party shall destroy or cause its Representatives to destroy any or all documents, records and other information promptly after their removal from a Michigan Party Consultation Office; provided that the Michigan Party may retain such documents, records and other information that the Michigan Party, in its reasonable judgment, is required to retain under Applicable Law. The delivery by a Michigan Party of documents, records and other information to a Michigan Party Consultation Office to which the WDBA and its Representatives are granted reasonable access shall fulfill any and all obligations of such Michigan Party under the Crossing Agreement to deliver or provide any such documents, records and other information to the WDBA and its Representatives. Such Michigan Party shall have no further obligation to otherwise deliver or provide any such documents, records and other information to the WDBA and its Representatives. A Michigan Party shall not deliver any documents, records or other information to a Michigan Consultation Office which is not Designated Confidential Information or Procurement Process Confidential Information.

7. Enforcement of Arbitration Awards.

A Party (the “**Enforcing Party**”) may include confidential information related to arbitration in one or more filings with a court having jurisdiction over another Party (the “**Defaulting Party**”) if the inclusion of such confidential information in a filing with the court is reasonably necessary to enforce any decision or award of the arbitrators under Article XIV of the Crossing Agreement.

8. Confidential Information Provided by a Party to its Representatives.

The Parties’ confidentiality obligations shall apply to and include all of the Parties’ respective elected or public officials, officers, directors, employees, appointees, staff, attorneys, agents, advisors, accountants, consultants or other representatives (“**Representatives**”) who may receive confidential information. No Party shall provide confidential information to any of its Representatives unless (i) it reasonably believes that such Representative needs to know the confidential information for the purpose of

performing duties and actions that are necessary or appropriate in order for the Party to perform its obligations under the Crossing Agreement; and (ii) the Party has advised such Representative of the confidentiality obligations of the Party under Article XVII of the Crossing Agreement and this Acknowledgment and obtained the agreement of such Representative to maintain the confidentiality of all confidential information in accordance with Applicable Law, Article XVII of the Crossing Agreement and this Acknowledgment as if the Representative were a party or signatory thereto.

9. Official Records of Meetings.

The Parties may establish a practice of maintaining minutes or other official records of meetings between the WDBA or Canada and a Michigan Party or their respective Representatives. Draft official records of meetings shall be labeled “draft” and shall be prepared only by a Party or a Party Representative that can maintain the confidentiality of the draft official records of meetings in accordance with Applicable Law, Article XVII of the Crossing Agreement and this Acknowledgment. Final official records of meetings shall be labeled “final” and shall not include any confidential information unless also clearly labeled “confidential.”

10. Disclosure as Required by Applicable Law.

If a Party decides it is required by Applicable Law to disclose any confidential information, such Party (the “**Disclosing Party**”) shall promptly provide the WDBA, Canada and the Governor of Michigan or the Governor's Designee, and the International Authority in the case of confidential information provided to the Disclosing Party by the International Authority (“**Notice Recipients**”), with written notice of any such requirement, together with any related request or order for the disclosure of such confidential information, to enable any Notice Recipient to seek an appropriate protective order or take other appropriate action to resist or narrow such disclosure in accordance with Applicable Law. The Disclosing Party shall cooperate in good faith with any Notice Recipient and its Representatives and use reasonable efforts to obtain such a protective order or take other appropriate action to resist or narrow the disclosure in accordance with Applicable Law. If, in the absence of a protective order, a Party, after consulting with legal counsel, decides in good faith that it is required by Applicable Law to disclose certain confidential information, the Party, after notice to the Notice Recipients, may disclose such information (and no other confidential information).

11. Destruction or Return of Confidential Information.

Upon the request by the Governor of Michigan or the Governor's Designee and the WDBA or Canada, or upon the request by the provider of any confidential information after the Party in possession of confidential information has been afforded a reasonable period of time in which to review the confidential information, the Party in possession of confidential information shall (and shall cause its Representatives to) promptly (i) as specified in the request, either destroy or return to such provider all confidential information specified in the request without retaining any copies thereof and (ii) certify

such destruction or return in writing. Notwithstanding any such destruction or return of confidential information, the Party and its Representatives shall continue to be bound by the confidentiality obligations of Article XVII of the Crossing Agreement and this Acknowledgment.

Notwithstanding a request to return or destroy confidential information, (i) a Party or Representative in possession of such confidential information may retain such confidential information that such Party or Representative, in its reasonable judgment, is required to retain under Applicable Law, and (ii) a Party or its Representatives in possession of such confidential information shall not be required to erase such information that is electronically stored and that has been saved to a back-up file in accordance with such Party's or its Representative's back-up policy; provided that any Party or Representative that retains confidential information pursuant to the foregoing shall promptly notify the Party that provided such confidential information of that fact and such notice shall include a reasonable description of such confidential information.

12. General.

The WDBA and the Michigan Parties acknowledge and agree that Transport Canada may perform the obligations and exercise the rights of the WDBA under this Acknowledgment until such time as the WDBA informs the Michigan Parties in writing that it is prepared to perform such obligations and exercise such rights.

All requests, approvals, consents, waivers, reports, notices, certifications and acknowledgments under this Acknowledgment shall be in writing.

Any dispute, controversy or claim arising out of or relating to this Acknowledgment shall be considered a Dispute and be subject to Article XIV of the Crossing Agreement.

This Acknowledgment may be amended, supplemented or restated by a written document signed by all Parties. No amendment, supplement, or restatement to or of this Acknowledgment shall have any force or effect unless it is in writing and unless signed by all Parties.

This Acknowledgment shall be subject to the provisions of Sections 1, 2 and 4 through 12 of Article XVIII of the Crossing Agreement as if this Acknowledgment were the "Agreement" as set forth in such provisions.

Michigan shall cause an original executed copy of this Acknowledgment to be filed with the Michigan Secretary of State, Office of the Great Seal and with the Clerk of Ingham County, in the State of Michigan.

This Acknowledgment shall be effective and binding upon execution of it by all of the Parties.

[Signature page follows.]

8790001

This Acknowledgment of Implementation of Crossing Agreement: Confidentiality is EXECUTED by Canada on this _____ day of _____, 2014.

HER MAJESTY THE QUEEN IN
RIGHT OF CANADA, as
represented by the Minister of
Transport

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: Confidentiality is EXECUTED by Windsor-Detroit Bridge Authority on this _____ day of _____, 2014.

WINDSOR-DETROIT BRIDGE
AUTHORITY

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: Confidentiality is EXECUTED by Michigan on this _____ day of _____, 2014.

STATE OF MICHIGAN

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: Confidentiality is EXECUTED by Michigan Department of Transportation on this _____ day of _____, 2014.

MICHIGAN DEPARTMENT OF
TRANSPORTATION

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: Confidentiality is EXECUTED by Michigan Strategic Fund on this _____ day of _____, 2014.

MICHIGAN STRATEGIC FUND

By: _____

Name:

Title:

**Acknowledgment of Implementation of Crossing Agreement:
International Authority**

Preamble:

On June 15, 2012, a Crossing Agreement was executed by Canada and Michigan providing a framework for the Crossing Authority (n/k/a the Windsor-Detroit Bridge Authority (“**WDBA**”)) established by Canada to design, construct, finance, operate and maintain a new International Crossing between Canada and Michigan, under the oversight of a jointly established International Authority with three members appointed by Canada and the WDBA and three members appointed by the Michigan Parties, and with funding approved by Canada, but with no funding by the Michigan Parties. The Michigan Parties are not obligated to pay any of the costs of the new International Crossing.

On June 29, 2012, the Crossing Agreement was executed by the Michigan Department of Transportation and the Michigan Strategic Fund.

On October 9, 2012, the WDBA was formed by Canada pursuant to subsection 29(1) of the *International Bridges and Tunnels Act* (Canada).

On November 2, 2012, the Crossing Agreement was executed by the WDBA.

On March 25, 2013, the US Secretary of State approved the Crossing Agreement in accordance with the *International Bridge Act of 1972* (US).

1. Understanding and Implementation of Crossing Agreement.

The Parties and the International Authority hereby acknowledge their mutual understanding (“**Acknowledgment**”) of the implementation of the Crossing Agreement with respect to activities of the International Authority.

2. Interpretation.

Capitalized terms not otherwise defined herein shall have the meaning given to them in the Crossing Agreement. As provided in the Crossing Agreement, “**costs and expenses**” means amounts paid by the International Authority to third parties on a cost recovery basis. As used in this Acknowledgment, “**Governor’s Designee**” means the individual holding the position of “Senior Advisor – Transportation Initiatives,” or any other individual the Governor may designate, within the Executive Office of the Governor.

3. Annual and Supplemental Budgets.

The International Authority shall operate subject to an annual budget that is adopted by mutual agreement of the International Authority and the WDBA. The annual budget shall include all reasonably expected costs and expenses of the International Authority in performing all Required Activities and any Other Agreed Activities that are reasonably expected during the budget year, including costs and expenses relating to:

- compensation of members of the board of the International Authority as set forth on Appendix A,
- reasonable and documented expenses of members of the board of the International Authority, including travel, lodging and meals, as set forth on Appendix B, and
- the purchase by International Authority of insurance coverage for members of the board of the International Authority under the Bylaws of the International Authority.

The annual budget shall set forth all such reasonably expected costs and expenses on a quarterly basis. During any budget year, a supplemental budget may be adopted by mutual agreement of the International Authority and the WDBA to account for unexpected costs and expenses during the budget year. The annual budget and any supplemental budget shall set forth the budgeted activities and budgeted costs and expenses with sufficient specificity to avoid any reasonable ambiguity regarding the budgeted activities and budgeted costs and expenses.

4. International Authority Activities.

The International Authority shall perform the activities that it is required to perform under the Crossing Agreement (“**Required Activities**”), including:

- decisions of the International Authority under Article VI, Section 4 of the Crossing Agreement;
- the International Authority approvals and oversight under Article VI, Section 5 of the Crossing Agreement;
- the responsibility to maintain books and records under Article XIII, Section 4 of the Crossing Agreement;
- the appointment of the auditor for the International Authority under Article XIII, Section 5 of the Crossing Agreement; and
- the preparation and delivery of financial statements of the International Authority under Article XIII, Section 6 of the Crossing Agreement.

From time to time, in connection with either an annual budget or a supplemental budget, the WDBA and the Governor or the Governor’s Designee may agree to the International Authority performing activities other than Required Activities, including the retention of employees or agents necessary or appropriate for the performance of such activities (“**Other Agreed Activities**”). The International Authority shall not perform any activities other than Required Activities and Other Agreed Activities, in each case as budgeted in

an annual or supplemental budget that has been mutually agreed upon between the International Authority and the WDBA.

5. Budget Funding.

The WDBA shall fund each annual budget by depositing, within 30 days after adoption of the annual budget, an amount equal to the budgeted amount for the initial quarter and thereafter, before each subsequent quarter, an amount equal to the budgeted amount for such quarter. The WDBA shall fund each supplemental budget by depositing, within 30 days after adoption of each supplemental budget, an amount equal to the supplemental budget. All funds shall be deposited into a segregated deposit account of the WDBA. The Chairperson of the board of the International Authority shall have signatory authority with respect to such deposit account and is authorized, from time to time, to pay all budgeted costs and expenses of the International Authority from such deposit account, consistent at all times with the applicable annual budget or supplemental budget. All costs and expenses of the International Authority funded by the WDBA pursuant to this Acknowledgment shall be deemed International Authority Costs under the Crossing Agreement.

6. Consultation.

The WDBA and MDOT will make their employees and their consultants and advisors reasonably available to members of the board of the International Authority at meetings of the board of the International Authority for consultation, if the board of the International Authority determines, acting reasonably and in the best interests of the International Crossing, that doing so is necessary for the International Authority to perform any Required Activities. After such a determination and exclusively for this consultative purpose, the International Authority may provide to WDBA's and MDOT's consultants and advisors "confidential information" as defined in the Bylaws of the International Authority, (i) if the board determines, acting reasonably and in the best interests of the International Crossing, that doing so is necessary for such consultation and (ii) subject to such procedures and agreements necessary to ensure non-disclosure of such information.

7. General.

The Parties and the International Authority acknowledge and agree that Transport Canada may perform the obligations and exercise the rights of the WDBA under this Acknowledgment until such time as the WDBA informs the Michigan Parties and the International Authority in writing that it is prepared to perform such obligations and exercise such rights.

This Acknowledgment recognizes and acknowledges that Michigan has not consented to the application of Canadian Law, and that Canada has not consented to the application of Michigan Law, with respect to the internal governance, activities and operations of the International Authority.

All requests, approvals, consents, waivers, reports, notices, certifications and acknowledgments under this Acknowledgment shall be in writing.

Any dispute, controversy or claim arising out of or relating to this Acknowledgment shall be considered a Dispute and be subject to Article XIV of the Crossing Agreement.

This Acknowledgment may be amended, supplemented or restated by a written document signed by all of the Parties and the International Authority. No amendment, supplement, or restatement to or of this Acknowledgment shall have any force or effect unless it is in writing and unless signed by all of the Parties and the International Authority.

Michigan shall cause an original executed copy of this Acknowledgment to be filed with the Michigan Secretary of State, Office of the Great Seal and with the Clerk of Ingham County, in the State of Michigan.

This Acknowledgment shall be effective and binding upon execution of it by all of the Parties and the International Authority.

[Signature page follows.]

9507196

This Acknowledgment of Implementation of Crossing Agreement: International Authority is EXECUTED by Canada on this _____ day of _____, 2014.

HER MAJESTY THE QUEEN IN
RIGHT OF CANADA, as
represented by the Minister of
Transport

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: International Authority is EXECUTED by Windsor-Detroit Bridge Authority on this _____ day of _____, 2014.

WINDSOR-DETROIT BRIDGE
AUTHORITY

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: International Authority is EXECUTED by Michigan on this _____ day of _____, 2014.

STATE OF MICHIGAN

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: International Authority is EXECUTED by Michigan Department of Transportation on this _____ day of _____, 2014.

MICHIGAN DEPARTMENT OF
TRANSPORTATION

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: International Authority is EXECUTED by Michigan Strategic Fund on this _____ day of _____, 2014.

MICHIGAN STRATEGIC FUND

By: _____

Name:

Title:

This Acknowledgment of Implementation of Crossing Agreement: International Authority is EXECUTED by International Authority on this _____ day of _____, 2014.

INTERNATIONAL AUTHORITY

By: _____

Name:

Title:

Appendix A

The budgeted amount of compensation of the members of the board of the International Authority shall be the same amount of compensation paid to members of the board of the WDBA, which initially shall be as follows:

Per Diem: \$300 for each day of attendance at a board meeting duly called under the Crossing Agreement

Annual Retainer Fee (non-Chair): \$3,800

Annual Retainer Fee (Chair): \$7,500

Appendix B

Reimbursement of costs and expenses related to travel, lodging and meals incurred by members of the board of the International Authority shall be reimbursed in the same manner and to the same extent as members of the board of the WDBA are reimbursed for costs and expenses related to travel, lodging and meals.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2014 -
Michigan Activities Funding Acknowledgment, Confidentiality Acknowledgment,
and International Acknowledgement**

WHEREAS, on July 28, 2012, the Michigan Strategic Fund (the “MSF”) executed a Crossing Agreement between Michigan and Canada, specifically among the Governor of the State of Michigan, the Michigan Department of Transportation (“MDOT”), MSF, Her Majesty the Queen in Right of Canada (as represented by the Minister of Transport) and the Windsor Detroit Bridge Authority (“WDBA”), the Canadian entity that will manage the New International Trade Crossing (“NITC”) project (the “NITC Project”);

WHEREAS, the State of Michigan, MDOT and MSF are collectively referred to as the “Michigan Parties” in the Crossing Agreement;

WHEREAS, the Crossing Agreement is the operative document prescribing the State of Michigan’s (the “State”) and Canada’s duties and rights in connection with the NITC Project;

WHEREAS, Article X, Section 10 of the Crossing Agreement contemplates the retention of an escrow agent, paying agent or similar party, pursuant to an escrow agreement or similar agreement, to hold, disburse or pay funding monies on behalf of the WDBA in accordance with the Crossing Agreement;

WHEREAS, the Michigan Parties expect to execute such an escrow agreement in the near future;

WHEREAS, as part of the process of implementing the Crossing Agreement, and prior to execution of an escrow agreement, and in order to identify the procedures for the MSF to submit statements of activities from time to time to the escrow agent in order to secure payment for endeavors contemplated by the Crossing Agreement and related ancillary agreements, the Michigan Parties, including the MSF are being asked to execute the Michigan Activities Funding Acknowledgment (the “Funding Acknowledgment”) , the Confidentiality Acknowledgment and the International Authority Acknowledgment (together with the Funding Acknowledgement and the Confidentiality Acknowledgment, the “Acknowledgments”), all attached to this Resolution;

WHEREAS, the MSF will serve as the Funding Agent for the Michigan Parties to facilitate with the escrow agent, on their behalf, the deposit, receipt, holding and disbursement of all funds to be provided by the WDBA for each statement of activities, as finally described in the Funding Acknowledgement;

WHEREAS, the Confidentiality Acknowledgment and International Authority Acknowledgement do not specifically obligate the MSF in any way, but do so to the extent MSF signs on collectively as a Michigan Party;

WHEREAS, pursuant to 1984 Public Act 270, as amended (the "Act") MSF has broad authority to further economic development within the State, and to participate in any other way in any federal, state, or local government program; and

WHEREAS, it is recommended that MSF approve the execution of the Acknowledgments by the MSF Board President.

NOW, THEREFORE, BE IT RESOLVED, by the Michigan Strategic Fund that:

1. The Acknowledgments, each in the form attached to this resolution are approved, with such additional changes as are approved by authorized representatives of the Michigan Parties and the Michigan Department of Attorney General.

2. The President of the MSF Board is authorized to execute the Acknowledgments on behalf of the MSF.

3. By entering into the Acknowledgments, the MSF assumes no obligations nor makes any representations or covenants other than those explicitly ascribed to them in the Acknowledgments.

4. Except as otherwise provided in the Crossing Agreement, an escrow agreement, a statement of activities, or any of the Acknowledgements, i) the MSF shall not be responsible for payment of any disputed costs not reimbursed pursuant to any statements of activities, and ii) the MSF shall not be responsible for indemnifying any party for any disputed funds received by or on behalf of any Michigan Party.

5. No costs associated with MSF's entering into and participating in the Acknowledgments shall be paid by funds of the MSF.

6. The MSF Board President, the MSF Fund Manager, and designated staff of the MSF are authorized and directed to continue negotiations with the Michigan Parties and counterparties to the Acknowledgments, and to otherwise finalize the Acknowledgments, all subject to any limitations described in this Resolution.

7. The MSF Board President, the MSF Fund Manager, and designated staff of the MSF are authorized to participate in negotiation of statements of activities as necessary, and to perform any follow-up or ongoing obligations pursuant to the Acknowledgments and not inconsistent with the terms of this Resolution.

8. This Resolution shall be effective upon adoption.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014



MEMORANDUM

Date: October 28, 2014

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

From: Tyler Rossmassler, Senior Planning & Project Manager

Subject: Approval of the State Essential Service Assessment Exemption and Alternative State Essential Service Assessment Program

Request

The MEDC requests the MSF Board establish the “State Essential Services Assessment (SESA) Exemption and Alternative SESA Program” and formally adopt the supporting program documents.

Background

In August 2014, voters approved a reformation proposal of Michigan’s Personal Property Tax. As a result, beginning in 2016 personal property tax will no longer be levied on Eligible Manufacturing Personal Property (EMPP) and a new assessment, called the SESA, will be imposed on all EMPP.

The SESA amount is based on the fair market value of EMPP at the time of acquisition and follows the schedule below:

- Acquired between 1-5 years prior, assessed at 2.4 mills of the acquisition cost
- Acquired between 6-10 years prior, assessed at 1.25 mills of the acquisition cost
- Acquired 10 or more years prior, assessed at 0.9 mills of the acquisition cost

The personal property tax reform also provided the MSF Board with the ability to grant SESA Exemptions and Alternative SESAs to companies that make investments in eligible personal property greater than \$25 million. The SESA Exemptions are equal to 100% exemption of the SESA for a period of years. Alternative SESAs are equal to a 50% exemption for a period of years. Businesses that make eligible investments in Eligible Distressed Areas qualify for SESA Exemptions. Businesses that make eligible investments in non-distressed areas will qualify for an Alternative SESA.

The MEDC, with input from various stakeholders, designed the SESA Exemption and Alternative SESA Program and detailed it in the following supporting documents:

- The **SESA Exemption and Alternative SESA Program Guidelines** was developed to best determine which projects will be considered for the SESA Exemption or the Alternative SESA.
- The **SESA Exemption and Alternative SESA Program Process Documentation** was developed to explicitly state the way projects will be taken in for consideration and, if approved, how they will be monitored and administered.

Recommendation

The MEDC recommends the establishment of the SESA Exemption and Alternative SESA Program and the approval of the following documents:

- SESA Exemption and Alternative SESA Program Guidelines
- SESA Exemption and Alternative SESA Program Process Documentation

State Essential Services Assessment (SESA) Exemption & Alternative SESA Program Guidelines

SESA ACT & ALTERNATIVE SESA ACT OVERVIEW & DEFINITIONS

The Michigan Strategic Fund (MSF) Board may authorize State Essential Services Assessment (SESA) Exemptions for qualifying investment(s) of \$25 million or more in Eligible Personal Property owned by, leased to, or in the possession of an Eligible Claimant.

The MSF Board may determine that Eligible Personal Property exempt from the SESA is subject to the Alternative SESA.

All MSF Board support shall be memorialized by board resolution and a final written agreement. The resolution shall not be approved if the state treasurer, or his or her designee to the MSF Board, votes against the resolution.

The MSF shall enter into a final written agreement with the Eligible Claimant with terms and conditions in accordance with the SESA Exemption legislation and Program Guidelines and otherwise satisfactory to the MSF Board. The written agreement shall include at a minimum all conditions imposed upon the Eligible Claimant; the specific timeframe during which the Eligible Claimant can receive the SESA Exemption; revocation and repayment requirements if the Eligible Claimant does not comply with the written agreement; and an audit provision that allows for the verification of the timely completion or satisfaction of the agreement requirements and investment.

Considerations for granting a SESA Exemption or Alternative SESA shall include the following to the extent reasonably applicable to the type of investment proposed and may include any other considerations satisfactory to the MSF Board:

- Out-of-state competition
- Net-positive return to this state
- Level of investment made by the Eligible Claimant
- Business diversification
- Reuse of existing facilities
- Near-term job creation or significant job retention as a result of the investment made in Eligible Personal Property
- Strong links to Michigan suppliers

The MSF or Michigan Economic Development Corporation (MEDC) may charge actual and reasonable fees for costs associated with administering the program.

An Eligible Claimant is a person that claims an exemption for Eligible Personal Property.

Eligible Personal Property means all of the following:

- Personal property exempt under section 9m or 9n of the general property tax act (1893 PA 206, MCL211.9m and 211.9n);

- Personal property exempt under section 9f of the general property tax act (1893 PA 206, MCL 211.9f), which exemption was approved under section 9f of the general property tax act (1893 PA 206, MCL 211.9f) after 2013, unless both of the following conditions were satisfied:
 - The application for the exemption was filed with the eligible local assessing district or the Next Michigan Development Corporation before August 5, 2014;
 - The resolution approving the exemption states that the project is expected to have total new personal property of over \$25 million within 5 years of the adoption of the resolution by the eligible local assessing district or Next Michigan Development Corporation.
- Personal property subject to an extended industrial facilities exemption certificate under section 11a of 1974 PA 198, MCL 207.561a; and
- Personal property subject to an extended exemption under section 9f(8) of the general property tax act (1893 PA 206, MCL 211.9f).

Eligible Distressed Areas are those cities, villages and townships that exhibit higher than statewide average levels of economic distress, as defined under the Michigan State Housing Development Authority Act (Section 11 of Public Act 346 of 1966).

MSF SESA EXEMPTION & ALTERNATIVE SESA GENERAL OPERATING PRINCIPLES & PARAMETERS

The MSF Board will consider SESA Exemptions and Alternative SESAs for Eligible Claimants that will be making major qualifying investments for job creation or retention projects in Michigan.

The MSF Board intends to consider projects that are site specific within a municipality, with preference given to projects in Eligible Distressed Areas or projects that are Transformational in nature. Qualifying investments must be made after MSF approval and completed within 3 years of the commencement of the project. In certain circumstances, the MSF Board may allow investments made between August 5, 2014 and December 31, 2014 to count as qualifying investments. The terms and conditions of the qualifying investment must be acceptable to the MSF Board.

The MSF intends to authorize SESA Exemptions for MSF-supported projects located in Eligible Distressed Areas. Projects in non-distressed areas will be considered for an Alternative SESA if the MSF Board determines the project is a Transformational Project. Transformational Projects are projects that trigger a profound ripple effect of positive change that fundamentally enhances the fiscal capacity of state and local governments or redefines the identity and image of the state's economy.

SESA Exemption terms for projects located in Eligible Distressed Areas and Alternative SESA terms for Transformational Projects in non-distressed areas are intended to be as follows:

- Projects that result in qualifying investments of \$25 million to \$100 million qualify for a 5-year SESA Exemption or Alternative SESA.

- Projects that result in qualifying investments greater than \$100 million qualify for a SESA Exemption or Alternative SESA of up to 15 years.

The MEDC will provide administrative services to the MSF for the program, including conducting due diligence, managing compliance processes, and coordinating pre-closing background checks as may be required by the chief compliance officer.

All SESA Exemptions and Alternative SESAs authorized will be performance based. The MEDC will require annual reporting of data, financial information, and any other information required to facilitate reporting to the MSF Board, Department of Treasury, and Michigan legislature.

The MEDC will require an administrative fee. The administrative fee will be 1% of the estimated exemption value. The administration fee will be capped at \$10,000 and due in full upon successful completion of the first performance milestone.

State Essential Services Assessment (SESA) Exemption and Alternative SESA Program	Eff. 10-28-2014
PROCESS DOCUMENTATION	

Background:

The Michigan Strategic Fund (MSF) is able to grant State Essential Services Assessment (SESA) Exemptions and Alternatives SESAs to companies that make investments in personal property greater than \$25 million.

Companies that meet minimum thresholds may be considered for a SESA Exemption (equal to a 100% SESA exemption) or Alternative SESA (equal to a 50% SESA exemption). Specific terms of SESA Exemptions or Alternative SESAs will be determined by a formal review of considerations outlined in the SESA legislation that align with the MEDC’s goals of creating more jobs, better wages, and increase investment in Michigan.

Included below, is an overview of the SESA Exemption and Alternative SESA granting process from identification through performance of the agreement.

Project Identification and Initial Review Stage:

1. Local partners, consultants, developers, or a company may contact the local economic development agency, or MEDC business staff to discuss project for investing in new personal property
2. MEDC business staff or local economic development agency identify the qualification of a SESA Exemption or Alternative SESA using the SESA Exemption Program Guidelines
3. MEDC business staff conducts initial review of the company’s background to determine whether the company has financial capability to undertake the project
4. MEDC business staff outlines details of a possible SESA Exemption or Alternative SESA to the company, as necessary

Project Application Stage:

1. MEDC business staff requests the company complete the SESA Exemption Application Package
2. The company completes and submits the Application Package to the MEDC
3. MEDC business staff reviews the submitted Application Package
4. MEDC legal staff conducts required civil and criminal background checks, consistent with the MSF background review policy

MSF Board Preparation and Approval Stage:

1. MEDC business staff drafts a term sheet outlining the proposed SESA Exemption or Alternative SESA term and milestones for the project to be recommended to the MSF for approval
2. MEDC business staff sends the term sheet to the company for acknowledgment
3. MEDC business staff prepares a Briefing Memo (description of company’s project, exemption terms, and a recommendation to the MSF for approval) and a Proposed MSF Resolution

MSF Action Stage:

1. MEDC business staff provides Briefing Memo and Proposed MSF Resolution to MSF Fund Manager
2. MSF Fund Manager coordinates review by the applicable Office of the Chief Compliance Officer and Michigan Department of Attorney General staff
3. MEDC business staff presents Briefing Memo and Proposed MSF Resolution to the MSF Board for consideration and action at monthly meetings

Preparation and Execution of Agreement Stage:

1. MEDC legal staff prepares agreement
2. MEDC legal staff sends agreement to the company for signature
3. The company signs agreement and sends to MEDC legal staff for countersignature by MSF Fund Manager
4. MEDC legal staff sends executed copy of the agreement to the company

MEDC Compliance Stage (Milestone Reporting Period):

1. The company submits milestone reports, annual progress reports, and any other requirements of the agreement
 - o The company pays the administration fee to the MSF with submission of the first milestone
2. MEDC compliance staff monitors milestone reports, annual progress reports, and any other requirements of the agreement, as necessary
3. MEDC compliance staff provides the company with annual documentation indicating the company is compliant with the agreement
4. The company annually submits the required SESA Exemption or Alternative SESA documentation and any necessary payments to the Michigan Department of Treasury
5. MEDC compliance staff provides the company with documentation indicating successful completion of milestones

Treasury Administration Stage (Post Milestone Period):

1. The company annually submits the required SESA Exemption or Alternative SESA documentation and any necessary payments to the Michigan Department of Treasury

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-XXX

APPROVAL OF THE STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION AND ALTERNATIVE STATE ESSENTIAL SERVICES ASSESSMENT PROGRAM AND GUIDELINES

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

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

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) which provides administrative services to the MSF recommends the creation and operation of the SESA and Alternative SESA Exemption Program to facilitate economic development, investment and job creation in Michigan by the provision of an exemption to the state essential services assessment;

WHEREAS, the MEDC recommends the attached guidelines be utilized for the SESA and Alternative SESA Exemption Program Guidelines (“Program Guidelines”);

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

WHEREAS, based on the recommendation of the MEDC, the MSF Board desires to approve the SESA and Alternative SESA Exemption Program and the Program Guidelines.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board hereby approves the SESA and Alternative SESA Exemption Program and the Program Guidelines.

Ayes:

Nays:

Recused:

Lansing, Michigan

October 28, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION

2014-

STRATEGIC FUND DELEGATION OF AUTHORITY: STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION AND ALTERNATIVE STATE ESSENTIAL SERVICES ASSESSMENT PROGRAM

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

WHEREAS, under Article II, Section 1 of the Amended and Restated Bylaws adopted by the MSF Board on April 22, 2014, the MSF Board may delegate by resolution those functions and authority it deems necessary or appropriate to the President, Vice-President, Staff, the MEDC, or others, unless otherwise prohibited by law;

WHEREAS, under Article III, Section 1 of the Bylaws, the MSF President will provide for compilations of all general delegated authority; standard processes; and standard policies, in force (the "Strategic Fund Compiled Resolutions" or "SFCR"); and

WHEREAS, the MSF Board wishes to set forth delegated authority regarding the SESA and Alternative SESA Exemption Program;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the MSF Board delegates the following authority effective October 28, 2014:

10.8-1 State Essential Services Assessment and Alternative State Essential Services Assessment Exemption Program (the "SESA Program")

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a SESA Program application and overall process to operate the SESA Program, each in accordance with the SESA Program guidelines adopted by the MSF Board.

(2) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the SESA Program.

BE IT FURTHER RESOLVED, the MSF President shall compile and publish the above delegated authority as required under Article III of the Bylaws.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014



MEMORANDUM

Date: October 27, 2014
To: MSF Board
From: Antonio Luck, Director, Business Acceleration, Entrepreneurship & Innovation
Subject: MI-SBDC ETF Grant Amendment One to CASE-92828

ACTION

MEDC Staff recommends the MSF Board approve a grant amendment in the amount of \$2,076,500 to the Michigan Small Business Development Center (MI-SBDC) to fund the continuation of matching funds for Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) federal awards.

BACKGROUND TO AWARD

Under the authorities created by the Michigan Strategic Fund Act (“Act”), MCL 125.2088k, and transferred to the Michigan Strategic Fund (“MSF”) by Executive Order 2010-8, the MSF is charged with 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.

The Emerging Technologies Fund (ETF) is designed to expand funding opportunities for technology based companies in the federal innovation research and development arena. The ETF provides 25% matching funds for SBIR and STTR federal awards up to \$25,000 for Phase I and \$125,000 for Phase II clinical studies.

On February 25 2014, the MSF selected the MI-SBDC to receive a grant to renew the ETF program in the amount of \$2,293,472 (Resolution No. 2014-017). This amount is governed under the terms and conditions of a Grant Agreement. The Grant Agreement term began April 28, 2014 and ends December 31, 2015.

PROGRAM RESULTS

The purpose of the ETF program is to attract federal SBIR and STTR dollars into the State and as such has been a flagship success story for the 21CJF. Since the inception of the program in 2008 it has attracted almost \$74M in federal SBIR and STTR dollars. During this time, total third party funding at the time of the award is at almost \$11M and third party follow-on funding after the award is at more than \$97M. In terms of service provided, the ETF program has repeatedly achieved the highest customer satisfaction rating of any EIVC program and was recently recognized at the national level by the National Academy of Sciences.

The continued success of this program in 2014 has led to more successful SBIR and STTR funding awards and, as a result, the fund was exhausted as of September 2014. The MI-SBDC is disbursing approximately \$2 million in ETF awards per 12 month period and is proposing no

change in program management. Renewed funding of \$2,076,500 for the ETF is expected to fund the program through to the end of this program in December 2015.

BACKGROUND TO REFUNDING REQUEST

The level of federal SBIR/STTR phase I and phase II awards dictate the amount of ETF grant disbursements. Further, a high participation rate of phase II awardees more quickly exhaust funds because the dollar level of these awards is significantly higher. As a result of the success of this program, the total award disbursements equaled \$1,353,101 by August 2014, leaving a balance of just \$723,399 for the remainder of the grant lifetime. Several phase II companies entered the ETF funding pipeline at that time and, as a result, the award pool for this fund is fully committed as of September 2014.

MI-SBDC is therefore requesting an additional \$2,076,500 to continue program operations and support further ETF matching funds to high potential companies that have successfully attracted SBIR and STTR awards.

RECOMMENDATION

The ETF program continues to deliver outstanding economic impact for the state: the grantee has continuously demonstrated stringent stewardship of the fund, remaining at approximately 80% of the allowed administrative budget, while regularly exceeding key metrics. As such, MEDC Staff recommends the MSF Board approve this grant amendment for the amount of \$2,076,500, using funds allocated for the Fiscal Year 2014 21st Century Jobs Fund to support Entrepreneurship and Innovation. The grant would be administered under an amended grant agreement with the SBDC.

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 SBDC.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2014-**

ENTREPRENEURIAL SUPPORT SERVICES AMENDMENT #1

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

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

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

WHEREAS, on February 28, 2014, by Resolution 2014-017, the MSF Board approved the award of up to \$6,450,000 to provide entrepreneurial support services, of which the MI-SBDC was granted \$2,293,472;

WHEREAS, as a result of a high participation rate, the MEDC recommends an additional \$2,076,500 be allocated to accommodate additional awards to be made; and

WHEREAS, the MSF Board wishes to amend the GVSU-SBDC Grant.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board amends the GVSU-SBDC Grant by adding an additional \$2,076,500 to the award;

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2014-017; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2014-017 are reaffirmed and the MSF Fund Manager is authorized to negotiate final terms and conditions of the GVSU-SBDC Grant and to execute all documents necessary to effectuate the GVSU-SBDC Grant Amendment.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014



MEMORANDUM

Date: October 28, 2014

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

From: Mike Gietzen, Development Finance Manager

Subject: *Magna Exteriors and Interiors USA, Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Request

This is request from the Applicant for a \$2,000,000 Performance-based grant. This project involves the creation of 281 Qualified New Jobs and a capital investment of up to \$57,021,097 in the Windsor Township in Eaton County, Michigan.

Background

Magna Exteriors and Interiors USA, Inc. is a subsidiary of Magna International, Inc. Magna International, Inc. and its subsidiaries design, develop, and manufacture automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles, primarily for sale to the car and light truck OEMs.

The intended use of the Windsor Township location will include core processes as well as assembly and sequencing of interior doors, floor consoles, and production of instrument panel components. Core processes will include injection molding and interior painting. Secondary operations will include IR welding, staking and clip installation, as well as multiple assembly and sequencing lines with build to broadcast capabilities. The facility is approximately 200,000 square feet of production and office space on a 60 acre parcel.

Magna International, Inc. and its subsidiaries have received incentives from the MSF in the past.

Dieomatic Inc. DBA P&F Systems was awarded a \$690,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on September 28, 2012.

Dieomatic Inc. DBA Cosma Casting Michigan was awarded a \$1,600,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on January 23, 2013.

Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems was awarded a \$1,200,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on September 27, 2012.

Magna Seating of America, Inc. was awarded a \$732,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on March 26, 2012.

Norplas Industries, Inc. was awarded a \$2,000,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on January 23, 2013.

Magna Exteriors and Interiors USA, Inc. was awarded a job creation MEGA Tax Credit for its Howell, Michigan facility on June 14, 2011.

Magna Exteriors and Interiors USA, Inc. was awarded Michigan Business Development Program Grant by the Michigan Strategic Fund on January 29, 2014.

The Applicant plans to move into a newly constructed facility in Windsor Township, Eaton County making \$57,021,097 in investments and creating 281 jobs related to the Project.

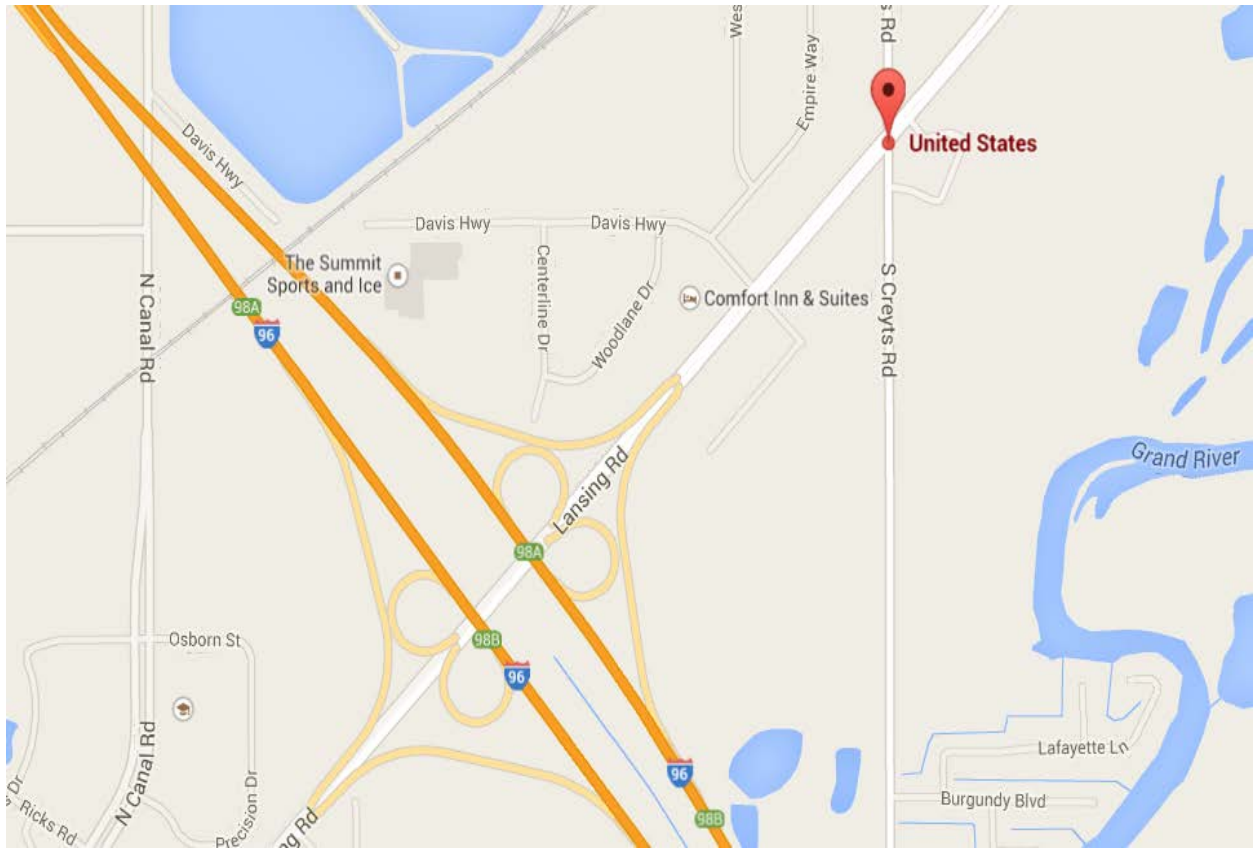
Considerations

- 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 Windsor Township. The has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement related to the project.
- c) The Applicant has demonstrated a need for the funding through competition from sites in Ohio, and Canada. Magna International, Inc. has operations in these states and they provided competing incentive offers.
- d) The Applicant plans to create 281 Qualified New Jobs above a statewide base employment level of 585.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: out of state competition from sites in Ohio and Canada, the project has strong links to Michigan suppliers.

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: 10/3/2014

- 1. **Company Name:** Magna Exteriors and Interiors USA, Inc. ("Company" or "Applicant")
- 2. **Company Address:** 750 Tower Drive
Troy, Michigan 48098
- 3. **Project Address ("Project"):** Parcel 080-003-200-041-00
Windsor Township, Michigan
- 4. **MBDP Incentive Type:** Performance Based Grant
- 5. **Maximum Amount of MBDP Incentive:** Up to \$2,000,000 ("MBDP Incentive Award")
- 6. **Base Employment Level** 585 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 level at the Project site and their facility located at 3705 W. Grand River, Howell, Michigan 49616 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:** 281 The minimum number of total Qualified New Jobs (above Base Employment Level) 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 conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

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

8. **Company Investment:** Up to \$57,021,097 for land cost, new building construction, annual lease cost, machinery and equipment, furniture and fixtures, computers, and pollution control equipment *or any combination thereof, for the Project.*

9. **Municipality supporting the Project:** Windsor Township

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

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

a. **Disbursement Milestone 1:** Up to \$113,000 Upon demonstrated creation of 16 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2016.

b. **Disbursement Milestone 2:** Up to \$1,070,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 166 Qualified New Jobs) above the Base Employment Level, by no later than June 1, 2017.

c. **Disbursement Milestone 3:** Up to \$817,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 115 additional Qualified New Jobs (for a total of 281 Qualified New Jobs) above the Base

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

11. Term of Agreement:

Execution of Agreement to December 31, 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; and the educational attainment of the employees hired.


14. Public Announcements:

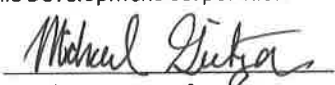
The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC.

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

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

Acknowledged as received by:

Magna Exteriors and Interiors USA, Inc.
By: 
Printed Name: FRANK W. ERVIN, JR.
Its: DIRECTOR, GOVERNMENT AFFAIRS
Dated: 10-6-2014

Michigan Economic Development Corporation
By: 
Printed Name: Michael Gietzen
Its: DFM
Dated: 10/6/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
MAGNA EXTERIORS AND INTERIORS USA, 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, Magna Exteriors and Interiors, USA, Inc. (“Company”) has requested a performance based MBDP grant of up to \$2,000,000 (“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
October 28, 2014



MEMORANDUM

Date: October 28, 2014

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

From: Mike Gietzen, Development Finance Manager

Subject: *Autosystems America Inc. dba Magna Lighting (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Request

This is request from the Applicant for a \$3,000,000 Performance-based grant. This project involves the creation of 466 Qualified New Jobs and a capital investment of up to \$59,227,000 in the Plymouth Charter Township, Wayne County.

Background

Autosystems is a subsidiary of Magna International, Inc. Magna International, Inc. and its subsidiaries design, develop, and manufacture automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles, primarily for sale to the car and light truck OEMs.

Autosystems America Inc. dba Magna Lighting has secured a new contract to supply automotive lighting components and systems to a large OEM. This contract will require a new manufacturing facility and consolidate all of its engineering, R&D, sales and marketing, and Corporate Headquarters functions into one location.

Magna International, Inc. and its subsidiaries have received incentives from the MSF in the past.

Dieomatic Inc. DBA P&F Systems was awarded a \$690,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on September 28, 2012.

Dieomatic Inc. DBA Cosma Casting Michigan was awarded a \$1,600,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on January 23, 2013.

Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems was awarded a \$1,200,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on September 27, 2012.

Magna Seating of America, Inc. was awarded a \$732,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on March 26, 2012.

Norplas Industries, Inc. was awarded a \$2,000,000 Michigan Business Development Program Grant by the Michigan Strategic Fund on January 23, 2013.

Magna Exteriors and Interiors USA, Inc. was awarded a job creation MEGA Tax Credit for its Howell, Michigan facility on June 14, 2011.

Magna Exteriors and Interiors USA, Inc. was awarded Michigan Business Development Program Grant by the Michigan Strategic Fund on January 29, 2014.

The Applicant plans to purchase and renovate an existing facility in Plymouth Charter Township, Wayne County making \$59,227,000 in capital investment and creating 466 jobs related to the Project.

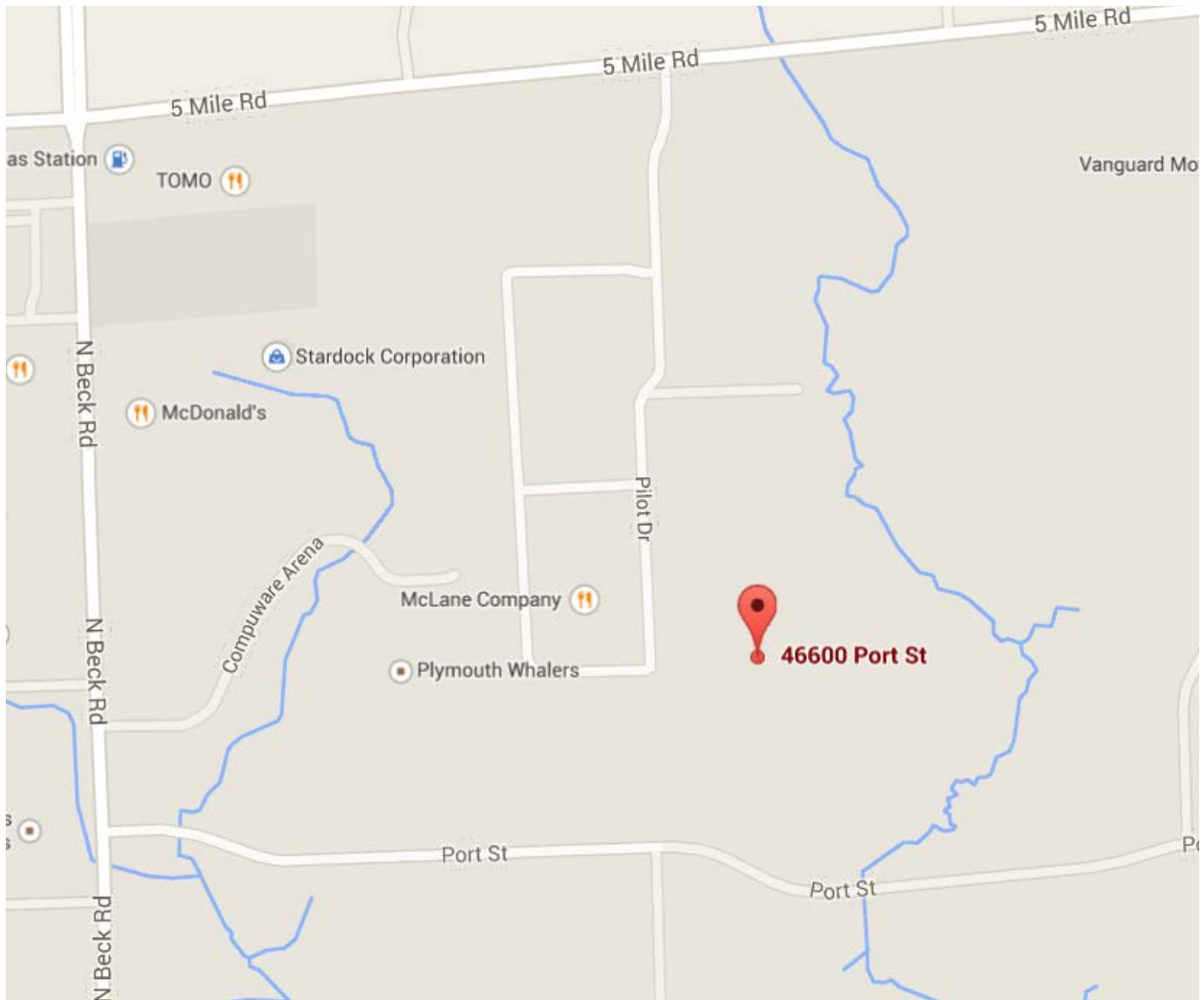
Considerations

- 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 Plymouth Charter Township. The township has offered a “staff, financial, or economic commitment to the project” in the form of expedited approval of development plans related to the project.
- c) The Applicant has demonstrated a need for the funding through competition from sites in South Carolina, and Canada. Magna International, Inc. has operations in these states and they provided competing incentive offers
- d) The Applicant plans to create 466 Qualified New Jobs above a statewide base employment level of 55.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: out of state competition from sites in South Carolina and Canada, the project has strong links to Michigan suppliers.

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: 10/22/2014

- 1. Company Name:** Autosystems America Inc. dba Magna Lighting ("Company" or "Applicant")
- 2. Company Address:** 750 Tower Drive
Troy, Michigan 48098
- 3. Project Address ("Project"):** 46600 Port Street
Plymouth, Michigan 48170
- 4. MBDP Incentive Type:** Performance Based Grant
- 5. Maximum Amount of MBDP Incentive:** Up to \$3,000,000 ("MBDP Incentive Award")
- 6. Base Employment Level** 54 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 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:** 466 The minimum number of total Qualified New Jobs the Company shall be required to create at Project, (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of
(above Base Employment Level)

Michigan Economic Development Corporation

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

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award
8. **Company Investment:** Up to \$59,227,000 for building purchase, building renovations, machinery and equipment, furniture and fixtures, computers, and pollution control equipment *or any combination thereof, for the Project.*
9. **Municipality supporting the Project:** Plymouth Charter Township
- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipalities shall have committed to provide: a property tax abatement related to the Project. The final terms and conditions demonstrating this support shall be included in the final Agreement.
10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
- a. **Disbursement Milestone 1:** Up to \$1,500,000 Upon demonstrated creation of 233 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later December 31, 2015.
- b. **Disbursement Milestone 2:** Up to \$1,500,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 233 additional Qualified New Jobs (for a total of 466 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2016.
11. **Term of Agreement:** Execution of Agreement to December 31, 2018
12. **Repayment Provisions:** Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves

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

13. Reporting Requirements:

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

14. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by Oct 24, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Autosystems America Inc. dba Magna Lighting

By:



Printed Name:

JANICE M. THOMAS

Its:

MANAGER, GOVERNMENT AFFAIRS

Dated:

10-24-2014

Michigan Economic Development Corporation

By:



Printed Name:

Michael Gretzen

Its:

DFM

Dated:

10/24/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
AUTOSYSTEMS AMERICA INC. DBA MAGNA LIGHTING**

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, Autosystems America Inc. dba Magna Lighting (“Company”) has requested a performance based MBDP grant of up to \$3,000,000 (“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
October 28, 2014



MEMORANDUM

Date: October 28, 2014

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

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *Mobis North America, LLC (“Company” or “Applicant”)*
Michigan Business Development Program Performance-based Grant Request

Request

This is request from the Applicant for a \$1,250,000 performance-based grant. This project involves the creation of 121 Qualified New Jobs, and a capital investment of up to \$26,570,000 in Plymouth Charter Township, Wayne County.

Background

The Applicant, established in 2005 and headquartered in Toledo, Ohio, manufactures complete chassis modules of the Jeep Wrangler. The Applicant is a subsidiary of Hyundai Mobis of South Korea. In 2010, the Applicant, known as Ohio Module Manufacturing Company (OMMC), opened a plant in Detroit, Michigan to assemble rear suspension modules for the Jeep Grand Cherokee and Dodge Durango. Through a merger with an affiliated entity in 2010, the Applicant established a sales and R&D presence in Michigan as well.

In 2010, the Applicant received a five year Standard MEGA Credit and a six year extension to a Renaissance Zone for their proposed creation of 200 new jobs and \$21 million investment in the City of Detroit. The Applicant has successfully created all of these jobs and maintain a strong presence in Detroit with 555 employees today.

The Applicant is at capacity in their facility in Farmington Hills and cannot further grow their engineering and sales operations in Michigan. The Applicant plans to purchase a larger facility to aid in the needed growth of R&D, engineering and sales operations in Plymouth Charter Township, make investments and create jobs related to engineering of automotive steering and suspension components.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in Plymouth Charter Township. The township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement related to the project.
- c) The Applicant has demonstrated a need for the funding. The acquisition of a new and larger building in Michigan would not be required, should the Applicant choose to grow sales and engineering at their current headquarters facility in Toledo, Ohio. State assistance is required to

fund necessary improvements to the building, add new equipment, as well as bring on additional staff in a more expedited manner.

- d) The Applicant plans to create 121 Qualified New Jobs above a statewide base employment level of 645
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Applicant indicates that investment and new jobs will begin in the fourth quarter of 2014, the project involves out-of-state competition, jobs associated to this growth are highly skilled and highly paid professional positions, the Applicant will re-use an existing facility, and the project results in a positive ROI for Michigan.
- f)

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: 10/7/2014

- 1. Company Name:** Mobis North America, LLC. ("Company" or "Applicant")
- 2. Company Address:** 3900 Stickney Ave.
Toledo, OH 43608
- 3. Project Address ("Project"):** 46501 Commerce Center Drive
Plymouth, MI 48170
- 4. MBDP Incentive Type:** Performance Based Grant
- 5. Maximum Amount of MBDP Incentive:** Up to \$1,250,000 ("MBDP Incentive Award")
- 6. Base Employment Level** 645 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
- 7. Total Qualified New Job Creation:** 121 The minimum number of total Qualified New Jobs the Company shall be required to create at Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of
(above Base Employment Level)

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; and the educational attainment of the employees hired.

14. Public Announcements:

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

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

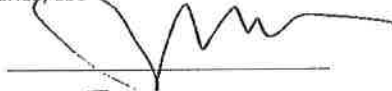
If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by October 8, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Mobis North America, LLC

Michigan Economic Development Corporation

By:



By:



Printed Name:

James Lee

Printed Name:

Marcia Giebarowski

Its:

President

Its:

Sr. Dev't Finance Mgr

Dated:

10-10-2014

Dated:

10/13/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
MOBIS NORTH AMERICA, LLC**

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

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

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

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

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

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

WHEREAS, Mobis North America, LLC. (“Company”) has requested a performance based MBDP grant of up to \$1,250,000 (“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
October 28, 2014



MEMORANDUM

Date: October 28, 2014

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

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *Greenfield Die & Manufacturing, Corp. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Request

This is request from the Applicant for a \$2,000,000 Performance-based grant. This project involves the creation of 128 Qualified New Jobs, and a capital investment of up to \$48 million in the Plymouth Township and Canton Charter Township, Wayne County.

Background

The Applicant was established in 1995 and is a subsidiary of Shiloh Industries (NASDAQ:SHLO). Shiloh Industries, through its subsidiaries, is a global supplier of lightweighting and noise, vibration and harshness (NVH) solutions to the automotive, commercial vehicle and other industrial markets. Shiloh and its subsidiaries are headquartered in Valley City, Ohio with locations in North America, Europe and China and approximately 2,700 employees. The Applicant and its sister company, Shiloh Die Cast Midwest, LLC, propose to grow their respective operations in Michigan.

The Applicant plans to establish a new sales and technical center in Plymouth Township. The Applicant plans to lease a facility to house this new operation in Michigan. The new sales and technical center will allow the Applicant to move some corporate functions from their manufacturing facility in Canton Township, enabling them to expand manufacturing capacity in Canton. This expansion requires an investment for new laser lines, presses, and welding equipment. A physical expansion at the Canton facility would also be planned to accommodate this growth.

Shiloh Die Cast, LLC was established in 2013 after Shiloh Industries acquired Contech Castings LLC, which manufacturers high-pressure aluminum die cast parts for the automotive industry in the City of Alma. The 72,000 square foot facility contains die casting machines, CNC machines and other equipment that are outdated or in need of repair or replacement. Shiloh plans to make investments into upgrading the machinery and equipment, adding new machinery, as well as make significant building improvements that will result in the creation of 57 new jobs. The MEDC will make a recommendation for approval of CDBG funds of up to \$1 million related to the jobs and investment at this facility at a later date.

The Applicant has not received any incentives from the MSF in the past.

The Applicant plans to establish a new automotive lightweighting technical center and expand manufacturing capabilities in Plymouth Charter Township and Canton Township, make investments and create jobs related to refining of nonferrous metal for the automotive and commercial vehicle industries.

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 Canton Charter Township and in Plymouth Township. The Township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement related to the project.
- c) The Applicant has demonstrated a need for the funding. The Applicant has capacity at their headquarters campus in Ohio as well as at their three manufacturing facilities to place a sales and technical center. Shiloh Industries also has land in Ohio to build a new facility as well. The Canton manufacturing facility is at-capacity and the Applicant evaluated placing new manufacturing growth at one of their three facilities in Ohio, or in other facilities with similar manufacturing strategies including Tennessee and Georgia. The investment in Alma has been long considered to be placed in other facilities including former Contech sites in Wisconsin and Indiana.
- d) The Applicant plans to create 128 Qualified New Jobs above a statewide base employment level of 235.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Applicant indicates that the project involved significant out-of-state competition, investment and new jobs will begin in the fall of 2014, the project will re-use existing buildings, 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: 10/16/2014

- 1. Company Name:** Greenfield Die & Manufacturing Corporation ("Company" or "Applicant")
- 2. Company Address:** 7295 North Haggerty
Canton, Michigan 48187
- 3. Project Address ("Project"):** 7295 North Haggerty
Canton, Michigan 48187

47632 Halyard
Plymouth, Michigan 48170

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$2,000,000 ("MBDP Incentive Award")

- 4. Base Employment Level** 435 The number of jobs currently maintained in Michigan by the Company, Wentworth Acquisition, LLC, and Shiloh Die Cast Midwest, LLC based on data submitted by the Company to the MEDC reflecting the Company's and Shiloh Die Cast Midwest LLC'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.
- 5. Total Qualified New Job Creation:** 128 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
(above Base Employment Level)

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:** Date of Executed Terms Sheet

Company Investment: \$42,968,954 in annual lease costs, leasehold improvements, machinery and equipment, furniture and fixtures, computers, other personal property *or any combination thereof, for the Project.*

- 6. **Municipality supporting the Project:** Charter Township of Canton

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

7. **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 \$460,000 Upon demonstrated creation of 30 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 \$460,000 Upon completion of Disbursement Milestone 1, upon demonstrated creation of 30 additional Qualified New Jobs (for a total of 60 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2016.

- | | | |
|------------------------------|-----------------|---|
| c. Disbursement Milestone 3: | Up to \$350,00 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, upon demonstrated creation of 22 additional Qualified New Jobs (for a total of 82 Qualified New Jobs) above the Base Employment Level by no later than December 31, 2017. |
| d. Disbursement Milestone 4: | Up to \$200,000 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and upon demonstrated creation of 15 additional Qualified New Jobs (for a total of 97 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2018. |
| e. Disbursement Milestone 5: | Up to \$530,000 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3 and Disbursement Milestone 4, upon demonstrated creation of 31 additional Qualified New Jobs (for a total of 128 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018. |

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

9. 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.

10. Reporting Requirements:

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

11. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by October 14, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Greenfield Die & Manufacturing Corporation

By:



Printed Name:

Thomas M. DUGAN

Its:

Vice President of Finance & Treasurer

Dated:

October 16, 2014

Michigan Economic Development Corporation

By:



Printed Name:

Malicia Gaborowski

Its:

St. Dev + Finance Mgr

Dated:

10/16/14

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
GREENFIELD DIE & MANUFACTURING, CORP.**

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, Greenfield Die & Manufacturing Corp. (“Company”) has requested a performance based MBDP grant of up to \$2,000,000 (“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
October 28, 2014



MEMORANDUM

Date: October 28, 2014

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

From: Trevor Friedeberg, Development Finance Manager

Subject: Thomson Reuters (Tax & Accounting) Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request

Request

This is request from the Applicant for a \$2.4 million Performance-based grant. This project involves the creation of 300 Qualified New Jobs as a result of the project, and a capital investment of up to \$19,866,000 in Pittsfield Charter Township, Washtenaw County.

Background

Thomson Reuters (ultimate parent company) is a leading global source of intelligent information for businesses and professionals. Through trusted experts and progressive technology, the Applicant delivers the most comprehensive solutions to corporations, governments, accounting firms, financial institutions and more. These solutions include a wide range of compliance software solutions and the most comprehensive database of online information for tax, accounting and finance professionals.

The Applicant develops, sells, and supports accounting and tax software for the public accounting market. The company currently has four facilities in the Ann Arbor area with significant space constraints. The Applicant is looking to consolidate these existing operations into one location which can support future expansion in order to accommodate anticipated growth.

The Applicant has not received any incentives from the MSF in the past.

The Applicant plans to consolidate existing operation and also expand operations in Pittsfield Charter Township, make investments and create jobs related to Software Publishers.

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 Pittsfield Charter Township. Pittsfield Charter Township has offered a “staff, financial, or economic commitment to the project” in the form of property tax abatement on real and/or personal property.
- c) The Applicant has demonstrated a need for the funding. The Company is headquartered in Carrollton, Texas, where there is 30% of space available to accommodate projected growth. Moreover, Texas has aggressive business incentives to put towards this project as well as a cheaper labor market for these particular jobs.

- d) The Applicant plans to create 300 Qualified New Jobs above a statewide base employment level of 1,488.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: it is not a retail project; the project is not a retention project; involves out-of-state competition with Texas; has a net positive return to Michigan; has a high level of investment; prospect of near-term job creation; wage level for new jobs; projected employer benefits.

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: [Click here to enter a date.](#)

- | | |
|---|--|
| 1. Company Name: | Thomson Reuters (Tax & Accounting) Inc. ("Company" or "Applicant") |
| 2. Company Address: | 2395 Midway Rd.
Carrolton, TX 75006 |
| 3. Project Address ("Project"): | 6300 Interfirst Dr.
Saline, MI 48176 |
| 4. MBDP Incentive Type: | Performance Based Grant |
| 5. Maximum Amount of MBDP Incentive: | Up to \$2,400,000 ("MBDP Incentive Award") |
| 6. Base Employment Level | 1,426 The number of jobs currently maintained in Michigan by the Company and Thomson Reuters (Tax & Accounting) Services Inc., Master Data Center, Inc., Manatron, Inc., MicroPatent, LLC, West Services, Inc., Thomson Reuters (Scientific) LLC, Thomson Reuters (Markets) LLC, Thomson Reuters Applications Inc., Reuters America LLC, and Thomson Reuters Holdings 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:
(above Base Employment Level) | 300 The minimum number of total Qualified <u>New</u> Jobs the Company and Thomson Reuters (Tax & Accounting) Services Inc., Master Data Center, Inc., Manatron, Inc., MicroPatent, LLC, West |

Michigan Economic Development Corporation

300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | michiganbusiness.org | michigan.org

Services, Inc., Thomson Reuters (Scientific) LLC, Thomson Reuters (Markets) LLC, Thomson Reuters Applications Inc., Reuters America LLC, and Thomson Reuters Holdings Inc. (related entities) 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 conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

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

8. **Company Investment:** \$19,866,000 in building annual lease cost, leasehold improvements, furniture and fixtures, computers, other personal property, or any combination thereof, for the Project.

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

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: property tax abatement on real and/or personal property. 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 \$480,000 Upon demonstrated creation of 60 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2015.

- | | | |
|-------------------------------------|-----------------|--|
| b. Disbursement Milestone 2: | Up to \$440,000 | Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 55 additional Qualified New Jobs (for a total of 115 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2016. |
| c. Disbursement Milestone 3: | Up to \$480,000 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 60 additional Qualified New Jobs (for a total of 175 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017. |
| d. Disbursement Milestone 4: | Up to \$440,000 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and upon demonstrated creation of 55 additional Qualified New Jobs (for a total of 230 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018. |
| e. Disbursement Milestone 5: | Up to \$560,000 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3 and Disbursement Milestone 4 and upon demonstrated creation of 70 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019. |

11. Term of Agreement: Execution of Agreement to December 31, 2021.

12. Repayment Provisions:

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

13. Reporting Requirements:

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

14. Public Announcements:

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


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


If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by October 14, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Thomson Reuters (Tax & Accounting) Inc.

Michigan Economic Development Corporation

By: 
Printed Name: Jaime Fvertes
Its: Vice President
Dated: 10/13/2014

By: 
Printed Name: Trevor Friedberg
Its: Development Finance Manager
Dated: 10/13/2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
THOMSON REUTERS (TAX & ACCOUNTING) 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, Thomson Reuters (Tax & Accounting) Inc. (“Company”) has requested a performance based MBDP grant of up to \$2,400,000 (“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
October 28, 2014



MEMORANDUM

TO: Michigan Strategic Fund Board

FROM: Chris Cook, Business Capital Relationship Manager

DATE: October 28, 2014

RE: Request to Amend Program Requirements for Michigan Supplier Diversification Fund and Michigan Business Growth Fund

REQUEST

This request is to amend the program guidelines for the Michigan Supplier Diversification Fund (“MSDF”) and Michigan Business Growth Fund (“MBGF”). The requested amendments would permit two programs that operate under MSDF and MBGF, the Loan Participation Program (“LPP”) and the Collateral Support Program (“CSP”), to better respond to businesses affected by natural disasters. The intent of the request is to assist those businesses in accessing necessary capital in order to support and maintain operations.

BACKGROUND

The Metro Detroit area recently experienced significantly flooding resulting in property damage and impediment to travel in affected areas. On August 13 a declaration of disaster was issued for Wayne, Oakland, and Macomb counties and their affected municipalities. Businesses operating in these areas may experience a need for additional capital resulting from flood damage and lost business due to travel limitations.

Program guidelines for LPP and CSP operating under both MSDF and MBGF limit businesses receiving loan enhancement to those operating in the following industries: mining, manufacturing, research and development, wholesale and trade, film and digital media production, office operations, or a business that is a qualified high technology business as described in MCL 207.803(n), as amended. While these guidelines have proven effective in maximizing the economic benefit of available funding in supporting businesses in Michigan operating under normal circumstances, this eligibility standard would limit the ability of CSP and LPP to support businesses operating in areas affected by natural disaster, specifically retail businesses.

RECOMMENDATION

Staff recommends that program guidelines be modified for MSDF-LPP, MSDF-CSP, MBGF-CSP, and MBGF-LPP in order to allow loan enhancement support for any companies effected by natural disaster.

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF AMENDMENT TO THE
MICHIGAN COLLATERAL SUPPORT PROGRAM GUIDELINES**

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

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

WHEREAS, pursuant to MCL 125.2088d(1) the MSF shall create and operate a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF Board approved the creation and operation of the Michigan Collateral Support Program (“MCSP”) under the MSDF, and (ii) adopted guidelines for the Michigan Collateral Support Program (“MCSP Guidelines”), as later amended;

WHEREAS, the MEDC recommends the MCSP Guidelines be amended to expand eligibility under the MCSP in accordance with the proposed Exhibit A (“MCSP Amendment”)

WHEREAS, on September 3, 2014, a public hearing was held to allow public comment on proposed MCSP Amendment;

WHEREAS, the MSF Board has reviewed and desires to approve the MCSP Amendment.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the MCSP Amendment.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014

Exhibit A
Michigan Collateral Support Program

Program Guidelines

- To be eligible for the Program a borrower must fall under the definition of a firm which would have been eligible to receive a MEGA tax credit. More specifically, a company must have a unique Federal Employer Identification number and participate in one or more of the following; mining, manufacturing, research and development, wholesale and trade, film and digital media production, office operations, or a business that is a qualified high technology business as described in MCL 207.803(n), as amended. **Provided however, any commercial borrower that has been affected by natural disaster in Michigan may be eligible for the Program at the discretion of the Program.**
- The participating lending institution must execute a Deposit Agreement under which the terms of the deposit, interest accrual, and pledge restrictions will be described.
- The participating lender must be a depository institution regulated by the FDIC, OCC, NCUA or Federal Reserve or a certified Non-Profit Community Development Finance Institution or a depository institution regulated by the State of Michigan's Office of Insurance and Financial Regulation.
- The Program shall collect at its determination from the lead lending institution its credit analysis, borrower financial statements, risk rating justification, cash flows and other documents which the Program deems necessary in order to determine both 1) that the opportunity meets the economic development criteria established by the Program and 2) that the bank has performed a sufficient and acceptable analysis of the borrower's project and financial condition. This analysis should indicate that participation in the Program will result in an extension of commercial credit by the bank.
- The Program shall enhance the collateral position of the borrowers by depositing cash into accounts at participating lending institutions which will then be pledged as collateral on behalf of the borrower on a transaction by transaction basis.
- The Program shall be obligated to support no more than 49.9% of the extension of commercial credit in any individual transaction.
- Participating lending institutions will be required to collect and supply such information as may be required in order to determine the number of jobs created at the project, the return on investment, and the relative level of risk which each transaction is rated in the bank's risk rating structure. Such information will be reported to the MSF in a program-wide summary format periodically.
- The Program balance shall be reduced proportionately with the principal reduction of the loan as to eliminate over-reliance on Program deposits as part of the collateral commitment on the loan.
- All reductions to account balances, interest, fees & charges, and recaptured balances shall be returned to the Michigan Supplier Diversification Fund for recapitalization.

- Program deposits shall not exceed \$5,000,000 per project. The fee structure used will be determined based on an evaluation of the percentage of reliance on deposits vs. balance of collateral value on the extension of commercial credit as well as the potential economic development value of the project. In no case can the deposit represent more than 49.9% of the total loan amount of the individual extension of commercial credit in any single Deposit Agreement.
- Agreement under the Program shall include a fee which will reduce the claim made against cash collateral on deposit which is calculated based on the effectiveness of the liquidation of borrower's collateral by the participating lending institution.

Effective October 28, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF AMENDMENT TO THE
MICHIGAN LOAN PARTICIPATION PROGRAM GUIDELINES**

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

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

WHEREAS, pursuant to MCL 125.2088d(1) the MSF shall create and operate a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF Board approved the creation and operation of the Michigan Loan Participation Program (“MLPP”) under the MSDF, and (ii) adopted guidelines for the Michigan Loan Participation Program (“MLPP Guidelines”), as later amended;

WHEREAS, the MEDC recommends the MLPP Guidelines be amended to expand eligibility under the MLPP in accordance with the proposed Exhibit A (“MLPP Amendment”).

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the MLPP Amendment.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014

Exhibit A
Michigan Loan Participation Program

Program Guidelines

- To be eligible for the Program a company must fall under the definition of a firm which may be eligible to receive a MEGA tax credit. More specifically, a company must have a unique Federal Employer Identification number and participate in one or more of the following; mining, manufacturing, research and development, wholesale and trade, film and digital media production, office operations, or a business that is a qualified high technology business as described in MCL 207.803(n), as amended. **Provided however, any commercial borrower that has been affected by natural disaster in Michigan may be eligible for the Program at the discretion of the Program.**
- The borrower and/or lead lending institution shall apply to the Program.
- The Program shall participate in funding extensions of commercial credit with partner participating lending institutions or Michigan Business Development Corporations or subsidiaries.
- The participating lender must be a depository institution regulated by the FDIC, OCC, NCUA or Federal Reserve or a certified Non-Profit Community Development Finance Institution or a depository institution regulated by the State of Michigan's Office of Insurance and Financial Regulation.
- The participating lending institution shall be considered the "lead lender" and shall retain no less than 50.1% of the total loan balance at all times. The lead lender shall, under the terms of the Loan Participation and Servicing Agreement, service, document, perfect liens, collect interest, fees and principal; and in all other respects manage the loan.
- The Program shall collect at its determination from the lead lending institution its credit analysis, borrower financial statements, risk rating justification, cash flows and other documents which the Program deems necessary in order to determine both 1) that the opportunity meets the economic development criteria established by the Program and 2) that the bank has performed a sufficient and acceptable analysis of the borrowers project and financial condition. This analysis should indicate that participation in the Program will result in an extension of commercial credit by the bank.
- Reductions in principal, partial losses and total losses, if any, will be taken proportionate to the percent of loan participation.
- All repayments including principal, interest, fees & charges, and recoveries shall be returned to the Michigan Supplier Diversification Fund for recapitalization.
- The Program may provide for the purchase of no more than 49.9% of an eligible extension of commercial credit.
- The Program portion of a participation loan, or Program "advance", shall require principal repayment begin no later than 36 months after the closing of the loan agreement and in such repayment shall be concurrent with any provision for interest repayment such that if interest is being collected a principal payment must also be collected.

- A prepayment fee may be charged to borrowers that pay off Program advances within 12 months of interest accrual.
- Program advances shall not exceed \$5,000,000 per project.
- The Program will charge a onetime loan closing fee to the borrower that may be deducted from the loan proceeds. The closing fee will be negotiated per deal. All other fees assessed by the lead bank shall apply to the Program advance and the bank advance and shall be received by both parties proportionate to their percentage of participation.
- The Program will charge a fee not less than 1% and not more than 4% annually at such time as the participation agreement establishes the payment of interest. If the participation agreement provides for an interest free period, no annual fee is charged during that period.
- Participating lending institutions will be required to collect and supply such information as may be required in order to determine the number of jobs created at the project, the return on investment, and the relative level of risk which each transaction is rated in the bank's risk rating structure. Such information will be reported to the MSF in a Program-wide summary format periodically.
- Any agreement under this Program shall provide, among other things, affirmative representations of the Borrower that there exists no occurrence of criminal or civil activity prohibited under MCL 125.2088c(4), non-discrimination warranties, reporting requirements and that the Borrower shall provide access to its books and records related to the loan,. In addition, the agreement shall provide direct rights against the Borrower for certain events of default, including as of the time determined by the MSF: (i) when the Borrower ceases to have substantially all of its employees (exclusive of sales staff) or operations located within the State of Michigan, or (ii) the occurrence of an event listed in MCL 125.2088(c)(4).

Effective October 28, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF AMENDMENT TO THE
SSBCI-MBGF LOAN PARTICIPATION PROGRAM GUIDELINES AND
SSBCI-MBGF COLLATERAL SUPPORT PROGRAM GUIDELINES**

WHEREAS, under the State Small Business Credit Initiative Act of 2010 (title III of the Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582 (the “SSBCI”), the United States Congress appropriated funds to the United States Department of Treasury (“US Treasury”) to be allocated and disbursed to states that have applied for and created programs in accordance with the SSBCI to increase the amount of capital made available by private lenders to small businesses (“SSBCI Programs”);

WHEREAS, At its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a loan participation program (“MBGF-LPP”) and a collateral support program (“MBGF-CSP”), each designed to facilitate financing of projects for commercial borrowers to promote advancement of credit facilities from lenders and (iii) the guidelines for the MBGF-LPP (“MBGF-LPP Guidelines”) and for the MBGF-CSP (“MBGF-CSP Guidelines”);

WHEREAS, On June 21, 2011, the US Department of Treasury approved the State of Michigan, through the MSF, to receive and disburse SSBCI funds within the SSBCI Programs created by the MSF;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for the SSBCI Programs, including the MBGF-LPP and the MBGF-CSP; and

WHEREAS, the MEDC recommends the MBGF-MLPP Guidelines and MBGF-CSP Guidelines be amended to expand eligibility under the MBGF-LPP and the MBGF-CSP in accordance with the proposed Exhibit A and Exhibit B, respectively (collectively, the “SSBCI Program Guideline Amendments”), subject to approval by US Treasury.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the SSBCI Program Guideline Amendments, subject to approval by US Treasury.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014

Exhibit A

SSBCI-MBGF- Loan Participation Program

Program Guidelines

- To be eligible for the Program a borrower must fall under the definition of a firm which creates or retains base economic jobs. More specifically, a company must have a unique Federal Employer Identification number and participate in one or more of the following; mining, manufacturing, research and development, wholesale and trade, film and digital media production, office operations, or a business that is a qualified high technology business as described in MCL 207.803(n), as amended. **Provided however, any commercial borrower that has been affected by natural disaster in Michigan may be eligible for the Program at the discretion of the Program.**
- The borrower and/or lead lending institution shall apply to the Program.
- If approved by the MSF Board, the Program shall participate in funding loans with partner lending institutions or Michigan Business Development Corporations or subsidiaries or other institutions whose objective is to support economic development as determined by the program.
- The participating lending institution must execute a loan participation agreement under which the terms of the participation will be described.
- The Program shall collect at its determination from the lead lending institution its credit analysis, borrower financial statements, risk rating justification, cash flows and other documents which the Program deems necessary in order to determine both 1) that the opportunity meets the economic development criteria established by the Program and 2) that the bank has performed a sufficient and acceptable analysis of the borrower's project and financial condition. This analysis should indicate that participation in the Program will result in an extension of credit by the bank.
- Reductions in principal, partial losses and total losses, if any, will be taken proportionate to the percent of loan participation (pro rata).
- All repayments including principal, interest, fees and charges, and recoveries shall be used in accordance with applicable state law, all federal SSBCI requirements, including those required of the MSF under the SSBCI. The repayment of principal and interest shall return to the MBGF.
- The participating lending institution shall be considered the "lead bank" and shall retain no less than 50.1% of the total loan balance at all times. The lead bank shall, under the terms of the Loan Participation and Servicing Agreement, service, document, perfect liens, collect interest and fees, collect principal; and in all other respects manage the loan.
- The Program portion of a participation loan, or Program "advance", shall charge interest no later than 36 months after the closing of the loan agreement at the banks rate of interest.
- The Program portion of a participation loan, or Program "advance", shall require principal repayment begin no later than 36 months after the closing of the loan agreement.
- Generally the program shall target loans of \$5,000,000 or less and shall not provide support for loans with a principal balance of greater than \$20,000,000.

- Generally the program shall target firms with 500 employees or less and shall not provide support for companies with more than 750 employees.
- The Program may charge a onetime loan closing fee to the borrower that may be deducted from the loan proceeds and may charge an annual fee. The closing fee will be negotiated per deal. All other fees assessed by the lead bank shall apply to the Program advance and the bank advance and shall be received by both parties proportionate to their percentage of participation.
- The bank and borrower shall provide reports related to the financial condition and economic development objectives of the project to the program from time to time as requested.
- The Program shall further comply with any other laws, rules, provisions, guidelines or regulations as prescribed by the federal SSBCI program or state or federal law.

Exhibit B

SSBCI-MBGF- Collateral Support Program

Program Guidelines

- To be eligible for the Program a borrower must fall under the definition of a firm which creates or retains base economic jobs. More specifically, a company must have a unique Federal Employer Identification number and participate in one or more of the following; mining, manufacturing, research and development, wholesale and trade, film and digital media production, office operations, or a business that is a qualified high technology business as described in MCL 207.803(n), as amended. Provided however, any commercial borrower that has been affected by natural disaster in Michigan may be eligible for the Program at the discretion of the Program.
- The participating lending institution must execute a Deposit Agreement under which the terms of deposit, interest accrual, and pledge restrictions will be described.
- The Program shall collect at its determination from the lead lending institution its credit analysis, borrower financial statements, risk rating justification, cash flows and other documents which the Program deems necessary in order to determine both 1) that the opportunity meets the economic development criteria established by the Program and 2) that the bank has performed a sufficient and acceptable analysis of the borrowers project and financial condition. This analysis should indicate that participation in the program will result in an extension of credit by the bank.
- The Program shall enhance the collateral position of borrowers by depositing cash into accounts at participating lending institutions which will then be pledged as collateral on behalf of the borrower on a transaction by transaction basis.
- Participating lending institutions shall be required to make periodic reports to the MSF. The reports will include any and all necessary information required by the Federal SSBCI program.
- The Program balance shall be reduced proportionately with the principal reduction of the loan so as to eliminate over-reliance on program deposits as part of the collateral commitment on the loan.
- All reductions to account balances, interest, fees and charges, and recaptured balances shall be used in accordance with applicable state law, federal SSBCI requirements, and the provisions of the Allocation Agreement. The repayment of principal and interest shall return to the MBGF.
- Generally the Program shall target loans of \$5,000,000 or less and shall not provide support for loans with a principle balance of greater than \$20,000,000.
- Generally the Program shall target firms with 500 employees or less and shall not provide support for companies with more than 750 employees.
- The Program shall charge fees which will be no more than 3% and no more than 3% annually based on the outstanding credit support at the anniversary date of the loan.
- The Program shall further comply with any other laws, rules, provisions, guidelines or regulations as prescribed by the federal SSBCI program or state or federal law.



MEMORANDUM

Date: October 28, 2014

To: Michigan Strategic Fund Board

From: Christopher Cook, Business Capital Relationship Manager

Subject: Private Activity Bond – Bond Authorizing
YMCA of Metropolitan Lansing – Non-Profit
Not to exceed \$9,000,000 – Refunding (the “Refunding Bonds”)

Request:

The Young Men’s Christian Association of Lansing, Michigan d/b/a YMCA of Metropolitan Lansing (“Borrower”) is requesting private activity bond financing for the purpose of refunding the Michigan Strategic Fund’s (the “MSF”) outstanding Variable Rate Demand Limited Obligation Revenue Bonds, (YMCA of Metropolitan Lansing Project) Series 2002 (the “2002 Bonds”) issued in the original principal amount of \$10,000,000.

Background:

Borrower is a non-profit youth development service organization established in 1877; it promotes and maintains activities and services contributing to the spiritual, intellectual, social and physical well-being of people. Borrower’s metropolitan office is located at 119 N. Washington Square, Lansing, MI 48933.

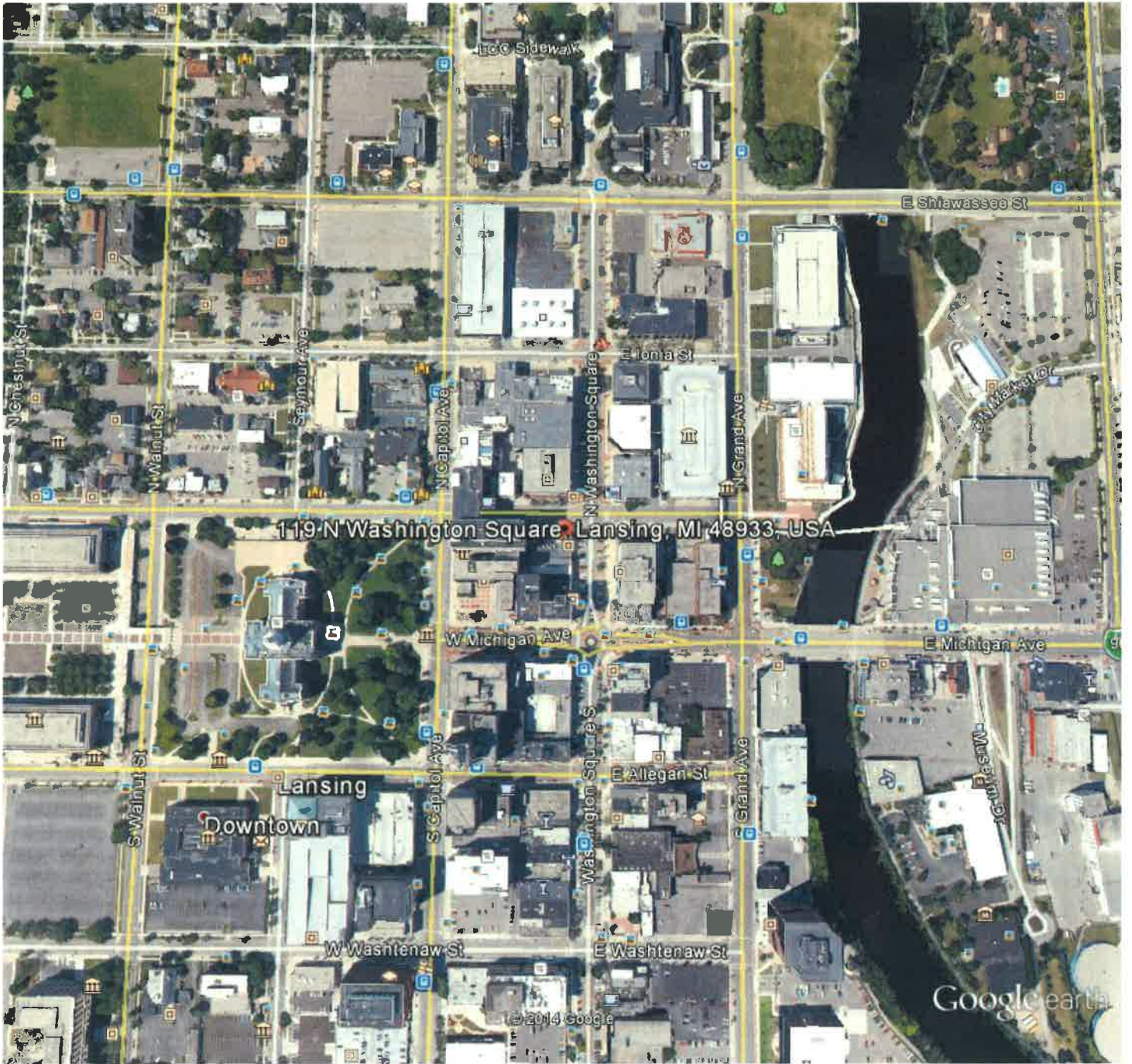
The proceeds of the 2002 Bonds were used by the Borrower to: (i) finance the acquisition of land and an existing approximately 68,000 square foot facility located in the Charter Township of Lansing, Michigan (the “Westside YMCA”), as well as the renovation of the facility, site improvements, and the acquisition and installation of fixtures, furnishings and equipment; (ii) finance the renovation of an existing facility located in the Charter Township of Meridian, Michigan (the “Parkwood YMCA”), as well as the acquisition and installation of fixtures, furnishings and equipment; (iii) finance the renovation of an existing facility located at in Lansing, Michigan (the “Oak Park YMCA”), and the acquisition and installation of fixtures, furnishings and equipment; (iv) finance the renovation of an existing facility located in the Township of Garfield, Clare County, Michigan (the “Mystic Lake YMCA Camp”), and the acquisition and installation of fixtures, furnishings and equipment; (v) refinance certain existing indebtedness of the Borrower, the proceeds of which were deemed to be used, for federal tax purposes, to finance the renovation, furnishing and equipping of the Westside YMCA, the Parkwood YMCA, the Oak Park YMCA, the Mystic Lake YMCA Camp and an existing facility located in Lansing, Michigan; (vi) pay capitalized interest on the 2002 Bonds; and (vii) pay costs incidental to the issuance of the 2002 Bonds.

Request for Change of Documents:

The refunding of the 2002 Bonds will amortize the principal amount over 20 years (versus 15 years) for sustainable net annual debt service; eliminate the letter of credit, draw and remarketing agent fees; and will reduce the debt service by approximately \$106,300 from the 2002 Bonds.

Recommendation:

Based upon a determination by Miller Canfield, PLC and the State of Michigan Attorney General’s office that the refunding complies with state and federal law requirements for tax-exempt financing the staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$9,000,000. The MSF will charge an issuance fee of \$22,500.00.



119 N Washington Square, Lansing, MI 48933, USA

Lansing

Downtown

Google earth

Google earth



RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN
STRATEGIC FUND VARIABLE RATE LIMITED OBLIGATION REVENUE
REFUNDING BONDS (YMCA OF METROPOLITAN LANSING PROJECT),
SERIES 2014 (THE “BONDS”)

Resolution 2014-__

Background

A. The Michigan Strategic Fund (the “Fund”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds for the purpose of making loans to pay the costs of a project (as described in the Act), and to refund bonds previously issued for such purpose.

B. The Young Men’s Christian Association of Lansing, Michigan, a Michigan nonprofit corporation, doing business as YMCA of Metropolitan Lansing (the “Obligor”), has requested a loan from the Fund to assist the Obligor in: (i) refunding the MSF’s outstanding Variable Rate Demand Limited Obligation Revenue Bonds (YMCA of Metropolitan Lansing Project), Series 2002, dated April 4, 2002, originally issued in the aggregate principal amount of \$10,000,000 (the “2002 Bonds”), and (ii) paying the costs incidental to the issuance of the Bonds and the refunding.

The proceeds of the 2002 Bonds were used by the Obligor to: (i) finance the acquisition of land and an existing approximately 68,000 square foot facility located in the Charter Township of Lansing, Michigan (the “Westside YMCA”), the renovation of the facility, site improvements, and the acquisition and installation of fixtures, furnishings and equipment therefor; (ii) finance the renovation of an existing facility located in the Charter Township of Meridian, Michigan (the “Parkwood YMCA”), and the acquisition and installation of fixtures, furnishings and equipment therefor; (iii) finance the renovation of an existing facility located at in Lansing, Michigan (the “Oak Park YMCA”), and the acquisition and installation of fixtures, furnishings and equipment therefor; (iv) finance the renovation of an existing facility located in the Township of Garfield, Clare County, Michigan (the “Mystic Lake YMCA Camp”), and the acquisition and installation of fixtures, furnishings and equipment therefor; (v) refinance certain existing indebtedness of the Obligor, the proceeds of which were deemed to be used, for federal tax purposes, to finance the renovation, furnishing and equipping of the Westside YMCA, the Parkwood YMCA, the Oak Park YMCA, the Mystic Lake YMCA Camp and an existing facility located in Lansing, Michigan; (vi) pay capitalized interest on the 2002 Bonds; and (vii) pay costs incidental to the issuance of the 2002 Bonds.

C. The Obligor has requested the Fund to issue the Bonds in a principal amount not to exceed \$9,000,000 pursuant to this resolution (the “Resolution”), and a trust indenture (the “Indenture”), between the Fund and U.S. Bank National Association, a national banking association, as Trustee (the “Trustee”), to obtain funds which will be loaned to the Obligor pursuant to a loan agreement between the Fund and the Obligor (the “Loan Agreement”), for the purpose of the refunding the 2002 Bonds and paying certain issuance costs.

D. The Bonds will be issued as fully registered bonds in the denominations as provided for in the Indenture.

E. The Bonds will be purchased by the PNC Bank, National Association (the “Bank”), as a sophisticated investor, pursuant to a bond purchase agreement between the Bank, the Fund and the Obligor (the “Bond Purchase Agreement”).

NOW, THEREFORE, Be It Resolved by the Board of the Fund:

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loan requested by the Obligor, the issuance of the Bonds is authorized.

The terms of the Bonds shall be substantially in the form contained in the Indenture, with the changes permitted or required by action of the Fund and the Indenture. The Bonds shall bear the manual or facsimile signature of a member of the Fund’s Board of Directors (a “Member”) or of a person authorized by Board Resolution to sign Bond documents on behalf of the Fund (an “Authorized Officer”), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds. The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be limited obligations of the Fund payable solely from the revenues derived from the Loan Agreement and otherwise as provided in the Indenture.

SECTION 2. Approval, Execution and Delivery of Documents. The forms of the following documents, on file with the staff of the Fund and on which have been endorsed by the staff of the Fund the date of adoption of this Resolution, are approved:

- a. Bond Purchase Agreement
- b. Loan Agreement

c. Indenture

Any Member and Authorized Officer are authorized to execute and deliver the Bond Purchase Agreement and any Member or Authorized Officer is authorized to execute and deliver the remaining documents identified in this Section, in substantially the forms approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 3. Completion of Document Terms. Any Member may approve the initial interest rate applicable to the Bonds, which shall not be more than 10.0% per annum, and the principal amount of the Bonds, which shall not be greater than \$9,000,000. Approval of those terms shall be evidenced by the Member's execution of the Bond Purchase Agreement.

SECTION 4. Acknowledgement of Collateral Documents. The form of the Guaranty Agreement between the Obligor and the Bank on file with the staff of the Fund and on which has been endorsed by the staff of the Fund the date of the adoption of this Resolution, is acknowledged with the changes made by the parties as are permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 5. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds:

- a. an opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the "Attorney General"),
- b. an opinion of counsel to the Obligor and necessary certificates and representations of the Obligor acceptable to the Fund, the Attorney General, and bond counsel, and
- c. an approving opinion of the Attorney General.

Upon receipt, the proceeds of the Bonds shall be paid over to the Obligor in accordance with the Indenture.

SECTION 6. Designation of Certain Parties U.S. Bank National Association's acceptance of duties as trustee shall be evidenced by its execution of the Indenture.

SECTION 7. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to

apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the Indenture, the Loan Agreement, or the Bond Purchase Agreement, or as may be necessary to effectuate the valid issuance, sale and delivery of the Bonds as tax-exempt bonds and otherwise as contemplated by those documents.

SECTION 8. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before December 31, 2014, the authority granted by this Resolution shall lapse.

Adopted.

Ayes:

Nays:

October 28, 2014 Meeting
Lansing, Michigan

2014-0079371-A/MSF YMCA of Lansing Project/Resolution



MEMORANDUM

Date: October 28, 2014

To: Michigan Strategic Fund Board

From: Stacy Esbrook, Community Assistance Team Specialist
Brent Morgan, Manager, Brownfield and Community Revitalization Programs
Julius Edwards, Capital Services

Subject: 250 West Larned LLC
Request for Approval of a \$5,840,000 Michigan Community Revitalization Program
Performance-Based Other Economic Assistance

Request

250 West Larned LLC (“Applicant”) is requesting approval of a Michigan Community Revitalization Program (MCRP) incentive in the amount of \$5,840,000 in the form of a performance-based other economic assistance (equity investment). The Applicant anticipates that the project could result in eligible investment of over \$23,417,040 and total capital investment in the amount of \$28,947,940 million in the City of Detroit and the creation of 97 full-time equivalent jobs.

Background

The principals of 250 West Larned LLC are Walter Cohen of 21st Century Holdings and the Aparium Group, led by Mario Tricoci. The Applicant has substantial experience in the creation of independent, locally-driven upscale hotels and restaurants across multiple brands. Combined with their real estate development and construction backgrounds, the team provides the level of expertise required to complete a successful and professional project.

The Aparium Group focuses on a locally significant hospitality model, intuitive service, and owner collaboration. The Iron Horse Hotel in downtown Milwaukee is very similar to the hotel project being proposed in Detroit – large scale, historic adaptive re-use and luxury/boutique product. The Aparium Group has not received any incentives from the MSF previously.

Mr. Cohen is the developer of Du Charme Place, a multifamily residential project in downtown Detroit that was approved for MSF incentives in August of 2014. Mr. Cohen is currently working with staff to close that transaction and start construction.

Project Description

The Applicant plans to convert the former Detroit Fire Department Headquarters and the adjacent vacant building into an integrated, modern luxury 100 room boutique hotel with a first floor full service restaurant and a small retail unit on approximately 91,200 square feet of property located at 234-250 W. Larned in Detroit. The hotel will be called the Foundation Hotel. The project is located on the corner of Larned and Washington, adjacent to the Cobo Center, and promotes mixed-use and walkable community attractions. The development team will be doing a historic preservation of the property and the history of Detroit and particularly the historic features of the Fire Department building will be highlighted in the interior design and architecture of the redeveloped building.

The project is located in a downtown and qualifies for an MCRP award because it is a historic resource.

The project’s statutory requirements are addressed in Appendix A, and a project map and project renderings are provided in Appendix B.

Transaction Overview

Market conditions within the City of Detroit still make financing projects through traditional financing mechanisms difficult or necessitate additional gap filling resources. The conditions that exist are lower than optimal rental and housing rates, higher property taxes, and an overall lack of confidence from traditional banks.

The project will be utilizing construction and permanent financing provided by US Bank. It is anticipated that the financing package will include relatively restrictive financial covenants which has driven MEDC staff to consider a non-loan options for structuring the MCRP incentive. Therefore, MEDC staff is recommending the incentive be structured as an equity investment in the project with repayment coming through net cash flow, and proceeds from a sale or refinance of the property (as defined below). Below outlines a summary of the anticipated development sources and the proposed structure of the MCRP equity investment.

Summary of Development Sources:

US Bank Mortgage Loan	\$	13,205,000	45.62%
Federal Historic Tax Credit Equity	\$	4,674,072	16.15%
MCRP Equity Investment	\$	5,840,000	20.17%
Owner Equity Investment	\$	<u>5,228,868</u>	18.06%
TOTAL	\$	28,947,940	100.00%

MCRP EQUITY INVESTMENT

Applicant(s): 250 West Larned LLC (“Company” or “Applicant”)

MSF Investment Amount: Up to the lesser of 25% of eligible investment or \$5,840,000. The structure of the MSF investment will be subject to the historic tax credit structure.

Interest Purchased: MSF will acquire an equity interest into 250 West Larned LLC or an entity to be determined. The MSF will provide no guarantees on debt or accept any recourse obligation.

“Put” Right: The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, 250 West Larned or another entity to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time of the notice to exercise the Put on terms and conditions acceptable to the MSF.

Split of Net Cash Flows:

1. Annual preferred return to the MSF equal to 2% of its original capital investment, calculated on a cumulative and annually compounded basis.

2. Annual preferred return to Investors equal to 14% of its capital investment, calculated on a cumulative and annually compounded basis.
3. 50% of annual Net Cash Flow to the MSF until an additional 2% cumulative, non-compounding return on its original investment has been achieved, with remaining 50% of cash flow going to the Investors.
4. Thereafter, 95% of annual Net Cash Flow to Investors, with the remaining 5% going to the MSF.

Split of Proceeds from Sale or Refinance:

1. Repayment of 50% of the Investors' capital investment (includes the original capital investment plus any subsequent capital investments).
2. Repayment of up to 75% of MSF's original investment, not to exceed \$4,340,000.
3. Repayment of the balance of the Investor's capital investment (includes the original capital investment plus any subsequent capital investments).
4. Payment of an amount equal to what would have been required for the MSF to achieve a cumulative, non-compounded return of 4%, but in no event less than what would have been required to receive a cumulative and annually compounding return of 2% of the MSF's original investment.
5. Payment of any unpaid accumulated and unpaid returns owed to the Investors, plus an amount equal to what would have been required for the Investors to receive a cumulative and annually compounding return of 22% of their investment.
6. 50% of net proceeds to MSF until it receives up to 18% of its original investment, not to exceed \$1,000,000, with the other 50% going to the Investors.
7. 25% of net proceeds to MSF until it receives up to 9% of its original investment, not to exceed \$500,000 with the other 75% going to the Investors.
8. Thereafter, 95% of net proceeds to Investors, with remaining 5% going to MSF.

Membership Change:

The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity.

Sale/Liquidation:

The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g., sale to a non-qualified third party).

Timing of Funding:

The MSF investment would be made after (a) all of the Investors' equity has been contributed to and used to fund approved and budgeted for Project expenses and (b) U.S. Bank National Association ("USB") has waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the

avoidance of doubt, the MSF investment will be funded prior to USB advancing any amounts under the construction loan (the “USB Loan”).

Recommendation

The MEDC staff recommends approval of an MCRP performance-based other economic assistance in the amount of \$5,840,000 for 250 West Larned LLC.

APPENDIX A

MCRP PROGRAM AND ITS GUIDELINES

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

SOURCE OF INFORMATION

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

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

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

The project will historically adapt the beautiful Detroit Fire Department (DFD) Headquarters into a luxury hotel that will appropriately highlight the building's character and history. When the DFD vacated the building, it had become too costly to maintain and was much larger than needed. However, as a very prominent building at the entrance of downtown off the Lodge Freeway, it was clear that the building had to be repurposed in a form fitting of its significance. Conversion of the building into a luxury boutique hotel is the perfect re-use for the building. The history of Detroit and particularly the historic features of the Fire Department building will be highlighted in the interior design and architecture of the redeveloped building. In addition, the project will magnify the economic benefits of other redevelopment efforts in the area, such as the recent \$299 million re-investment in the Cobo Center, will expand the tax-base for Detroit and create a minimum of 97 full-time equivalent jobs.

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

With construction scheduled to be completed in time for the 2016 North American International Auto Show, the hotel, restaurant, and associated retail will serve the newly-renovated Cobo Center and its visitors, in addition to providing a place where locals will want to host family and friends, and downtown workers will enjoy food and beverages. The curated Detroit- and Michigan-made products available for purchase in the retail portion of the project will emphasize locally-based products and provide a direct vehicle for investment in the community.

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

The City of Detroit has approved an Obsolete Property Rehabilitation Act (OPRA) district for the subject project, allowing the development to submit an application for an OPRA tax abatement. The resulting tax abatement is valued at approximately \$550,000 per year for 12 years. The expected value over the life of the abatement is \$6,600,000.

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

The project was able to leverage just over \$13.2 million in traditional debt financing from US Bank (approximately 45% loan to cost) and it is anticipated the developer will raise approximately \$5.2 million in equity investment. An additional \$4.6 million in federal historic tax credit equity will be available, as well. Even with the strong debt and equity leverage, a financial gap to complete the project remains. The MCRP equity investment will allow the project to be completed and will allow for appropriate investor returns (including to the MSF) that are expected for higher-risk hotel developments.

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

The smaller building that is part of this development (234 Larned) could be considered blighted due to the current interior and exterior conditions. The former Firehouse is in very good condition, but has been underutilized for at least 10 years and has been vacant for at least two. Both buildings are historic and will be rehabilitated as part of this project.

F. Creation of jobs:

This 100-room hotel will provide a minimum of 97 full-time equivalent jobs at an average wage of \$12 per hour for part-time and \$20 per hour for full-time employees.

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

The project was able to leverage just over \$13 million in traditional debt financing from US Bank (approximately 45% loan to cost), which is significant because traditional financing availability in Detroit is very hard to obtain. The developer have also attracted approximately \$4.3 million in equity investment and they will be utilizing federal historic tax credits valued at approximately \$4.6 million.

H. Whether the project is financially and economically sound:

The Aparium Group conducted significant research on the potential market for the proposed hotel that informed their design and pricing for the hotel. Income from room sales, restaurant sales and the miscellaneous food and beverage sales is projected to cover the operating expenses, service the required debt to complete the project and provide a return to the project investors over time. The projected room rates have been confirmed through a third-party market study performed by HVS Consulting and Valuation Services dated August 13, 2014. Additionally, economic conditions have continued to improve in the City of Detroit, more specifically, in the downtown area.

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

The project will increase the commercial density by adding hotel space, a restaurant and a retail location. The physical landscape will not be altered by this project.

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

The project will incorporate three uses – short-term stay hotel, restaurant and Detroit-themed retail space. All three uses, as well as zero-lot line design of the building will enhance the walkability of the neighborhood. The uses will draw foot-traffic and the concept (little incorporated parking) encourages visitors to walk to and from the hotel to other designations.

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

The building that will be redeveloped is formally a public building that is being converted to private use, however the building was never “abandoned.” The Request for Proposals soliciting redevelopment interest was issued very shortly after the Fire Department vacated the building and the City of Detroit actively engaged with the development team selected to ensure a strong project was being put together.

L. Whether the project promotes sustainable development:

The redevelopment of a historic resource is a sustainable building practice in-and-of itself. In addition, the redevelopment will incorporate “green” redevelopment features that will minimize energy and water use, which is integral to controlling operating costs of the hotel and restaurant.

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

Both buildings that will be rehabilitated are historic resources listed on the State and National historic registers.

N. Whether the project addresses area-wide redevelopment:

There is a resurgence of investment in downtown and midtown Detroit and this project complements the existing efforts to save under-utilized or vacant historic structures.

O. Whether the project addresses underserved markets of commerce:

The project will add additional hotel space in downtown Detroit, which during major events (big-name concerts, sporting events, etc.) the existing hotels are often sold out. The Foundation Hotel will help to meet the growing demand for short-term stay hotels.

P. The level and extent of environmental contamination:

A phase one and phase two environmental investigation was completed during the sale of the property and asbestos was identified. The development team will properly abate the asbestos from the buildings.

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

The project will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings and will be utilizing the federal historic tax credits to off-set the cost of rehabilitation for both historic buildings.

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

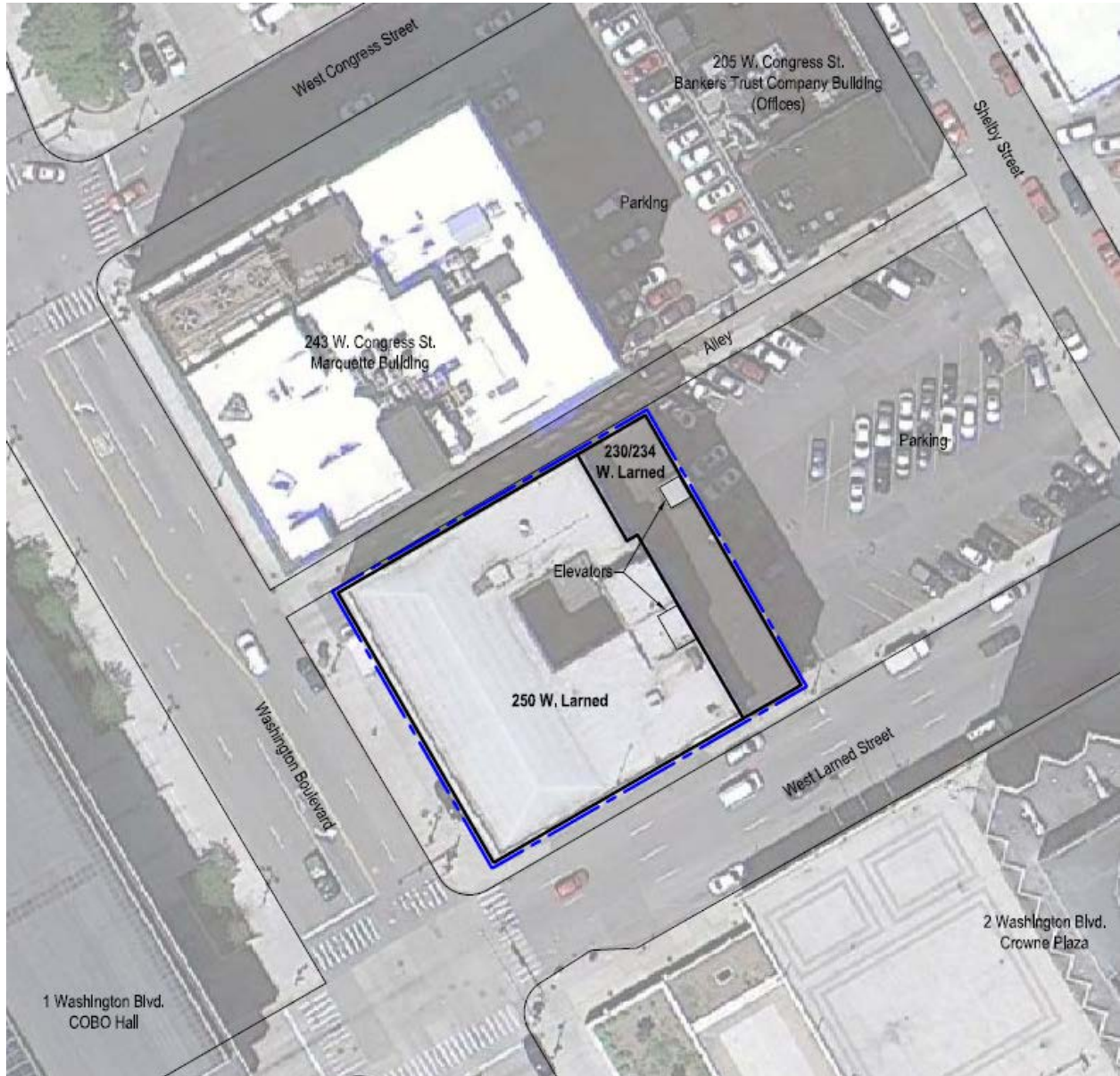
The Foundation Hotel will compete with existing hotels in downtown Detroit, however most of the hotels in downtown do not offer the same level of luxury as the Foundation Hotel will. The most comparable product will be the West Book Cadillac and the forthcoming Aloft Hotel at the David Whitney Building. As noted above, the existing hotels in downtown are known to sell-out during

major events, so this project will also assist in addressing the demand for hotel space as well as providing healthy competition in the market.

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

No additional criteria needs to be considered.

APPENDIX B



THE
FOUNDATION
HOTEL



McINTOSH PORIS 2013

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM EQUITY
CONTRIBUTION AWARD TO 250 WEST LARNED LLC (OR SUCH OTHER CO-
APPLICANTS)
(FOUNDATION HOTEL PROJECT)**

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

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

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

WHEREAS, 250 West Larned LLC, or such other entities formed or to be formed in furtherance of the of the Foundation Hotel project (“Applicant” or “Co-Applicants”) have requested a performance based equity contribution to one or more of the Co-Applicants in furtherance of up to \$5,840,000 (“Equity Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended that the MSF approve the Equity Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents for the Equity Award Request within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

BE IT FURTHER RESOLVED, the MSF Board approves the MCRP Award Recommendation;
and

BE IT FURTHER RESOLVED, the MSF Board directs that the following conditions are met; (i) the MSF Investment Amount is not exceeded, (ii) the “Put” right is substantially preserved and (iii) the final terms comply with the MCRP Guidelines and MSF Act.

Ayes:

Nays:

Recusals:

Lansing, Michigan
October 28, 2014

Exhibit A

Term Sheet

MCRP EQUITY INVESTMENT

Applicant(s): 250 West Larned, LLC (“Company” or “Applicant”)

MSF Investment Amount: Up to the lesser of 25% of eligible investment or \$5,840,000. The structure of the MSF investment will be subject to the historic tax credit structure.

Interest Purchased: MSF will acquire an equity interest into 250 West Larned, LLC or an entity to be determined. The MSF will provide no guarantees on debt or accept any recourse obligation.

“Put” Right: The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, 250 West Larned or another entity to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time of the notice to exercise the Put on terms and conditions acceptable to the MSF.

Split of Net Cash Flows:

1. Annual preferred return to the MSF equal to 2% of its original capital investment, calculated on a cumulative and annually compounded basis.
2. Annual preferred return to Investors equal to 14% of its capital investment, calculated on a cumulative and annually compounded basis.
3. 50% of annual Net Cash Flow to the MSF until an additional 2% cumulative, non-compounding return on its original investment has been achieved, with remaining 50% of cash flow going to the Investors.
4. Thereafter, 95% of annual Net Cash Flow to Investors, with the remaining 5% going to the MSF.

Split of Proceeds from Sale or Refinance:

1. Repayment of 50% of the Investors’ capital investment (includes the original capital investment plus any subsequent capital investments).
2. Repayment of up to 75% of MSF’s original investment, not to exceed \$4,340,000.
3. Repayment of the balance of the Investor’s capital investment (includes the original capital investment plus any subsequent capital investments).
4. Payment of an amount equal to what would have been required for the MSF to achieve a cumulative, non-compounded return of 4%, but in no event less than what would have been required to receive a

cumulative and annually compounding return of 2% of the MSF's original investment.

5. Payment of any unpaid accumulated and unpaid returns owed to the Investors, plus an amount equal to what would have been required for the Investors to receive a cumulative and annually compounding return of 22% of their investment.
6. 50% of net proceeds to MSF until it receives up to 18% of its original investment, not to exceed \$1,000,000, with the other 50% going to the Investors.
7. 25% of net proceeds to MSF until it receives up to 9% of its original investment, not to exceed \$500,000 with the other 75% going to the Investors.
8. Thereafter, 95% of net proceeds to Investors, with remaining 5% going to MSF.

Membership Change: The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity.

Sale/Liquidation: The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g., sale to a non-qualified third party).

Timing of Funding: The MSF investment would be made after (a) all of the Investors' equity has been contributed to and used to fund approved and budgeted for Project expenses and (b) U.S. Bank National Association ("USB") has waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to USB advancing any amounts under the construction loan (the "USB Loan").

MSF Additional Required

Final Terms and Conditions: The final terms and conditions must include:

- The MSF Investment Amount is not exceeded
- The "Put" right is substantially preserved
- The final terms comply with the MCRP Guidelines and MSF Act



MEMORANDUM

Date: October 28, 2014

To: Michigan Strategic Fund Board

From: Brent Morgan, Manager, Brownfield and Community Revitalization Programs
Ryan Kilpatrick, Community Assistance Team
Dan Wells, Senior Brownfield Program Specialist

Subject: City of Grand Rapids Brownfield Redevelopment Authority
Community Incentive Program — Act 381 Work Plan Approval
Large Brownfield MBT Credit Amendment Approval
20 Fulton Street East LLC, 20 Fulton Street East LDHA LP, and
20 Fulton Street East II LDHA LP LLC
20 E. Fulton Project
City of Grand Rapids, County of Kent

Request

The City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$6,177,565.

20 Fulton Street East LLC, 20 Fulton Street East LDHA LP, and 20 Fulton Street East II LDHA LP LLC requests the following amendments be made to the large Brownfield MBT credit approved for the 20 E. Fulton Project originally approved by the MEGA Board on April 14, 2009: addition of the following three qualified taxpayers: 20 Fulton Street East LLC, 20 Fulton Street East LDHA LP, and 20 Fulton Street East II LDHA LP LLC; a change in scope of the project; and an additional four years to complete the project.

Background

The school taxes and Brownfield tax credit will be utilized to redevelop approximately 0.66 acres of property located at 20 East Fulton in Grand Rapids. The project eligible investment will construct a twelve to fourteen story residential tower with commercial uses on the ground floor totaling 130,000 to 150,000 square feet. The residential portions of the project are divided between 45 one and two bedroom workforce housing units and 45 to 63 one and two bedroom market rate units. The ground floor of the building will include 8,000 to 9,000 square feet of commercial retail space facing the sidewalk on Fulton Street. Some site improvements will be made on private portions of the property. Eligible activities include demolition of the existing surface parking lot, constructing special foundations to support the structures, temporary construction facilities, and improvements within the public right-of-way. An attached 100 to 130 space vertical parking deck abutting the residential tower will be constructed as an infrastructure improvement.

The property is currently owned by 20 Fulton LLC, and is currently under a purchase agreement executed by 20 Fulton Street East LLC, 20 Fulton Street East LDHA LP, and 20 Fulton Street East II LDHA LP LLC, all of which are single purpose entities managed by Brookstone Capital. The previous qualified taxpayer, Meridian Building Company, LLC, was unable to execute the option it held on the property and

is not party to the current purchase agreement. The workforce housing and market rate portions of the project will be subject to separate site condominium plans.

Contact: Karl Chew, Member
 c/o Brookstone Capital
 2802 Jefferson Avenue Midland, Michigan 48640

	Previous Approval	Amendment
Project Eligible Investment:	\$23,400,000	\$27,335,613
Requested Credit Amount:	\$4,680,000	\$4,680,000 (Capped)
Requested Credit Percentage:	20%	20%

Approximately 44 permanent full-time jobs are anticipated to be created by the residential and commercial portions of the project at an average hourly wage of \$22.50. The total capital investment will be approximately \$42 million.

ELIGIBLE INVESTMENT BREAKDOWN

Site Improvements	\$ 978,068
New Construction	25,957,545
Addition of Machinery & Equipment	+ 400,000
TOTAL	\$ 27,335,613

Property Eligibility

The project is located within the boundaries of the city of Grand Rapids, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on September 30, 2014. The property is the subject of an amended Brownfield Plan, duly approved by the city of Grand Rapids on September 10, 2013.

Other State and Local Assistance to the Project

The city of Grand Rapids has approved a Payment in Lieu of Taxes for a savings of \$200,000 per year on the market rate portions of the project. In addition, two allocations for Low Income Housing Tax Credits have been reserved for the project at \$1,036,415 for 23 units and \$991,815 for 22 units of workforce housing. The DDA has agreed to contribute \$300,000 towards the costs of constructing an elevator for the project.

Tax Capture Breakdown

There are 35.8708 non-homestead mills available for capture, with school millage equaling 24 mills (66.9%) and local millage equaling 11.8708 mills (33.1%). Several local city mills are not available for Brownfield capture due to the location of the project within the Downtown Development Authority. Tax increment capture will begin in 2016 and is estimated to continue for 27 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (66.9%)	\$4,126,101
Local tax capture (33.1%)	<u>\$2,051,464</u>
TOTAL	\$6,177,565

Cost of MSF Eligible Activities

Demolition	\$ 90,000
Infrastructure Improvements	4,572,000
Site Preparation	+ 701,100
Sub-Total	\$5,363,100
Contingency (15%)	+ 804,465
Sub-Total	\$6,167,565
Brownfield/Work Plan Preparation	+ 10,000
TOTAL	\$6,177,565

Recommendation

The MEDC recommends approval of the request by City of Grand Rapids Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$6,177,565 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$4,126,101.

The MEDC recommends the approval of the requested Brownfield MBT amendment to add three qualified taxpayers; 20 Fulton Street East LLC, 20 Fulton Street East LDHA LP, and 20 Fulton Street East II LDHA LP LLC; change the scope of the project; and an additional four years to complete the project by April 14, 2018.

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 project will revitalize a long underutilized vacant parcel of land in the center of Grand Rapids' downtown with a high density residential development with a mix of workforce and market rate housing options. The increase in residents in the area will support local business, create a lively street life in the area and increase taxable values in the long term.

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

Approximately 44 permanent full-time jobs are anticipated to be created by the residential and commercial portions of the project at an average hourly wage of \$22.50.

c) Area of High Unemployment:

The City of Grand Rapids unadjusted jobless rate was 6.5% in August 2014.

d) Level and Extent of Contamination Alleviated:

Arsenic, lead and silver are present in the soils across the site in quantities that exceed criteria for residential use. Appropriate due care controls will be undertaken during the development to ensure that contamination on the site will not spread. Local taxes will be utilized to cover the costs of removing contaminated soils from the site and disposing them in a qualified disposal facility.

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:

The Brownfield TIF is needed to cover the costs of developing a major urban infill construction project. No greenfield was considered for construction as this is a high density project and would not be permitted in a suburban area.

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**

**City of Grand Rapids Brownfield Redevelopment Authority
20 E. Fulton Project
City of Grand Rapids**

At the meeting of the Michigan Strategic Fund (“MSF”) held on October 28, 2014, 2014 in Lansing, Michigan.

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

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

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

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

WHEREAS, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 20 East Fulton Street within the City of Grand Rapids, known as 20 E. Fulton Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 66.9% to 33.1% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and

infrastructure as presented in the revised Work Plan dated September 3, 2014. 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 \$6,167,565 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$10,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$4,126,101.

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

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

Ayes:

Nays:

Recused:

October 28, 2014
Lansing, Michigan

MICHIGAN STRATEGIC FUND

Resolution 2014 –

**Meridian Building Company, LLC
Brownfield Redevelopment MBT Credit – Amendment #1
City of Grand Rapids**

At the meeting of the Michigan Strategic Fund (“MSF”) held on October 28, 2014 in Lansing, Michigan.

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) Board is authorized by Public Act 24 of 1995, as amended to approve and amend projects for brownfield redevelopment tax credits authorized by Section 437 of the Michigan Business Tax Act, PA 36 of 2007, as amended (the “Act”) or by former section 38(g) of the Michigan Single Business Tax Act PA 228 of 1975;

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, by Resolution 2009-068 on April 14, 2009, the MEGA Board awarded a Brownfield MBT Tax Credit to Meridian Building Company, LLC (the “Applicant”) to make eligible investment up to \$23,400,000 at an eligible property in the City of Grand Rapids (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, a request has been submitted to amend the Project to add 20 Fulton Street East LLC, 20 Fulton Street East LDHA LP, and 20 Fulton East II LDHA LP LLC as additional qualified taxpayers, increase the eligible investment to \$27,335,613, and add four years to complete the project; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$4,680,000.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by adding 20 Fulton Street East LLC, 20 Fulton Street East LDHA LP, and 20 Fulton East II LDHA LP LLC as additional qualified taxpayers, increase the eligible investment to \$27,335,613, and add four years to complete the project, provided that the maximum credit does not exceed \$4,680,000.

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-068, as amended are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014



MEMORANDUM

Date: October 28, 2014
To: Michigan Strategic Fund Board
From: Amy Cell, Senior Vice President, Talent Enhancement
Subject: *Approve the Community College Skilled Trades Equipment Program Guidelines*

Request

The Michigan Economic Development Corporation (“MEDC”) is requesting approval of the establishment of the Community College Skilled Trade Equipment Program (“CCSTEP”). The CCSTEP would provide \$50,000,000 in funding to certain Michigan Community Colleges for purchasing, installing and training students on equipment used in skilled trades that are in high-demand as identified by regional labor market conditions.

Background

Middle skill jobs are an important source of employment in Michigan, representing nearly one out of three jobs in the state (middle skill jobs include skilled trades and other occupations requiring a moderate amount of on-the-job-training in addition to a high school degree, and require less than a bachelors degree). However, often these job openings are not matched by an available supply of appropriately skilled talent in the region.

Consequently, Michigan is executing a comprehensive strategy supplementing the vital work of our Michigan Works! Agencies to match the supply of talent for middle skill jobs with the growing demand. The strategy increases awareness among young adults of the middle skill career path, delivers paid apprenticeships for real world experience and connections to existing jobs, and provides resources to employers for on-the-job training.

A critical element of the strategy, not yet implemented, is to support Michigan’s community colleges in upgrading and expanding the equipment necessary to help develop talent for high-demand, middle skill jobs. The CCSTEP, authorized by Public Act 252 of 2014 (“PA 252”) would provide funding to that end. PA 252 authorizes the Michigan Strategic Fund (“MSF”) to issue Bonds in an amount sufficient to provide up to \$50,000,000 for the purpose of making grants from the CCSTEP, and appropriated \$4,600,000 to the MSF in the current fiscal year to service the debt.

Structure of the Bond Transaction:

Similar to the structure utilized with the Facility for Rare Isotope Beams on the campus of Michigan State University project, a reimbursement agreement between the MSF, the State Budget office, and each participating community colleges provides that:

- The State Budget Office will agree to request an annual appropriation sufficient to cover debt service on the Bonds; and
- The Michigan Strategic Fund agrees to apply any appropriation strictly to the payment of the bonds.

No further contractual obligations exist between the MSF, the State Budget Office, and the participating community colleges which relate to the payment of the Bonds. A failure to appropriate debt service payments will result in the default of the MSF on its obligations. Bond buyers are assuming the “appropriation risk” when they purchase the Bonds. Some impact to all bond ratings associated with state appropriation risk could also be expected in the event the state legislature fails to appropriate funds necessary to pay debt service on the Bonds. This risk being viewed collectively by rating agencies and bond buyers creates an incentive for the legislature to appropriate funds in order to protect the rating on that debt and preserve the ability to issue such debt at competitive rates in the future. The community colleges have no obligation to make Bond payments.

Pursuant to MCL 125.2023 (1)(a), the MSF can issue Bonds and grant the proceeds of those bonds to Michigan Community Colleges pursuant to a grant or other agreement in which 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 with PA 252 of 2014.

Financial Advisor:	Robert W. Baird
Senior Managing Underwriter:	TBD
Trustee:	TBD
Underwriter’s Counsel:	TBD
Bond Counsel:	Miller Canfield, P.L.C.
MSF Counsel:	Office of Attorney General

Recommendation

MEDC Staff makes the following recommendations with respect to the program(s):

- Establish the Community College Skilled Trades Equipment Program and adopt the proposed Program Guidelines for the “Community College Skilled Trades Equipment Program” pursuant to the new legislation, PA 252 of 2014.
- Adopt an Inducement Resolution to permit Bonds to be issued in an amount which will be sufficient to provide grant funds in the amount of not-to-exceed \$50,000,000.

Community College Skilled Trades Equipment Program Guidelines

Summary:

The purpose of the Community College Skilled Trades Equipment Program (CCSTEP) is to provide Michigan Community Colleges funding through the skilled trades equipment program 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 CCSTEP is authorized by PA 252 of 2014. This Act authorizes the Michigan Strategic Fund (MSF) to issue bonds sufficient to provide up to \$50,000,000 for the purpose of making grants from the CCSTEP.

Guidelines:

- Each application must include a description of the equipment and detailed cost estimate, other necessary costs and preferred purchasing and installation dates by project.
 - o Eligible costs for each project include:
 - Costs of equipment
 - Renovations required for installation of the equipment.
 - Installation costs of the equipment
 - Training for instructors that will be providing instruction using the equipment
 - o Funding may not be used for construction other than for renovations required for installation of equipment.
 - o Maintenance contracts, consumable materials and supplies are not eligible costs under this grant.
 - o Application must include the total project cost and requested CCSTEP funding amount. All sources of project funding must be included in the project budget.
 - o CCSTEP funding can only be used for equipment that has a minimum 7 year usable life and has a minimum cost of \$10,000. Extra consideration will be given for projects with a longer useful life. There is a 25% match requirement, thus the college can pay for allowable items that are under the 7 year usable life or cost less than \$10,000.
 - o The project should not fall within the definition of a capital outlay project found within the DMB Act (PA 431 of 1984, as amended).
 - o Application should include expected installation and other milestone dates.
- Each application must include a talent/labor/workforce plan that directly addresses demonstrated employer demand in the community college's prosperity region. This plan must be obtained from or verified by a local Michigan Works! Agency or a local Collaborative Development Council member.
- Extra consideration shall be given to an application with:
 - o A plan that includes collaboration between postsecondary and school districts or intermediate school districts in the prosperity region to meet demonstrated employer demand.
 - o Letters from employers stating that they have needs to hire such trained individuals. Letters should include approximately how many of such individuals would be hired over the next 3-5 years, per year.

- Each application must include a description of the degree and credential programs that the equipment supports, including average starting wages for program graduates. Each application must include an estimate of the total number of degrees and credentials that are expected to be awarded during the six years following equipment installation, by year.
- Each application should include a description of any changes that will be made to the degree or credential program to ensure that the program is responsive to employer needs and is efficient and effective. Programs that are competency based, developed with employers and/or include industry recognized credentials will receive additional consideration. There will be information sessions and assistance offered to best position applicants to understand and demonstrate this aspect of the application.
- Each applicant can request up to \$4,800,000 of CCSTEP funds.
 - o A detailed budget for the proposed project shall be included
 - o College shall provide, at a minimum, a cash match of 25% of the total project cost in excess of any donated equipment. For example, a \$2,000,000 project would qualify for a \$1,500,000 grant with a \$500,000 college cash match. The equipment to be paid from grant proceeds must have a useful life of at least 7 years, and must cost at least \$10,000.
 - o All sources of cash match and other project funding shall be described and listed.
 - o College can also include information about other cash investment, infrastructure changes, donated equipment, etc. that show community commitment and leverage. Additional cash match may be provided from Michigan businesses on behalf of the community college but shall not be the amount paid to students for internships or employment of graduates from the programs.
- Approved award activity shall commence by April 1, 2016 or the award may be terminated by the MSF Board for noncompliance with the award agreement.
- Each application must include a non-refundable application fee of \$2,000. The application fee is waived for community colleges requesting less than \$50,000.
- The Michigan Economic Development Corporation (MEDC) shall provide administrative services to the MSF for the program, including conducting the RFP and compliance processes.
- Awards will be made based on a competitive basis.
- All awards shall be memorialized by final written agreements, with terms and conditions in accordance with these guidelines, including without limitation, terms of reimbursement, the project budget, amount of the cash match provided by the community college, eligible costs, financial reporting, reporting requirements of annual progress to talent needs plan goals that are due by October 15 each year, and any other requirements necessary to complete the transaction.
- Eligible costs will be reimbursed after costs are incurred by the Michigan community college and the community college cash match has been fully expended.
- All books and records, including financial records and all other information and data, relating to the awards and uses of the funds will be accessible to the MSF, MEDC and State Office of the Auditor General for monitoring and auditing review.
- The total of grants made from the CCSTEP to all community colleges cannot exceed \$50,000,000.

- Equipment may not be disposed of prior to the end of the useful life without permission from MEDC.

Timeline:

- Community College Skilled Trades Equipment Program memo will be presented to the Michigan Strategic Fund Board on October 28, 2014.
- Request for proposal will be released in November, 2014.
- Applications/proposals must be received by January 31, 2015.
- Awards should be announced in February, 2015.
- Funds will be disbursed after eligible costs are incurred by the grantees and bond proceeds are obtained (currently estimated to be April 1, 2015).
- Approved award activity shall commence by April 1, 2016.

FAQs

- What is the definition of a community college?

The definition of a community college in the Community College Act of 1966 is as follows: *“an educational institution providing collegiate and noncollegiate level education primarily to individuals above the twelfth grade age level within commuting distance. The term includes an area vocational-technical education program that may result in the granting of an associate degree or other diploma or certificate. The term does not include an educational institution or program that grants baccalaureate or higher degrees other than a baccalaureate degree in cement technology, maritime technology, energy production technology, or culinary arts.”* (per MCL 389.105)
- Where does the equipment need to reside?
 - o Unless as part of a mobile lab, Equipment needs to be on the property of the community college within the State of Michigan, unless there is a partnership with a Michigan K-12 institution, in which case the equipment can be placed at the partner institution as part of a joint degree program.
 - o Equipment can reside in a mobile lab that is at least partially owned and managed by the community college.
- Who will be judging the applications?
 - o A review panel consisting of talent enhancement professionals will make recommendations to the Michigan Strategic Fund Board for awards, according to the Board’s RFP process.
- What determines if a job is high demand?
 - o The following data sources can be used to support the high demand for the targeted occupations:
 - There is a shortage of qualified workers in the area, as demonstrated by labor market data. Labor market information data can be found at <http://milmi.org/?PAGEID=67&SUBID=220>
 - Employers are indicating a strong future need and have indicated a willingness to hire credentialed workers from the community college.
 - Statements of support from workforce and economic developers.
 - Occupations having more than an average employment growth rate.
- What determines if a job is high wage?
 - o The following data sources can be used to demonstrate high wages for the targeted occupations:
 - The entry level wages for the occupation are greater than the average regional wage.
 - The average level wages for the occupation are greater than the average regional wage.
 - Salary surveys that show a high wage for experienced talent in that occupation in the region.

- Are employers that write letters required to hire program graduates?
 - o No. However, if they are sponsoring the trainees through the Michigan Advanced Technician Training program, the Advanced Manufacturing Partnership, or Department of Labor apprenticeships, etc. they are looked upon more favorably in the application process.

- Can the proceeds be used for new buildings to house the equipment?
 - o No, unless the funding is for renovations needed for the installation of the equipment.

- What is a talent needs plan? Where do I find one?
 - o The local Michigan Works! Agency should have documentation that shows high wage, high demand occupations. In addition, labor market information data can be found at <http://milmi.org/?PAGEID=67&SUBID=220> Go to the relevant regional report, and scroll towards the end for the “occupational outlook” section.

- What if I don't have my funding match secured at the time of the application?
 - o It is acceptable to describe the plan for securing the match in your application, but its source must be identified. You do not have to have the cash on hand at time of the application to be considered for a grant, but no program funds will be expended without secured match funds.

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-XXX

APPROVAL OF THE COMMUNITY COLLEGE SKILLED TRADES EQUIPMENT PROGRAM AND GUIDELINES

WHEREAS, the Michigan legislature passed legislation, 2014 PA 252 (the “Act”), to fund community colleges skilled trades equipment acquisitions for equipment and related investments that ensure Michigan community colleges can deliver educational programs in middle and skilled trades occupations;

WHEREAS, the Act authorizes the Michigan Strategic Fund (“MSF”) to issue bonds in an amount sufficient to provide up to \$50,000,000 to the Community College Skilled Trades Equipment (“CCSTE”), for the purpose of making grants to qualifying community colleges;

WHEREAS, the Act authorized the creation and operation of the Community College Skilled Trades Equipment Program (“CCSTE Program”) by the MSF;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) which provides administrative services to the MSF recommends the creation and operation of the CCSTE Program to assist Michigan community colleges purchase equipment and related investments that help ensure Michigan community colleges can deliver educational programs in middle and skilled trades occupations as identified by regional labor market conditions and that build and retain a talented workforce in Michigan;

WHEREAS, the MEDC recommends the attached guidelines be utilized for the Community College Skilled Trades Equipment Program (“Guidelines”); and

WHEREAS, based on the recommendation of the MEDC, the MSF Board desires to establish the CCSTE Program and adopt the Guidelines;

NOW, THEREFORE, BE IT RESOLVED, the MSF Board hereby establishes the Community College Skilled Trades Equipment Program and adopts the Guidelines.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014

MICHIGAN STRATEGIC FUND

RESOLUTION 2014-XXX

INDUCEMENT OF COMMUNITY COLLEGE SKILLED TRADES EQUIPMENT PROGRAM BONDS

WHEREAS, the Michigan legislature passed legislation, 2014 PA 252 (the “Act”), to fund community colleges skilled trades equipment acquisitions for equipment and related investments that ensure Michigan community colleges can deliver educational programs in middle and skilled trades occupations;

WHEREAS, the Act authorizes the Michigan Strategic Fund (“MSF”) to issue bonds in an amount sufficient to provide up to \$50,000,000 to the Community College Skilled Trades Equipment (“CCSTE”), for the purpose of making grants to qualifying community colleges;

WHEREAS, the Act authorized the creation and operation of the Community College Skilled Trades Equipment Program (“CCSTE Program”) by the MSF;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) which provides administrative services to the MSF recommended, and the MSF has approved, the creation and operation of the CCSTE Program to assist Michigan community colleges purchase equipment and related investments that help ensure Michigan community colleges can deliver educational programs in middle and skilled trades occupations as identified by regional labor market conditions and that build and retain a talented workforce in Michigan;

WHEREAS, the MEDC recommended, and the MSF has approved the Community College Skilled Trades Equipment Program Guidelines (“Guidelines”);

WHEREAS, the MEDC now recommends that the MSF Board approve this Inducement Resolution in preparation for the issuance of the Bonds, defined below;

WHEREAS, should it be necessary, it is desired to provide the necessary official intent of the MSF to meet the requirements of Sections 141 and 144 of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations;

NOW, THEREFORE, BE IT RESOLVED, by the Michigan Strategic Fund that:

1. The MSF authorizes issuance of the CCSTE Program Bonds (the “Bonds”) pursuant to the Guidelines, in an amount sufficient to provide up to \$50,000,000 to the CCSTE, for the purposes of the Code, and subject to the conditions of this Resolution.

2. By adoption of this Resolution, the MSF assumes no obligation to issue any Bonds, nor any obligation or liability for any loss or damage that may result to the bond purchasers, any CCSTE Program applicant, or any other entity, from the adoption of this Resolution, or from the

bond purchasers' or anyone's reliance on the MSF or this Resolution; it being understood that any one or a combination of events and circumstances may result in the MSF's requirements not being met or the MSF being unable or unwilling to issue any Bonds.

3. Any grant or award shall be for the purposes of financing the eligible purposes of the Act and CCSTE Program in accordance with the Guidelines.

4. The estimated maximum principal amount of the bonds (the "Bonds") expected to be issued to shall not exceed Fifty Million Dollars (\$50,000,000), or such other amount subsequently authorized by the Act and approved by the MSF.

5. MSF's willingness to issue the Bonds shall be conditioned upon the continued ability of the MSF to issue, sell and deliver the bonds under applicable federal and state laws.

6. The authorization herein shall expire two years after the date of this Resolution.

7. Any grant award may be evidenced by a grant agreement customary for the MSF, or such other agreement subsequently approved in the Bond Resolution, defined below, in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the "Attorney General") and bond counsel to the MSF.

8. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the "Bond Resolution") for the purpose of making any grants or awards pursuant to the Guidelines, funding any reserves, and paying any costs associated with the issuance and administration of the Bonds.

9. The Bonds shall not be general obligations of the MSF but shall be secured by and payable as to principal and interest solely from the funds appropriated to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), and otherwise as provided in the Bond Resolution and by law.

10. Any agreements relating to the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the MSF, nor will the State of Michigan be liable on the Bonds.

11. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds shall be paid from the Bond proceeds or as permitted by the Act.

12. The staff of the MSF is authorized and directed to initiate or continue the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with an underwriter or a bond purchaser for the sale of the Bonds.

13. Any MSF Board Member or Authorized Officer, as defined by MSF resolution or its Bylaws, as well as counsel to the MSF, are authorized to apply for or submit, execute, and deliver any certificates, documents, opinions, and papers to any party or governmental agency as

may be required ultimately to effectuate this transaction, including the valid issuance, sale and delivery of the Bonds as **tax-exempt bonds**.

14. Bond counsel to the MSF and the Attorney General are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds.

15. A preliminary official statement or other offering materials may be used in connection with the sale of the Bonds; provided, however, that no preliminary official statement or other offering materials shall be circulated unless any description of the MSF, the Bonds and documents to which the MSF is a party shall have been approved by bond counsel to the MSF and the Attorney General.

16. All resolutions and parts of resolutions insofar as they conflict with this Resolution are rescinded.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 28, 2014



MEMORANDUM

DATE: October 28, 2014

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

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

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

On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the 4th quarter of the 2014 fiscal year.

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

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Hirotec America Inc.	7/1/2014	Auburn Hills	\$1,000,000	140	\$26,000,000
Medbio, Inc.	7/8/2014	Cascade Township	\$180,000	45	\$3,393,000
NEMO Capital Partners LLC	7/11/2014	Southfield	\$500,000	125	\$2,150,000
S&P Data LLC	7/14/2014	Troy	\$1,000,000	421	\$4,380,546
Walbro Engine Management	7/14/2014	Cass City	\$165,000	28	\$4,150,000
Eissmann Automotive Port Huron LLC	7/15/2014	Port Huron	\$850,000	233	\$13,550,000
INZI Control Co., LTD.	7/18/2014	Rochester Hills	\$150,000	64	\$4,105,000
Roush Industries, Inc.	7/18/2014	Livonia and Allen Park	\$1,000,000	210	\$8,700,775
Anchor Coupling, Inc.	7/24/2014	Menominee	\$1,000,000	110	\$9,056,000
Celia Corporation	7/28/2014	Sparta	\$233,000	50	\$4,175,000
Flow-Rite Controls, Ltd.	7/30/2014	Byron Center	\$224,000	64	\$6,055,552
Middleville Tool & Die Company, Inc.	7/30/2014	Yankee Springs Township	\$350,000	35	\$6,300,000
Duffey Petroskey	8/4/2014	Farmington Hills	\$1,000,000	204	\$912,708
Unified Business	8/8/2014	Troy	\$650,000	171	\$17,174,800

Technologies, Inc.					
Transform Automotive, LLC	8/8/2014	Shelby Township	\$550,000	77	\$41,946,000
Neogen Corporation	8/28/2014	Lansing	\$100,000	25	\$1,035,000
ADP Dealer Services, Inc.	9/1/2014	Detroit	\$1,000,000	100	\$3,590,000
American Axle & Manufacturing	9/5/2014	Detroit	\$1,000,000	75	\$15,400,000
Costco	9/8/2014	Van Buren Township	\$450,000	126	\$47,890,000
International Business Machines Corporation	9/8/2014	East Lansing	\$500,000	100	\$200,000
Hannigan Insurance Agency	9/12/2014	Ann Arbor	\$400,000	75	\$516,000
Android Industries	9/17/2014	Detroit	\$500,000	131	\$16,487,341
Nexthermal Corporation	9/19/2014	Battle Creek	\$250,000	50	\$1,964,000
Sunrise Windows	9/23/2014	Bedford Township	\$350,000	96	\$5,101,675
Harman Becker Automotive Systems, Inc.	9/30/2014	Novi	\$800,000	150	\$44,889,000

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
1400 Wealthy, LLC	9/12/2014	City of Grand Rapids	\$800,000	2	\$5,500,000
751 Griswold Detroit, LLC	9/19/2014	City of Detroit	\$682,279	70	\$4,455,795
Artspace Projects, Inc.	9/22/2014	City of Dearborn	\$1,000,000	4	\$15,807,762
West Fort Street Properties, LLC and American Lightweight Materials Manufacturing Innovation Institute (ALMMII)	9/26/2014	City of Detroit	\$1,000,000	30	\$4,398,897
5734 Woodward LLC	9/26/2014	City of Detroit	\$240,625	10	\$1,565,200
Stocking Street Properties, LLC and Harmony Brewing Company, LLC	9/29/2014	City of Grand Rapids	\$89,574	10	\$1,165,193
TFG Building, LLC	9/30/2014	City of Grand Rapids	\$136,527	2	\$1,289,182



MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL ACCESS TEAM
July 1-September 30, 2014

APPROVALS BY AUTHORIZED DELEGATES

Between July 1 and September 30, 2014 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

SSBCI - MBGF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
SBC Management LLC	MBGF-CSP	\$ 915,000	\$ 1,835,000	Approved by Chair and Fund Manager	July 7, 2014	Y
Invest Detroit Foundation	MBGF-LGP	\$ 1,750,000	\$ 7,000,000	Approved by Chair and Fund Manager	September 9, 2014	Y
Barron Industries, Inc.	MBGF-CSP	\$ 400,000	\$ 2,250,000	Approved by Chair and Fund Manager	September 15, 2014	Y
Independent Engineering Laboratories, Inc.	MBGF-CSP	\$ 1,417,160	\$ 2,840,000	Approved by Chair and Fund Manager	September 30, 2014	N
Total		\$ 4,482,160	\$ 13,925,000			
MSDF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
Elegant Aluminum Products USA, LLC	MSDF-CSP	\$ 170,000	\$ 496,368	Approved by Chair and Fund Manager	July 14, 2014	Y
Elegant Aluminum Products USA, LLC	MSDF-CSP	\$ 200,000	\$ 500,000	Approved by Chair and Fund Manager	July 14, 2014	Y
Second Domino to Fall, LLC	MSDF-CSP	\$ 330,000	\$ 810,000	Approved by Chair and Fund Manager	9/11/2014	N
Total		\$ 700,000	\$ 1,806,368			



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

Board Meeting October 28, 2014

FOR QUARTER ENDED 9/30/14

BACKGROUND

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

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

APPROVALS BY AUTHORIZED DELEGATE

Between June 1, 2014 and September 30, 2014 the following actions were approved by one of the authorized MSF Board members:

Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
Pixel Velocity, Inc.	Restructure Request	\$1,808,645	\$1,808,645	June 2, 2014
Epsilon Imaging, Inc.	Restructure Request	\$767,547	\$767,547	August 6, 2014
Vestaron Corporation	Loan Conversion	\$50,000	\$50,000	August 20, 2014
Vestaron Corporation	Loan Conversion	\$150,000	\$150,000	August 20, 2014

ABOUT THE COMPANIES

Pixel Velocity, Inc in Ann Arbor is a center for image processing research and the development of advanced sensor technology. It provides the world's first integrated, multi-camera video surveillance and automated threat detection and tracking analytics solution.

Epsilon Imaging Inc. is a privately held company located in Ann Arbor, Michigan. Their mission is to develop imaging technologies that pair visualization of diagnostic information with quantitative data to yield greater understanding and insight into a patient's condition. Their goal is to provide tools that enable earlier detection and more accurate diagnosis of health issues, improving patient care and lowering treatment costs.

Vestaron Corporation, a Kalamazoo based company that designs environmentally friendly insecticides is developing a new generation of insecticides by employing peptides sourced from spiders.



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

Board Meeting: October 28, 2014

FOR QUARTER ENDED SEPTEMBER 30, 2014

BACKGROUND

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

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

APPROVALS BY AUTHORIZED DELEGATE

During the period between July 1, 2014 and September 30, 2014, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
<p>Second Domino to Fall, LLC and any related borrowers and guarantors; The Huntington National Bank 775 Rabourn Road Kalkaska, MI 49646</p>	<p>Any portion of any document or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Barron Industries, Inc. and any related borrowers and guarantors; Independent Bank 215 Plexus Dr Oxford, MI 48371</p>	<p>Any portion of any document or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral</p>

	<p>analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Mercantile Bank Corporation 310 Leonard NW Grand Rapids, MI 49503</p> <p>Lofts on Michigan, LLC 16 Monroe Center NE #200 Grand Rapids, MI 49503</p>	<p>First Amendment to Operating Agreement (Lofts on Michigan, LLC); Bank Commitment Letter; Construction Loan Agreement; \$8,150,000 Commercial Draw Not (Construction Draw Note); \$500,000 Commercial Draw Note (Investor Draw Note); \$1,425,000 Commercial Draw Note (TIF Draw Note); \$538,000 Commercial Draw Note (NEZ Draw Note); Continuing Guaranty (Jeffrey A. VanderLaan, Jeffery Allen VanderLaan Trsut u/a/d August 23, 2005); Continuing Guaranty (Jeffrey L. Baker, Jeffrey L. Baker Trust u/a/d June 5, 2006, Craig A. Baker, Craig A. Baker Trust u/a/d January 18, 2002, Paul Stoutjesdyk, Paul Stoutjesdyk Trust, Robert Huisjen, Robert and Carol Huisjen Trust u/a/d September 24, 1996, Mark Wierenga, Jodi L. Wierenga Trust u/a/d September 30, 2011); Continuing Guaranty (Manish K. Varma, Abha G. Varma); Continuing Guaranty (Harry J. Goossens, Harry J. Goossens Living Trust, Mary Goossens, Ryan S. Goossens, Jonathan D. Goossens); Continuing Guaranty (Jeffrey L. Sauer and Jeffrey L Sauer Revocable Trust u/a/d April 6, 1994, as amended and restated); Continuing Guaranty (Raymond A. Lanning, Raymond A. Lanning Trust u/a/d April 7, 1997); Continuing Guaranty (Derek J. Coppess, DC Trust, Matthew O'Connor); Security Agreement (All Assets); Security Agreement and Collateral Assignment (Building Materials, Project Documents, etc.) (Contractor's Letter (First Companies, Inc.) and Architect's Letter (Integrated Architecture)); Security Agreement (Incentives) (Borrower); Letter of Credit No. ___ issued by Comerica Bank in amount of \$500,000 in favor of Mercantile Bank; Subordination Agreement (Financing Fee and Developer Fee) (616 Lofts, LLC d/b/a 616 Development); Sworn Statement; Lien Waivers; Closing Statement; Construction Agreement (First Companies, Inc.) (First Amendment to Construction Agreement); Architect Agreement; Bank Term Sheet, excluding the terms of the Michigan Strategic Fund Loan</p>



<p>Transform Automotive, LLC Sterling Ponds Court Sterling Heights, MI 48312</p>	<p>MBDP Application - New Jobs Table (except totals) on page 5; MBDP Application - Property Investment Table (except total) on page 5</p>
<p>Unified Business Technologies, Inc. 353 Indusco Ct Troy, MI 48084</p>	<p>2011 Audit Report; 2012 Audit Report; 2013 Unaudited Balance Sheet; 2013 Unaudited Income Statement; MBDP Application - Project Description highlighted on page 3 and 4; MBDP Application - New Jobs Table (except totals) on page 5; MBDP Application - Property Investment Table (except total) on page 5; Staffing and Investment Chart</p>
<p>Lofts on 820, LLC 16 Monroe, #200 Grand Rapids, MI 49503</p>	<p>Operating Agreement: Members and capital contribution information; Macatawa Bank Correspondence - Proposal Letter and Commitment Letter; Macatawa Bank Underwriting Package</p>
<p>Access BIDCO, LLC Onset BIDCO, LLC 200 N. Washington Square, Ste. 440 Lansing, MI 48933</p>	<p>2011-2013 Audited Financial Statements; All documents containing detailed descriptions of inter-company transactions and additional descriptive detail on the company's financial condition; All documents containing customers identifying information; All documents containing customers loan terms</p>
<p>Anchor Coupling, Inc. 5520 13th Street Menominee, MI 49858</p>	<p>Michigan Business Development Program Application, Page 4, Alternative Project Configurations Section</p>
<p>Trowbridge Village, LLC 4520 N. Grand River Avenue Lansing, MI 48906</p>	<p>Trowbridge Ownership Flowchart 7-3-14.PDF</p>
<p>SBC Management, LLC and any related borrowers and guarantors; and FirstMerit Bank 211 Industrial Park Dr Elk Rapids, MI 49629</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF PURE MICHIGAN VENTURE MATCH FUND
Board Meeting October 28, 2014**

FOR QUARTER ENDED 9/30/14

BACKGROUND

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

APPROVALS BY AUTHORIZED DELEGATE

Between June 1, 2014 and September 30, 2014, the following actions were approved by one of the authorized MSF Board members:

Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
Knew Deal, Inc., d.b.a. Stik	Follow on Fund Approval Request	\$187,500	\$187,500	June 9, 2014
uRefer, Inc. (dba Amplifinity)	Follow on Fund Approval Request	\$286,000	\$286,000	June 9, 2014
Tissue Regeneration Systems, Inc.	Follow on Fund Approval Request	\$500,000	\$250,000	July 9, 2014

ABOUT THE COMPANIES

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

uRefer, Inc. (dba Amplifinity) is an Ann Arbor, Michigan-based, enterprise SaaS company that helps companies create a network of “commission only” sales agents who drive referrals and create brand awareness through posting to social media sites. The Company, founded in August 2007, provides businesses with a platform that includes the tools, technology, services and expertise that enables them to motivate their customers, partners, employees, prospects and affiliates to deliver consistent and reliable leads. Amplifinity was granted a Pure Michigan Venture Match Fund Award in late 2012 for commercialization and growth purposes as a match to a qualified venture-led investment.

Tissue Regeneration Systems, Inc. an Ann Arbor, Michigan-based company, is a start-up medical device company commercializing a breakthrough skeletal reconstruction and bone regeneration technology platform licensed from the Universities of Michigan and Wisconsin. TRS will begin to commercialize products in the United States very soon. TRS was granted a Pure Michigan Venture Match Fund Award in late 2012 for commercialization and growth purposes as a match to a qualified venture-led investment.



MEMORANDUM

DATE: October 28, 2014

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

FROM: Brent Morgan, Manager, Brownfield and Community Revitalization Programs
Deborah Stuart, Director, Community Incentive Programs

SUBJECT: Quarterly Report of Delegated Approvals on Act 381 Work Plans

On December 31, 2012, The Brownfield Redevelopment Financing Act (Act 381) was amended to allow the chairperson of the Michigan Strategic Fund delegated approval of work plans that consist of tax capture of less than \$500,000. Listed below is a synopsis of the delegated work plans that were approved during the 4th quarter of the 2014 fiscal year.

Project Name	Approval Date	Location	Approved TIF Amount	Jobs	Investment
Old Towne Corners Redevelopment Project	7/2/2014	City of Traverse City	\$308,044	24	\$2,800,000
1400 Wealthy, LLC and 1415 Wealthy, LLC Redevelopment Project	9/12/2014	City of Grand Rapids	\$191,700	2FT/5PT	\$5,500,000
711 W. Alexandrine and 3971-3981 Third St. Redevelopment Project	9/29/2014	City of Detroit	\$344,180	2	\$6,800,000
Total			\$843,924	28FT/5PT	\$15,100,000

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