

**MICHIGAN STRATEGIC FUND
BOARD MEETING
November 20, 2013
Time 1:30 pm**

AGENDA

- A. Adoption of Proposed MSF Meeting Minutes – October 25, 2013 [Action Item]**
i. Public Comment [Please limit public comment to three (3) minutes]
ii. Communication [Information – Andrea Robach]
- B. 21st Century Michigan**
- 1. Michigan Business Development Program**
 - a. SRI International – [Action Item – Marcia Gebarowski]
 - b. HTC Global Services – [Action Item – Marcia Gebarowski]
 - c. Niowave, Inc. -- [Action Item – Trevor Friedeberg]
 - d. Spartan Stores – [Action Item – Stacy Bowerman]
 - 2. Travel Michigan**
Brand USA LOA Amendment – [Action Item – George Zimmermann]
 - 3. Michigan Community Revitalization Program**
Capitol Park – 1212 Griswold, LLC – [Action Item – Joe Martin/Eric Hanna]
- C. Act 381 Brownfield - [Action Item – Joe Martin]**
Packard Square Redevelopment Project
- D. Private Activity Bond Program - [Action Items – Eric Hanna]**
- 1. Bell's Brewery – Request for Change in Documents – Roll Call Vote**
 - 2. Neighborhood Club – Request for Change in Documents – Roll Call Vote**
 - 3. Extruded Aluminum Corporation, Aluma Leasing Corporation and Belding Machinery and Equipment Leasing Corporation – Roll Call Vote**
 - 4. Chelsea-Area Wellness Foundation – Bond Authorizing – Roll Call Vote**
 - 5. Canton Renewables, LLC – Sauk Trails Project Bond Authorizing – Roll Call Vote**
- E. Renaissance Zones – [Action Items – Amy Lux]**
Oshkosh Corporation – Revocation
- F. Administrative Items – [Action Items – Mark Morante]**
- 1. Approval of Consent Agenda**
 - 2. Approval of 2014 MSF Calendar**

MICHIGAN STRATEGIC FUND BOARD MEETING
October 23, 2013
PROPOSED MEETING MINUTES

A meeting of the Michigan Strategic Fund [MSF] Board was held on Wednesday, October 23, 2013, at the Michigan Economic Development Corporation [MEDC], Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan.

MEMBERS PRESENT:

Steve Arwood
James C. DeNooyer (arrived at 1:35 p.m.)
Michael A. Finney
Bill J. Martin
Richard Rassel
Shaun W. Wilson (via conference call)
Michael Zimmer (serving on behalf of Steve Arwood beginning at 2:30 p.m., designation attached)
Andrew Lockwood (serving on behalf of Treasurer Dillon, designation attached)

MEMBERS ABSENT:

Michael J. Jackson, Sr.
W. Howard Morris

CALL TO ORDER: Mr. Finney called the meeting to order at 1:31 p.m.

ADOPTION OF MSF PROPOSED MEETING MINUTES – AUGUST 28, 2013:

Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned approval for the August 28, 2013 MSF Board Proposed Meeting Minutes. Andrew Lockwood seconded the motion. **The motion carried – 6 ayes; 0 nays; 0 recused; 3 absent**

ADOPTION OF MSF PROPOSED MEETING MINUTES – SEPTEMBER 25, 2013:

Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned approval for the September 25, 2013 MSF Board Proposed Meeting Minutes. Richard Rassel seconded the motion. **The motion carried – 6 ayes; 0 nays; 0 recused; 3 absent**

PUBLIC COMMENT: Mr. Shawn Keough, Village President, Village of Dexter, requested to speak before the Board. On behalf of the Village of Dexter Council and the Village Downtown Development authority, Mr. Keough read into the record a letter addressing concerning agenda item H1: Private Activity Bonds, Chelsea-Area Wellness Foundation – *Inducement*; and the future impact this item may have on the Village and the Downtown Development Authority.

COMMUNICATION: LeAnn Albright, MSF Board Relations Liaison, advised the Board of the following:

- Updated materials for agenda items F.3.i and F.3.iii are included in the Board Packet
- Agenda item F.1. has a name change and will be addressed by the presenter.
- Agenda items G.6 and G.5. will be presented in reverse order.
- There were no Delegated Authority Approvals to report for Appendices c.

COMMUNITY DEVELOPMENT BLOCK GRANT

Resolution 2013-163 – Marion Township Job Training - Approval

Ken Murdoch, Development Finance Manager, provided the Board with information regarding this action item and introduced Eric Fulcher, V.P. Global Operations, ACAT Global, LLC and Andy Hayes, President, Northern Lakes Economic Alliance

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

Recommendation: The MEDC Staff recommends a CDBG Job Training grant agreement, in the amount of \$500,000, be authorized for Marion Township for the ACAT Global, LLC Expansion Project.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned approval for Resolution 2013-163. Andrew Lockwood seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-164 - City of Watervliet Rehabilitation - Approval

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

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

Recommendation: The MEDC Staff recommends a CDBG Façade Grant Agreement in the amount of \$115,800 be authorized for the City of Watervliet's Arclight Brewing Company Façade Improvement Project.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned approval for Resolution 2013-163. Andrew Lockwood seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

21ST CENTURY MICHIGAN

Resolution 2013-165 – Pure Michigan Export Program

Resolution 2013-166 – Pure Michigan Export Program Memorandum of Understanding

Resolution 2013-167 – Approval of the Delegation of Authority for Pure Michigan Export Program Awards

John Wolf-Meyer, Grant Specialist, Export Strategy, provided the Board with information regarding these action items.

The MEDC Staff requests \$3.2 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.

Recommendation: The MEDC Staff recommends approval of \$3.2 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) and outlined in the briefing memo and resolution.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Discussion ensued around the creation of jobs. Mr. Finney congratulated staff on the job they have done in reinstating an export program at the MEDC. Steve Arwood motioned approval for Resolution 2013-163. Andrew Lockwood seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

21ST CENTURY MICHIGAN BUSINESS DEVELOPMENT PROGRAM

[Shaun Wilson recused]

Resolution 2013-168 – Approval of a Michigan Business Development Program Grant to Aisin Technical Center of America, Inc.

Marcia Gebarowski, Senior Development Finance Manager provided the Board with information regarding this action item, and introduced David Balousek, and Mike Lapinski of Aisin Technical Center of America, Inc., who spoke in support of this project.

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

Recommendation: The MEDC Staff recommends approval of the BDP grant of \$1,200,000 as outlined in the briefing memo and resolution.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned approval for Resolution 2013-163. Andrew Lockwood seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

[Shaun Wilson returns]

21ST CENTURY MICHIGAN ENTREPRENEURIAL SERVICES

Resolution 2013-169 – Early Stage Funding Request for Proposals

Resolution 2013-170 – Approval of Joint Evaluation Committee and Scoring for Early State Funding Request for Proposals

Paula Sorrell and Rosalyn Zator, Entrepreneurial Services, provided the Board with information regarding this action item.

The MEDC Staff is requesting the release of the 2014 Early Stage Funding Request for Proposals in the amount of \$7,958,000 (using funds allocated for the Fiscal Year 2013 21st Century Jobs Fund to support Entrepreneurship and Innovation). The Board approves a Joint Evaluation Committee comprised of MEDC Staff and external partners to review the proposals submitted and make award recommendations to the MSF Board. As well as the approval of the Proposal Evaluation Form to be used by the Joint Evaluation Committee to evaluate proposals.

Recommendation: The MEDC Staff recommends the approval of the revised Request for Proposals; and the approval of the Joint Evaluation Committee and the Proposal Evaluation Form for the review of proposals.

Board Discussion: Mr. Finney asked if there were any questions from the Board. The Board asked staff to point out the areas of the original RFP they felt was flawed, which staff Ms. Zator responded was linked to potential conflict of interest among committee members and applicants. In this respect Mr. Martin cautioned that this would likely be a long term issue, and advised staff to pay very close attention to relationships moving forward. There being no further questions, Steve Arwood motioned approval for Resolution 2013-163. Andrew Lockwood seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-171 – Early Stage Funding Request Ann Arbor Spark – Amendment

Paula Sorrell and Rosalyn Zator, Entrepreneurial Services, provided the Board with information regarding this action item.

The MEDC requests that the MSF Board approves funding of \$1,000,000 to Ann Arbor Spark for its Early Stage Funding Program, the Michigan Pre-Seed Capital Fund. As the Michigan Pre-Seed Capital Fund has run out of funds to make investments, this Grant Amendment increase of \$1,000,000 will allow Ann Arbor SPARK to make further investments.

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

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, _____ motioned approval for Resolution 2013-171. _____ seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-172 – Entrepreneurial Support Services RFP 2014 Funds

Resolution 2013-173 - Approval of Joint Evaluation Committee and Scoring for Entrepreneurial Support Services Request for Proposals

Paula Sorrell and Rosalyn Zator, Entrepreneurial Services, provided the Board with information regarding these action items.

The MEDC requests that the MSF release the 2014 Entrepreneurial Support Services (“ESS”) Request for Proposals (“RFP”) in the amount of \$6.45 million. The purpose of this ESS RFP is to award grants to non-profit organizations that provide specialized support services to assist companies and institutions in commercializing competitive-edge technologies.

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

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

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned approval for both Resolution – 172 and Resolution 2013 – 173. Bill Martin seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

21st CENTURY FEDERAL PROCUREMENT

Resolution 2013-174 – Michigan Defense Center – Procurement Technical Assistance Centers (PTAC) Funding Request

Sean Carlson and Dennis Bradley, Federal Procurement, provided the Board with information regarding this action item.

The Michigan Defense Center requests \$1,287,500 for FY2014 to support Procurement Technical Assistance Centers operations. In 2012, the Michigan Defense Center completed a 5-year strategic plan, which relies on two core defense industry related strengths in Michigan: 1) a robust Procurement Technical Assistance Centers network, and 2) manufacturing research and development. Procurement Technical Assistance Centers are funded collaboratively by the Defense Logistics Agency, the Michigan Development Corporation and local economic development offices. The Defense Logistics Agency will fund up to 50% of a Procurement Technical Assistance Centers annual operations, and up to 75% in distressed communities as defined in their funding notice. The MSF provides 36% of total Procurement Technical Assistance Centers funding.

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

Board discussion: Mr. Finney asked if there were any questions from the Board. Mr. DeNooyer questioned whether this assistance could be funded by charging the company a fee. Mr. Rassel noted that in his experience, most companies utilizing this assistance are not in the position to fund any fee. Upon further request from Mr. DeNooyer, Mr. Bradley confirmed 1,086 companies were currently benefited by this funding. There being no further questions from the Board, Richard Rassel motioned to approve Resolution 2013-174. Steve Arwood seconded the motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

21ST CENTRUY PURE MICHIGAN VENTURE DEVELOPMENT FUND

Resolution 2013-175 – PMVDF Award Recommendations, 2nd Round

Michael Flanagan, Capital Markets, provided the Board with the following information regarding this action item.

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

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

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

Recommendation: Staff recommends all of the following to the MSF Board: Approval of Detroit Innovate Fund I, LP and Detroit Venture Partners, LP for awards under the Pure Michigan Venture Development

Fund of up to \$2.25 million each. As well as delegation of authority to the MSF Fund Manager and staff to negotiate and finalize the terms and conditions of the awards, including approval of any final agreements.

Board discussion: Mr. Finney asked if there were any questions from the Board. Following this, discussion between the Board members and Mr. Flannigan pertaining to whether or not the awardees had received prior incentives from the MSF, and if so, that it should be considered in awarding future funding. Additionally, at the request of the Board, Mr. Flannigan clarified that although one fund is named “Detroit Innovate Fund” that potential recipients of the funding are not limited to projects within Detroit. Mr. DeNooyer noted that the MEDC should be sure to message this when promoting the Fund to prospective applicants. There being no further questions, Andrew Lockwood motioned to approve Resolution 2013-175. Craig DeNooyer seconded the motion. The motion carried – **7 ayes; 0 nays; 0 recused; 2 absent.**

21ST CENTURY SMALL BUSINESS LOAN PROGRAM

Resolution 2013-176 – Program Authorization

Resolution 2013-177 – Funding Allocation

Michael Flannigan and Christopher Cook, Capital Markets, provided the Board with the following information regarding these action items.

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

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

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

Board discussion: Mr. Finney asked if there were any questions from the Board. Following this, there was discussion pertaining to reporting requirements of the project. Mr. Finney requested that the Board be provided loan recipient name and addresses, and that this be set as a staff expectation in reporting. The Board also requested a list of Micro lenders, which Mr. Flannigan stated the team is still working on compiling this. There being no further questions, Steve Arwood motioned for the approval of both Resolution 2013-176, and Resolution 2013-177. Bill Martin seconded this motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

RENAISSANCE ZONES

Resolution 2013-178 – Via Design, Inc. Amendment

Amy Lux, Renaissance Zone Analyst, provided the Board with the following information regarding this action item.

Via Design, Inc. (the “Company”) and the City of Grand Rapids (the “City”) are requesting an amendment to their Renaissance Zone Development Agreement: Zone Extension (the “Zone Agreement”) reducing their capital investment milestone from \$300,000 to \$272,000. The Michigan Economic Development Corporation (“MEDC”) is also requesting an amendment to the granting MSF Resolution 2009-020 (the “Granting Resolution”), to remove certain parties from the resulting Zone Agreement.

Recommendation: The MEDC recommends the MSF Board approve the amendment of Via Design, Inc.’s Renaissance Zone Development Agreement and the Granting Resolution as follows:

- Reduce the Company’s capital investment commitment in the Zone Agreement from \$300,000 to the property by February 25, 2010 to \$272,000 in capital investment to the property by December 31, 2012;
- Revoke Condition #3 of the Granting Resolution; and
- Amend Condition #4 of the Granting Resolution to remove the Grand Rapids EDC, Kent County, and the MEDC as required parties.

All other terms and conditions of the Agreement and the Granting Resolution remain unchanged.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, Craig DeNooyer motioned to approve Resolution 2013-178. Andrew Lockwood seconded this motion. **The motion carried – 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-179 – Wealthy Street Historic Development - Amendment

Amy Lux, Renaissance Zones Analyst, provided the Board with the following information regarding this action item.

Wealthy Street Historic Development, LLC (the “Developer”) and the City of Grand Rapids (the “City”) are requesting an amendment to their Renaissance Zone Development Agreement: Zone Extension (the “Zone Agreement”) to allow their job creation milestone to be attained by the Developer’s tenants located on the Renaissance Zone property. The Michigan Economic Development Corporation (“MEDC”) is also requesting an amendment to the granting MSF Resolution 2009-021 (the “Granting Resolution”) to remove the requirement for certain parties from the resulting Zone Agreement.

Recommendation: The MEDC recommends the MSF Board approve the amendment of the Developer’s Renaissance Zone Development Agreement and the Granting Resolution as follows:

- Amend language of job creation milestone within the Zone Agreement to allow the job creation of the Developer’s tenants on the property to count towards achievement of the milestone, so long as proper verification documentation is provided;
- Revoke Condition#2 of the Granting Resolution; and
- Amend Condition #3 of the Granting Resolution to remove the Grand Rapids EDC, Kent County, and the MEDC as required parties.

All other terms and conditions of the Agreement and the Granting Resolution remain unchanged.

Board discussion: Mr. Finney asked if there were any questions from the Board. Several concerns were raised by the Board, relating to whether approval of this action by the MSF would be setting a precedent for

future projects. Mr. Finney asked the Board not to act on this item. Richard Rassel motioned to table this action item, until an undetermined future meeting. Bill Martin seconded this motion. The motion to table the item for future discussion carried– **7 ayes; 0 nays; 0 recused; 2 absent.**

RESOLUTION 2013-180 – GENESEE PACKAGING, INC. - AMENDMENT

Amy Lux, Renaissance Zones Analyst, presented the Board with the following information regarding this action item.

Genesee Packaging, Inc. (the “Company”) and the City of Flint (the “City”) are requesting an amendment to their Renaissance Zone Development Agreement (the “Agreement”) reducing their job creation milestone from 58 new Full-Time Jobs to 40 new Full-Time Jobs. The Company submitted an amendment application requesting their job creation milestone be reduced to the 40 jobs already attained (the “Amendment”). The City fully supports the Amendment and, considering the Renaissance Zone is already in its phase-out period, the City requests there be no reduction in the duration of the Zone benefits, which could slow down the growth the Company is currently experiencing in this distressed community. In the last three years, the benefits of all Renaissance Zones phase out in 25% increments. The Company’s Renaissance Zone expires December 31, 2015, which means it will only receive 75% of the benefits of a Renaissance Zone for Tax Year 2013.

Recommendation: The MEDC recommends the MSF Board approve Genesee Packaging, Inc.’s request to amend their Renaissance Zone Development Agreement to reflect the following change:

- Reduce the Company’s overall job creation commitment from 58 new full-time jobs to 40 new full-time jobs by December 31, 2012, a milestone that has already been attained. The Company must maintain this number of new Full-Time Jobs for each subsequent year of the Term of the Agreement.

All other terms and conditions of the Agreement remain unchanged.

Board discussion: Mr. Finney asked if there were any questions from the Board. Mr. Arwood asked how much the investment for this project was. Ms. Lux stated that she was not sure what the actual amount was, but that her team would be able to research and return with an answer later in the meeting. The Board agreed to move on to the next agenda item in the meantime, and to revisit Resolution 2013-180 before the meeting adjourned.

[Richard Rassel recused]

Resolution 2013-181 – Detroit Chassis, LLC – Amendment

Amy Lux, Renaissance Zone Analyst, provided the Board with the following information regarding this action item.

Detroit Chassis, LLC (the “Company”) is requesting an amendment to the Company’s Renaissance Zone Development Agreement (the “Agreement”) to allow for extra time to attain their capital investment milestone of \$2 million. According to the Company’s most recent Renaissance Zone Progress Report, the Company has fallen short of their \$2 million commitment, having invested just under \$575,000 by June 30, 2013. The Company explains that the shortfall is due to the difficult economic climate of the automobile industry, despite their efforts to retain old business and diversify in to new types of vehicles. However, recent negotiations with various customers have warranted nearly doubling their daily production. To deal with the added production demands, the Company anticipates investing enough in the next 8-12 months to meet their original \$2 million capital investment milestone.

Recommendation: The MEDC recommends the MSF Board approve the amendment of the Company’s Renaissance Zone term and their Renaissance Zone Development Agreement to reflect the following changes:

- Extend out the deadline to complete \$2 million in capital investment on the Renaissance Zone property from December 31, 2011 to October 31, 2014.
- Reduce the total term of the Renaissance Zone from 12 years to 10 years with a new expiration date of December 31, 2019.

All other terms and conditions of the Agreement remain unchanged.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2013-181. Steve Arwood seconded this motion. The motion carries – **6 ayes; 0 nays; 1 recused; 2 absent.**

Resolution 2013-182 – James Group International, Inc. – Revocation

Amy Lux, Renaissance Zone Analyst, provided the Board with the following information regarding this action item.

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve a resolution revoking the Renaissance Zone time extension designation for James Group International, Inc.’s (the “Company”) waterfront site in the Southwest/Delray Subzone in the City of Detroit. There are 5 years remaining on the Company’s 7-year time extension term, designated on December 21, 2011 and currently set to expire on December 31, 2018. Based on representations made by the Company leadership to the Michigan Economic Development Corporation (“MEDC”) Staff, project commencement has yet to occur and no capital investment has been put in to the site. According to the Company, their project has stalled due to the Michigan Ballast Water Law enacted to protect waterways from invasive species and the lack of business coming to the Port of Detroit. However, the Company also stated that its proximity to the New International Trade Crossing (“NITC”) Bridge has made the Company reluctant to begin a project due to the uncertainty as to the property’s best use and where the company can attain the best value.

Recommendation: MEDC Staff recommend that the MSF Board approve the revocation of James Group International, Inc.’s Renaissance Zone time extension designation for their waterfront site, effective December 31, 2013 for property tax purposes, and immediately for other tax purposes.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2013-182. Steve Arwood seconded this motion. The motion carries - **6 ayes; 0 nays; 1 recused; 2 absent.**

[Richard Rassel returns]

Resolution 2013-183 – Grand River Tower, LLC – Revocation

Amy Lux, Renaissance Zone Analyst, provided the Board with the following information regarding this action item.

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve a resolution revoking the Renaissance Zone Subzone designation for Grand River Tower, LLC (the “Company”) for the Capital Club Towers Project site in the City of Lansing. There are 10 years remaining on the Company’s 15-year Renaissance Zone term, designated on March 26, 2008 and currently set to expire on December 31, 2023. Based on representations made by the Lansing Economic Area Partnership (“LEAP”) and the Company’s leadership to the Michigan Economic Development Corporation (“MEDC”) Staff, construction commencement has yet to occur and little capital investment has been put in to the site. According to the Company, the project has been stalled due to setbacks attributed to the tough economic conditions of the past several years.

Recommendation: MEDC Staff recommend that the MSF Board approve the revocation of Grand River Tower, LLC's Renaissance Zone Subzone designation, effective December 31, 2013 for property tax purposes, and immediately for other tax purposes.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, Steve Arwood motioned for the approval of Resolution 2013-183. Bill Martin seconded this motion. The motion carries – **7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-184 – Next Michigan renaissance Zones – Appointments to Next Michigan Renaissance Zone Committee

Amy Lux, Renaissance Zone Analyst, provided the Board with the following information regarding this action item.

The Michigan Economic Development Corporation (“MEDC”) is requesting the Michigan Strategic Fund (“MSF”) Board amend their appointment of members to the committee tasked to review applications of eligible Next Michigan Businesses (“NMBs”) seeking qualified eligible NMB certification in order to receive benefits of a Next Michigan Renaissance Zone (the “Renaissance Zone Committee”). Many of the current Renaissance Zone Committee members are either in new roles or no longer available to participate. Therefore, the following individuals have agreed to serve on the Renaissance Zone Committee, replacing the current members: Richard Rassel (MSF Board Member), Peter Anastor (Director, Logistics and Supply Chain Management—MEDC), Amy Lux (Renaissance Zone Program Specialist—MEDC), and Vince Nystrom (Vice President, Strategic Accounts—MEDC) or Valerie Hoag (Senior Vice President, Business Development--MEDC), as an alternate.

Recommendation: he MEDC recommends the MSF Board approve the resolution amending the current appointments on the Renaissance Zone Committee to be replaced with the following members: Richard Rassel (MSF Board Member), Peter Anastor (Director, Logistics and Supply Chain Management—MEDC), Amy Lux (Renaissance Zone Program Specialist—MEDC), and Vince Nystrom (Vice President, Strategic Accounts—MEDC) or Valerie Hoag (Senior Vice President, Business Development--MEDC), as an alternate.

Board discussion: Mr. Finney asked if there were any questions from the Board. The Board then briefly discussed that the issue of staff turnover within this committee was related to appointing an employee by name, rather than by position. Therefore, Bill Martin motioned for the amendment of the current resolution to appoint Committee Members by the title of their position within the MEDC, rather than by name. Craig DeNooyer seconded this amended motion. **The motion carries - 7 ayes; 0 nays; 0 recused; 2 absent.**

NEXT MICHIGAN PROGRAM UPDATE – INFORMATION ONLY

Amy Lux, Renaissance Zone Analyst, provided the Board with the following information regarding this item.

As the NMDCs have submitted Marketing Zone boundaries and application processes for approval, the Committee has met several times to review the submissions and given feedback when necessary. The Committee's mission was to ensure all submissions were compliant with the statute and MEDC policy.

On August 7, 2013, the Committee approved Marketing Zone boundaries for I-69 International Trade Corridor NMDC (the “I-69 NMDC”). Eleven (of 12 possible) Marketing Zones were approved: two in Shiawassee County, two in Lapeer County, and seven in Genesee County. The I-69 NMDC focused on putting Marketing Zones in industrial parks, rail parks, and around Bishop Airport.

On September 20, 2013, the Committee approved Marketing Zone boundaries submitted by Port Lansing NMDC. Seven (of 12 possible) Marketing Zones were approved all situated around the Capital City

Airport. The Committee also approved the application processes for both I-69 NMDC and the Grand Traverse Area NMDC.

On October 7, 2013, the Committee approved the Marketing Zone boundaries for Grand Traverse Region NMDC; the five Marketing Zones approved are situated on several business parks and Cherry Capital Airport. Port Lansing NMDC's application process submission was also approved at the same meeting.

PRIVATE ACTIVITY BONDS

Resolution 2013-185 – Chelsea-Area Wellness Foundation – Inducement

Michael Flanagan, Capital Markets, provided the Board with information regarding this action item. In attendance in support of the project was: Amy Heydlauff, Executive Director, Chelsea-Area Wellness Foundation, and Tom Colis, Bond Counsel, Miller Canfield, who both spoke as advocates of the project.

Chelsea-Area Wellness Foundation (“CWF”) is seeking financing to purchase land and an approximately 48,000 square foot building CWF currently leases located at 2810 Baker Road, Dexter, Washtenaw County. The facility will provide the community with fitness facilities, meeting space, health education classes, medical integration programming and other wellness related offerings.

CWF indicates that it employs 61 individuals. It is anticipated when full membership is attained, CWF will employ approximately 100 full time and part time jobs for skilled, certified and unskilled employees.

Recommendation: After reviewing the Private Activity Bond Application for Chelsea-Area Wellness Foundation, staff recommends the adoption of an Inducement Resolution in the amount of \$12,000,000 for this project.

Board discussion: Mr. Finney asked if there were any questions from the Board. Upon further discussion, Bill martin asked that staff provide the Board with a report on the TIF capture of the for profit portion of property value. Craig DeNooyer confirmed with staff that by approving this inducement, the Board was under no obligation to pass the bond in the future. There being no further questions, Steve Arwood motioned for the approval of Resolution 2013-185. Bill Martin seconded the motion. **The motion carries - 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-186 – Porter Hills Presbyterian Village, Inc. - Authorization

Michael Flanagan, Capital Markets, provided the Board with the following information regarding this action item. Attending in support of this project was Ann Filingham, Bond Counsel, Dykema.

Porter Hills Presbyterian Village, Inc. (the “Company”), on behalf of itself and an obligated group comprised of the Company and various affiliates of the company (the “Obligated Group”), is seeking financing to assist the Obligated Group in currently refunding an interim taxable facility used to (i) currently refund all of the outstanding MSF Limited Obligation Revenue Bonds (Porter Hills Presbyterian Village, Inc. Project) Series 1998 (the “1998 Bonds”), (ii) currently refund all of the outstanding MSF Limited Obligation Revenue Refunding Bonds (Porter Hills Obligated Group Project), Series 2003 Municipal Auction Rate Securities (MARS) (the “2003 Bonds”), (iii) currently refund all of the outstanding MSF Limited Obligation Revenue Refunding Bonds (Porter Hills Obligated Group Project), Series 2010 (the “2010 Bonds”), (iv) currently refund a commercial line of credit used to finance capital construction costs of the Greenhouse skilled care facilities (the “Construction Line of Credit” and together with the 1998 Bonds, the 2003 Bonds and the 2010 Bonds, the “Prior Indebtedness”), (v) finance additional capital improvements to existing facilities financed or refinanced with the foregoing MSF obligations, (vi) pay certain swap termination fees related to cancellation of interest rate swaps previously issued and integrated with the foregoing MSF obligations, and (vii) paying certain costs of issuance and refunding.

Recommendation: Based upon a determination by Dykema Gossett PLLC and the State of Michigan Attorney General's Office that the project complies with state and federal law requirements, for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of Not to Exceed \$18,000,000.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, Richard Rassel motioned for approval of Resolution 2013-186. Bill Martin seconded this motion. This authorization also called for a roll call vote of the Board. The results of which were 7 in favor of, 0 against the Bond authorization of Porter Hills Presbyterian Village, Inc., Resolution 2013-186.

ADMINISTRATIVE ITEMS

Resolution 2013-187 – CDBG Delegation of Authority

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

Staff is requesting authorization from the MSF Board for the MSF Fund Manager and MSF President to approve or deny requests for CDBG funds up to one million dollars. Large CDBG projects that are requesting over one million dollars in total incentives or include other incentives that require MSF Board approval will continue to be presented to the MSF Board. The MSF Board will be notified of any other delegated approvals projects through a quarterly report.

Recommendation: MEDC Staff has concluded that delegating this authority will mirror other delegations and allow for greater efficiency for a federal program that requires project delays already. Staff recommends the Board authorize the Fund Manager and MSF President to approve or deny requests for CDBG funds up to one million dollars.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, Richard Rassel motioned for the approval of Resolution 2013-187. Andrew Lockwood seconded this motion. **The motion carries - 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-188 – Allocation of Funds for BDP and CRP Programs

Karla Campbell, Business Compliance, provided the Board with the following information regarding this action item.

This is a request to authorize the allocation of funds in the amount of \$120 million from the 21st Century Jobs Fund to the Michigan Strategic Fund (MSF) to operate the Michigan Business Development and the Michigan Community Revitalization Programs for FY 2014.

Recommendation: MEDC recommends that the State Treasurer transfer \$120 million from the 21st Century Jobs Trust Fund to the MSF for the operation of the Michigan Business Develop Program and the Michigan Community Revitalization Program for Fiscal Year 2014.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2013-188. Bill Martin seconded this motion. **The motion carries - 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-189 – Allocation of Funds for Administration and Extension of MOU

Karla Campbell, Business Compliance, provided the Board with the following 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 2013
Staff is also requesting that the MSF allocate the 4% Annual Appropriation from the 21st Century Jobs Funds to the MSF to provide services for 21st Century Jobs Funds programs.

Recommendation: MEDC staff recommends that the MOU be amended to extend the effective date of the MOU through September 30, 2014. MEDC staff also recommends that the MSF authorize the expenditure of 4% of the annual appropriation from the 21st CJTF for administrative expenses for fiscal year 2013-2014.

Board discussion: Mr. Finney asked if there were any questions from the Board. There being none. Bill Martin motioned for the approval of Resolution 2013-189. Andrew Lockwood seconded the motion. **The motion carries - 7 ayes; 0 nays; 0 recused; 2 absent.**

Resolution 2013-190 – Credit Suisse Change in Ownership

Ricardo Gonzales, Capital Markets, provided the Board with the following information regarding this action item.

MSF Staff received notice that Credit Suisse agreed to sell the Customized Fund Investment Group to Grosvenor Capital Management, L.P. The agreement may not be assigned without the express written consent of the MSF, and therefore, MEDC Staff is requesting that the MSF Board consent to the assignment of the Credit Suisse Customized Fund Investment Group Agreement to Grosvenor Capital Management, L.P. See Attachment A for more information on Grosvenor.

Recommendation: In order to maintain the programs managed by the Customized Fund Investment Group, MEDC Staff recommends that the MSF Board consent to the assignment of the Customized Fund Investment Group agreement to Grosvenor Capital Management L.P.

Board discussion: Mr. Finney asked if there were any questions from the Board. Mr. DeNooyer asked Mr. Gonzales if the Board had the right to refuse this request. Mr. Gonzales confirmed that yes; the Board does reserve that right. There being no further questions, Bill Martin motioned for the approval of 2013-190. Andrew Lockwood seconded the motion. **The motion carries - 7 ayes; 0 nays; 0 recused; 2 absent.**

CREDIT SUISSE QUARTERLY REPORT

Michael Flanagan, Capital Markets, provided the Board with a quarterly summary report of Credit Suisse activity. No action on this item is required.

REVISITED: Resolution 2013-180 – Genesee packaging, Inc. - Amendment

Karla Campbell, Business Compliance, informed the Board that her team had found the answer to Mr. Arwood's question regarding the project dollar amounts.

Ms. Campbell informed the Board that the projected investment for the project was \$600,000, and that the company had only \$200,000 thus far. She also informed the Board that staff does have an audit scheduled for the project, and that once complete, staff will provide the Board with the results.

Board discussion: Mr. Finney asked if there were any further questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2013-180. Bill Martin seconded the motion. **The motion carries - 7 ayes; 0 nays; 0 recused; 2 absent.**

ADJOURNMENT: At this time Bill Martin motioned for the Board to adjourn into closed session. Richard Rassel seconded the motion. **The meeting adjourned at 3:10 pm.**



October 23, 2013

MSF Fund Manager
MEDC
300 N. Washington Square
Lansing, MI

Dear Fund Manager:

This is to advise that I am recusing myself from voting and will excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on Wednesday, October 23, 2013:

- Aisin Technical Center of America Inc.

The reason for my recusal relates to the fact that I may have a potential conflict of interest with respect to the parties involved in the Agenda item.

Sincerely,

A handwritten signature in black ink that reads "Shaun W. Wilson".

Shaun Wilson
Vice President & Director of Client &
Community Relations
PNC Financial Services Group



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

January 1, 2013

Ms. Ellen Graham
Board Relations Liaison
Michigan Strategic Fund Office
300 N. Washington Square
Lansing, Michigan 48913

Dear Ms. Graham:

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

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Dillon", with a long horizontal flourish extending to the right.

Andy Dillon
State Treasurer

cc: Andrew Lockwood
Andrew Dillon

BUTZEL LONG

ATTORNEYS AND COUNSELORS

a professional corporation

Richard E. Rassel
Chairman

313 225 7014
rassel@butzel.com

Stoneridge West
41000 Woodward Avenue
Bloomfield Hills, Michigan 48304
T: 248 258 1616 F: 248 258 1439
butzel.com

October 22, 2013

MSF Fund Manager
Michigan Strategic Fund
300 North Washington Square
Lansing, MI 48913

Re: October 23, 2013 Board Meeting

Dear MSF Fund Manager:

This is to advise that I intend to recuse myself from voting on and will leave the Board Meeting during discussions on the agenda item involving Detroit Chassis LLC.

The reason for my recusal and leaving the Board meeting during discussion on the aforementioned relates to the fact that my law firm, Butzel Long, is or potentially could act as counsel for parties involved in this agenda item.

Very truly yours,



RICHARD E. RASSEL
Member



TP

Via Fax to Ms. Elaine Jaworsky 517 373 6683

BUTZEL LONG

ATTORNEYS AND COUNSELORS

a professional corporation

Richard E. Rassel
Chairman

313 225 7014
rassel@butzel.com

Stoneridge West
41000 Woodward Avenue
Bloomfield Hills, Michigan 48304
T: 248 258 1616 F: 248 258 1439
butzel.com

October 14, 2013

MSF Fund Manager
Michigan Strategic Fund
300 North Washington Square
Lansing, MI 48913

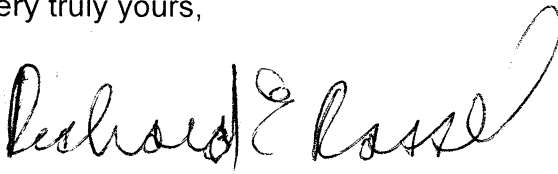
Re: October 23, 2013 Board Meeting

Dear MSF Fund Manager:

This is to advise that I intend to recuse myself from voting on and will leave the Board Meeting during discussions on the agenda item involving The James Group International.

The reason for my recusal and leaving the Board meeting during discussion on the aforementioned relates to the fact that my law firm, Butzel Long, is or potentially could act as counsel for parties involved in this agenda item.

Very truly yours,



RICHARD E. RASSEL
Member

TP

Via Fax to Ms. Elaine Jaworsky 517 373 6683



MEMORANDUM

Date: November 20, 2013

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

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *SRI International (“Company” or “Applicant”)*
Michigan Business Development Program Performance-based Grant Request

Request

This is request from the Applicant for an \$800,000 Performance-based grant. This project involves the creation of 25 Qualified New Jobs and a capital investment of up to \$624,535 in Plymouth Charter Township.

Background

SRI International (“SRI”), formed in 1946 as the Stanford Research Institute, is an independent research institute which conducts client-sponsored research and development for government agencies, commercial clients, foundations and other entities. SRI became independent of Stanford University in 1970 and now employs about 2,600 people worldwide.

With the assistance of MSF incentives, SRI will establish a new Phase 1 Clinical Trials facility at the Michigan Life Sciences and Innovation Center (MLSIC) in Plymouth Township. They intend to accelerate SRI technologies and technologies from biotech companies, surrounding universities and hospitals from Phase I to Phase II stage of development. MLSIC management will add through new construction 9,000 additional square feet to the building to accommodate the project.

In September, 2012, the MSF Board approved \$5 million in Centers of Innovation (COI) funds related to this project.

The Applicant plans to open a new Clinical Trials operation in Plymouth Charter Township, make investments and create jobs related to research and development in biotechnology.

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. SRI is a nonprofit research institute that without assistance, could not establish a start-up operation. SRI was also considered placing this operation in Virginia where they currently have operations as well.
- d) The Applicant plans to create 25 Qualified New Jobs above a project site base employment level of 0.

Michigan Economic Development Corporation

- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the company indicates that investment will begin in the fall of 2013, the project represents a diversification of SRI's presence in Michigan and the project results in a positive ROI for Michigan.

Recommendation

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

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
SRI INTERNATIONAL**

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

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

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

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

WHEREAS, projects that involve multiple MSF incentives must be approved by the MSF Board;

WHEREAS, SRI International (“Company”) has requested a performance based MBDP grant of up to \$800,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
November 20, 2013



MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Grant - Term Sheet

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

Date: 10/29/2013

- 1. Company Name:** SRI International ("Company" or "Applicant")
- 2. Company Address:** 333 Ravenswood Avenue
Menlo Park, CA 94025
- 3. Project Address ("Project"):** 46701 Commerce Center Drive
Plymouth, MI 48170
- 4. MBDP Incentive Type:** Performance Based Grant
- 5. Maximum Amount of MBDP Incentive:** Up to \$800,000 ("MBDP Incentive Award")
- 6. Base Employment Level** 0 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 **Project Site** 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:** 25 The minimum number of total Qualified New Jobs the Company shall be required to create at the Project Site (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),
(above Base Employment Level)

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:** July 19, 2013 (date of final BDP application)

8. **Company Investment:** \$624,535 in annual lease costs, leasehold improvements, machinery and equipment, furniture and fixtures, computers, special tooling, *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 municipality shall have committed to provide: expedited approval of development plans 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: Upon demonstrated creation of each Qualified New Job, the MSF will disburse \$32,000 per Qualified New Job (up to 25 Qualified New Jobs and not to exceed the total amount of \$800,000), provided that:

- i. By December 31, 2014, the Company demonstrates creation of at least 6 Qualified New Jobs and submits documentation verifying commitment of local support;
- ii. By December 31, 2015, the Company demonstrates creation of at least 4 additional Qualified New Jobs (for a total to such date of at least 10 Qualified New Jobs); and
- iii. By December 31, 2016, the Company creates at least 6 additional Qualified New Jobs (for a total to such date of at least 16 Qualified New Jobs).
- iv. By December 31, 2017, the Company creates at least 4 additional Qualified New Jobs (for a total to such date of at least 20 Qualified New Jobs).
- v. By December 31, 2018, the Company creates at least 5 additional Qualified New Jobs (for a total to such date of at least 25 Qualified New Jobs).

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

12. **Repayment Provisions:**

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions

may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

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

14. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by November 1, 2013, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

SRI International, Inc.

By:



Printed Name: Kathryn M. Baughman

Its: Division Manager of Contracts

Dated: 31 Oct 2013

Michigan Economic Development Corporation

By:



Printed Name: Marcia Gebarowski

Its: Dev't Finance Mgr

Dated: October 31, 2013



MEMORANDUM

Date: November 20, 2013

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

From: Marcia Gebarowski, Senior Development Finance Manager

Subject: *HTC Global Services, Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Request

This is request from the Applicant for a \$1,750,000 Performance-based grant. This project involves the creation of 203 Qualified New Jobs and a capital investment of up to \$3,372,500 in the City of Troy.

Background

Established in 1990, HTC Global Services, Inc. (“HTC”) is a leading global information technology and business process outsourcing service and solution provider. Headquartered in Troy, Michigan, HTC is one of the fastest growing Asian-American owned companies in the U.S. HTC manages the IT environments, IT applications and business processes for their clients.

The Company was previously approved for a 10 year new Jobs New Jobs Employment tax credit. The credit expires in 2013.

The Company plans to lease two floors in a second building in the City of Troy to in order to expand their operations in software development, testing and maintenance of suite services, make investments and create jobs related to custom computer programming services.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Troy. The city has offered a “staff, financial, or economic commitment to the project” in the form of a PA 198 property tax abatement.
- c) The Applicant has demonstrated a need for the funding. HTC has a development center in Bloomington, Indiana as well as a service center in Bloomington, IL. The State of Indiana has offered tax incentives for new jobs related to the project in addition to rent exemptions and other incentives as a result of being in close proximity to Indiana University. Alternatively, the Illinois facility is in close proximity to the Company’s customer base, where a majority of the Company’s job training activities occur.
- d) The Applicant plans to create 203 Qualified New Jobs above a statewide base employment level of 209.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company indicates that investment and job creation will begin in 2013, the project involved out-of-state competition and the project results in a positive ROI for Michigan.

Michigan Economic Development Corporation

Recommendation

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

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
HTC GLOBAL SERVICES, INCORPORATED**

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

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

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

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

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

WHEREAS, HTC Global Services, Inc. (“Company”) has requested a performance based MBDP grant of up to \$1.75 million (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
November 20, 2013



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

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

Date: 11/1/2013

- 1. Company Name:** HTC Global Services, Inc. ("Company" or "Applicant")

- 2. Company Address:** 3270 W. Big Beaver Rd
Troy, MI 48084

- 3. Project Address ("Project"):** 100 E. Big Beaver Rd
Troy, MI 48083

3270 W. Big Beaver Rd.
Troy, MI 48084

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

- 5. Maximum Amount of MBDP Incentive:** Up to \$1,750,000 ("MBDP Incentive Award")

- 6. Base Employment Level** 209 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:** 203 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each
(above Base Employment Level)

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

- 8. **Company Investment:** Up to \$3,372,500 in building renovations, annual lease costs, leasehold improvements, machinery and equipment, furniture and fixtures, computers *or any combination thereof, for the Project.*

- 9. **Municipality supporting the Project:** City of Troy
 - 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 PA 198 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 \$430,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2014.

 - b. **Disbursement Milestone 2:** Up to \$845,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 150 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2015.

c. Disbursement Milestone 3: Up to \$475,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 53 additional Qualified New Jobs (for a total of 203 Qualified New Jobs) above the Base Employment Level, by no later than February 28, 2017.

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

12. Repayment Provisions:

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

13. Reporting Requirements:

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

14. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by November 1, 2013, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

HTC Global Services, Inc

Michigan Economic Development Corporation

By:

Laurie Maria

By:

Marcia Gebarowski

Printed Name:

Laurie Maria

Printed Name:

Marcia Gebarowski

Its:

Dir of Finance

Its:

Development Finance Mgr

Dated:

11-1-13

Dated:

November 4, 2013



MEMORANDUM

Date: November 20, 2013

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

From: Trevor Friedeberg, Development Finance Analyst

Subject: *Niowave, Inc. (“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. The grant will be paid back to the MSF in annual payments beginning March 31, 2018. This project involves the creation of 90 Qualified New Jobs, with the potential for up to 120 total jobs as a result of the project and a capital investment of up to \$79,000,000 in the City of Lansing.

Background

Niowave, Inc. specializes in commercializing superconducting particle accelerators. Since being established in 2005, it has become the only company in the world that can design, build, and test superconducting linear accelerators and their associated cryogenic refrigerators. The company has identified several commercial opportunities for small, compact linear accelerators including Medical Radioisotopes, Free Electron Lasers, and X-Ray sources. With this incentive the company will open a radioisotope production facility based on a superconducting linear accelerator to produce medical radioisotopes.

The Applicant received a small Brownfield MBT credit in 2006 to renovate a functionally obsolete building in the City of Lansing.

The Applicant plans to open a new facility in Lansing, make investments and create jobs related to Research and Development in the Physical, Engineering, and Life Sciences.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Lansing. The City of Lansing Next Michigan Development Corporation has offered a “staff, financial, or economic commitment to the project” in the form of approving a property tax abatement for real and or personal property.
- c) The Applicant has demonstrated a need for the funding. The Company is being heavily courted to locate at the Illinois Accelerator Research Center and Illinois has offered incentive packages to the Company.
- d) The Applicant plans to create 90 Qualified New Jobs above a statewide base employment level of 43.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: There is significant out of state competition with Illinois; with the incentive, the

Michigan Economic Development Corporation

company will stay in Lansing, which will likely boost Michigan State University's chances for funding of the proposed facility for Rare Isotope Beams through the Department of Energy; the project will result in a significant number of extremely high paying jobs; there will be a substantial amount of real and personal property investment; and the company plans on moving into Port Lansing, near the airport, which will spur development and allow for future growth.

Recommendation

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

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

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

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

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

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

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

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

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

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

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

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

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

ADOPTED

Ayes:

Nays:

Lansing, Michigan
November 20, 2013



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

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

Date: October 22, 2013

- 1. Company Name:** Niowave, Inc. ("Company" or "Applicant")
- 2. Company Address:** 1012 North Walnut Street
Lansing, Michigan 48906
- 3. Project Address ("Project"):** TBD in Port Lansing Capitol Region Airport
Lansing, Michigan
- 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** 43 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:** 90 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and
(above Base Employment Level)

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

a. **Start Date for Measurement of Creation of Qualified New Jobs:** September 16, 2013 (date of offer letter acceptance)

8. **Company Investment:** The company plans to invest \$79,000,000 in real and personal property relating to new building construction and machinery and equipment, or any combination thereof, for the Project.

9. **Qualified Investment:** \$10 million The total minimum amount of the required Company Investment at the Project, which at a minimum must include the following: real and personal property relating to new building construction and machinery and equipment ("Qualified Investment"). **Investment made after November 20, 2013, and no later than March 31, 2016 will be considered as Qualified Investment.** The final terms and conditions of the Qualified Investment shall be included in the final Agreement.

10. **Municipality supporting the Project:** Dewitt Charter Township – City of Lansing Next Michigan Development Corporation

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 on real and/or personal property related to the Project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

11. **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 have maintained the amount of the required Qualified Investment and otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

a. **Disbursement Milestone 1:** Up to \$500,000 Upon demonstrated support that the Company has maintained the Base Employment Level, the company has signed a lease of at least 10 years for the Project, and verification of final approval of municipality support by no later than March 31, 2014.

- | | | |
|-------------------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| b. Disbursement Milestone 2: | Up to \$500,000 | Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 10 Qualified New Jobs above the Base Employment Level, by no later than March 31, 2015. |
| c. Disbursement Milestone 3: | Up to \$500,000 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 20 additional Qualified New Jobs (for a total of 30 Qualified New Jobs) above the Base Employment Level and upon demonstrated completion of \$10 million of Qualified Investment, by no later than March 31, 2016. |
| d. Disbursement Milestone 4: | Up to \$1.5 million | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3 and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 55 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2017. |
| e. Disbursement Milestone 5: | \$0 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4 and upon demonstrated creation of 35 additional Qualified New Jobs (for a total of 90 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2018. |

12. Term of Agreement:

Execution of Agreement to March 31, 2020. Provided however, certain terms of the Agreement may be effective through a different end date including the revenue participation terms and conditions (discussed below) which shall be effective through the date the MSF has received repayment of all of the disbursements made to the Company by the MSF (plus any applicable interest, fees and costs if such payments are not made in a timely made).

13. 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 and shall include terms and conditions to repay the MSF. Such terms will include repayment to the MSF under at least one of the following parameters:

- a. Annual Payment:** The final agreement will include annual payment terms and conditions which will require the Company to make annual payments to the MSF beginning March 31, 2018 and continue each March 31 through March 31, 2024. The annual payment terms will require seven payments equal to one seventh of \$3,250,000. The amount of payment to the MSF shall be no less than \$464,285.71 in any year during the annual payment period.

- b. In addition to annual payment terms, the final repayment provisions will also require repayment of some, or up to all, of the disbursements made by the MSF (plus any applicable interest, plus fees and costs if such payments are not timely made), including if the Company moves 25 percent, or more, of its employees out of Michigan, if, through March 31, 2020 the Company fails to maintain the Base Employment Level in Michigan, and if the Company fails to create and maintain the Qualified New Jobs incented by this Award.

14. Reporting Requirements:

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

15. 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 31, 2013, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Niowave, Inc.

By:



Printed Name:

Terry Grimm

Its:

President, Niowave

Dated:

10/31/13

Michigan Economic Development Corporation

By:



Printed Name:

Trevor Friedeberg

Its:

Development Finance Analyst

Dated:

11/1/2013



MEMORANDUM

Date: November 20, 2013

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

From: Stacy Bowerman, Senior Development Finance Manager

Subject: *Spartan Stores, Inc. (“Company” or “Applicant”)*
Michigan Business Development Program Performance-based Grant Request

Request

This is request from the Applicant for a \$2,750,000 Performance-based grant. This project involves the creation of 372 Qualified New Jobs and a capital investment of up to \$18.3 million in Byron Township, Kent County, Michigan.

Background

The Applicant, established in 1918, is the nation’s ninth largest grocery distributor. Headquartered in Grand Rapids, Michigan, the Company distributes more than 40,000 private and national brand products to approximately 375 independent grocery locations in Michigan, Indiana and Ohio, and operates approximately 100 corporate-owned stores located in Michigan, including Family Fare Supermarkets, Glen’s Markets, D&W Fresh Markets, VG’s Food and Pharmacy, and Valu Land. The Applicant has not received any incentives from the MSF in the past.

The Applicant recently merged with Nash Finch Company (“Nash Finch”). Nash Finch, established in 1885, is a Fortune 500 company headquartered in Minneapolis, Minnesota. Nash Finch is the second largest publicly traded wholesale food distributor in the United States. Nash Finch currently does business in 36 states, the District of Columbia, Europe, Cuba, Puerto Rico, the Azores and Egypt. Nash Finch also owns and operates a base of retail stores, primarily supermarkets, under the Family Fresh Market®, Econofoods®, Family Thrift Center®, No Frills®, Bag 'n Save®, AVANZA®, and Sun Mart® trade names.

The board of directors is currently evaluating locations for its new headquarters which will result in an initial creation of 72 new jobs. The Company also plans to consolidated headquarters operations beginning in 2017. The Applicant is considering its current location (850 76th Street, SW, Byron Center, Michigan) for the project where they will create a total of 372 jobs and make investment related to its consolidated headquarter operations.

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 Byron Township, Kent County, Michigan. Byron Township has offered a “staff, financial, or economic commitment to the project” in the form of property tax abatement for real and/or personal property related to the project. The estimated value of real and personal property tax abatements is \$1.9 million.
- c) The Applicant has demonstrated a need for the funding. In addition to its current location in Byron Township, the Applicant is also considering Nash Finch’s current headquarters in Minneapolis, as well as a new headquarters location in Indiana or other states, for the consolidated headquarters. The Applicant’s evaluation included proximity to a number of other large retailers, lower cost airfare, and access to talent. In addition, Minnesota also offered an incentive package for the consolidation of the Company’s headquarters.
- d) The Applicant plans to create 372 Qualified New Jobs above an established base employment level of 620.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project involved out-of-state competition and will be an expansion of a major headquarters in Michigan, which will result in the creation of high paying jobs and significant investment, the project will also have a positive impact on Michigan suppliers by maintaining Spartan Stores; and will result in a positive ROI for Michigan.

Recommendation

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

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO SPARTAN STORES, INC.

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

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

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

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

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

WHEREAS, Spartan Stores, Inc. (“Company”) has requested a performance based MBDP grant of up to \$2.75 million (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
November 20, 2013



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

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

Date: 11/5/2013

- 1. Company Name:** Spartan Stores, Inc. (“Company” or “Applicant”)

- 2. Company Address (“Project”):** 850 76th Street, SW
Post Office Box 8700
Grand Rapids, Michigan 49518-8700

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

- 4. Maximum Amount of MBDP Incentive:** Up to \$2,750,000 (“MBDP Incentive Award”), as follows:
Phase 1: \$1,500,000 (Milestones 1 – 3)
Phase 2: \$1,250,000 (Milestones: 4 – 7)

- 5. Base Employment Level** 620 The number of jobs currently maintained at the Project and 537 76th Street, Byron Center, Michigan, by the Company based on data submitted by the Company to the MEDC reflecting the Company’s employment level at the Project and 537 76th Street, Byron Center, Michigan, prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement (“Agreement”) between the MSF and the Company.

- 6. Total Qualified New Job Creation:** 372 The minimum number of total Qualified New Jobs the Company shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required),
(above Base Employment Level)

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

7. **Company Investment:** \$18,271,496 for parking lot construction, building renovations, machinery and equipment, furniture and fixtures, and computers, *or any combination thereof, for the Project.*

8. **Municipality supporting the Project:** Bryon 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 the Applicant and/or Spartan Stores Distribution, LLC and/or Market Development, LLC: a property tax abatement for real and or personal property related to the project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. **Disbursement Milestone 1:** Up to \$500,000 Upon demonstrated creation of 5 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2014.

b. **Disbursement Milestone 2:** Up to \$500,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 31 additional Qualified New Jobs (for a total of 36 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2015.

c. **Disbursement Milestone 3:** Up to \$500,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 36 additional Qualified New Jobs (for a total of 72 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2016.

- | | | |
|-------------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| d. Disbursement Milestone 4: | Up to \$312,500 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 147 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2018. |
| e. Disbursement Milestone 5: | Up to \$312,500 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 222 Qualified New Jobs) above the Base Employment Level, by no later than July 31, 2018. |
| f. Disbursement Milestone 6: | Up to \$312,500 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and Disbursement Milestone 5, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 297 Qualified New Jobs) above the Base Employment Level, by no later than October 31, 2018. |
| g. Disbursement Milestone 7: | Up to \$312,500 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, Disbursement Milestone 5, and Disbursement Milestone 6, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 372 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2019. |

10. Term of Agreement: Execution of Agreement to January 31, 2021

11. Repayment Provisions:

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

12. Reporting Requirements:

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

13. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by November 6, 2014, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Spartan Stores, Inc.

By: 

Printed Name: DAVID M. STAPLES

Its: EVP & CFO

Dated: 11/6/2013

Michigan Economic Development Corporation

By: Stacy Bowerman

Printed Name: Stacy Bowerman

Its: Senior Development Finance Manager

Dated: 11/12/2013



MEMORANDUM

Date: November 20, 2013

To: Michigan Strategic Fund Board

From: George Zimmermann, Vice President, Travel Michigan
Michigan Economic Development Corporation

Subject: Brand USA Amended International Travel Marketing Agreement

REQUEST

This request is for the MSF Board to enter into an amended agreement with Brand USA for the purpose of establishing a co-branding campaign in the amount of \$1,670,000.00.

BACKGROUND

Brand USA is the three-year-old public-private partnership authorized by Congress to market the U.S. as a tourism destination around the world. Brand USA offers buy in and other advertising opportunities to U.S. destinations, state tourism offices, city and regional convention and visitor bureaus and for-profit attractions. The purpose of our agreement with Brand USA is to establish a co-branding campaign with them for Ontario, Canada. By including the Brand USA logo on our Pure Michigan television ads and billboards running in Ontario, Brand USA will provide funding for 30% of the cost of this advertising. This agreement allows us to establish this co-marketing relationship with Brand USA for Ontario. This campaign will allow a match of federal funds for the advertisements.

This campaign is an extension of an existing membership that we have with the Council of Great Lakes and the Great Lakes USA campaign. The additional advertisement will allow Michigan specific advertising in the international market.

At the September 25, 2013, meeting the MSF Board authorized the allocation of \$104,367 to Brand USA and authorized the Fund Manager to enter into an agreement for the international marketing activities. The approval was for the Fall, 2013 advertising. This request is to amend the amount to \$1,670,000.00, which includes Fall 2013 advertising and all Canadian advertising for 2014. With an increase in funding for international marketing in 2014, Travel Michigan will be advertising in Toronto for the first time. Toronto is both a highly desirable and expensive media market.

RECOMMENDATION

The MEDC recommends that the MSF Board allocate \$1,670,000.00 and authorize the Fund Manager to enter into an amended agreement with Brand USA for the purpose of establishing a co-branding campaign in accordance with the federal Travel Promotion Act of 2009.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2013-**

**AUTHORIZATION OF ALLOCATION FOR INTERNATIONAL MARKETING
BRAND USA
Amendment #1**

WHEREAS, the State of Michigan initiated a travel marketing campaign, to accelerate efforts to promote the State's tourism industry;

WHEREAS, under Section 108 of 2013 PA 59, the Legislature made an appropriation of \$29,000,000 to the Pure Michigan program under the 21st Century Jobs Fund;

WHEREAS, as a result of an extension of an existing membership with the Council of Great Lakes and the Great Lakes USA, the MSF has the opportunity to support additional international travel marketing activities through Brand USA;

WHEREAS, because of the existing membership, there is no other vendor that can provide the unique international travel marketing campaign because it is an extension of an existing multi-state marketing campaign which qualifies for federal matching funds;

WHEREAS, the MSF, by Resolution 2013-155, on September 25, 2013, allocated \$104,367 to Brand USA to support additional international travel marketing activities in the smaller markets in Ontario for the 2013 Fall marketing campaign; and

WHEREAS, the MSF desires to expand the marketing campaign to the larger and highly desirable Toronto market and amend the allocation to cover the 2013 Fall and 2014 Spring marketing campaigns by increasing the allocation up to \$1,670,000 and authorize the Fund Manager to enter into an agreement for the international marketing activities in accordance with the federal Travel Promotion Act of 2009.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the allocation of \$1,670,000 to Brand USA and authorize the Fund Manager to enter into an agreement for the international marketing activities in accordance with the federal Travel Promotion Act of 2009.

BE IT FURTHER RESOLVED, that Resolution 2013-155 is rescinded.

Ayes:

Nays:

Recused:

Lansing, Michigan
November 20, 2013



MEMORANDUM

DATE: November 20, 2013

TO: Michigan Strategic Fund (“MSF”)

FROM: Eric Hanna, MEDC – Director, Debt Capital Programs
Joseph Martin, MEDC – Manager, Community Revitalization and Brownfield Programs
Stacy Esbrook, MEDC – Community Assistance Team Specialist

SUBJECT: 1212 Griswold Street LLC and Develop Michigan, Inc.
Community Revitalization Program
Reauthorization and Modification of Michigan Community Revitalization Approval for \$6,000,000

Request

1212 Griswold Street LLC and Develop Michigan, Inc. (Applicant’s) are requesting the reauthorization and modification of the MCRP loan participation approved on May 22, 2013 in the amount of \$6,000,000.

Background

1212 Griswold Street LLC, plans to renovate the historic 13-story Chamber of Commerce building, also formally known as the Detroit Savings Banks building. The building will be renovated into 56 residential apartments and approximately 51,000 square feet of commercial office space on the first floor. The property is qualifying as “functionally obsolete” and is “a historic resource” as authorized under the program. The Applicant plans to make an investment of \$37,619,260 to the project for interior demolition, building renovations, machinery and equipment and furniture and fixtures, as authorized under the program. The project will be located in the City of Detroit. The City of Detroit has offered a “staff, financial, or economic commitment to the project” in the form of an Obsolete Property Tax Abatement. The property received approval for an Obsolete Property Rehabilitation Certificate for 12-years.

The original May 22, 2013 approval is attached as Appendix A to this memo. A map is provided in Appendix B.

Action

During the development of the final financing arrangement, changes have become necessary to the original approval to effectuate the loan participation agreement. Those changes are detailed below:

Date Extension: This approval was originally on May 22, 2013 with a 30 day extension available via the MSF Fund Manager’s approval. Staff is recommending the date be extended to January 31, 2014 with a 90 day extension to allow time for the closing to occur.

Of note, the IRS Safe Harbor provisions related to the Historic Boardwalk Hall case have been delayed and this has caused many projects with Federal Historic

Michigan Economic Development Corporation

Tax Credits to experience delays as well. Staff remains highly confident in the final closing.

Senior Debt:

The original approval as outlined below contemplates a \$6.0M senior loan provided by Develop Michigan, Inc. and purchased by the MCRP program. In addition, JPM Chase believed they would receive approval for approximately \$3.0M in subordinated and subsidized loans provided for by the New Markets Tax Credit (NMTC) program. Chase did not approve those loans as they decided the operational risk and length of the NMTC term and compliance period was not palatable for the market and this deal. Urban Partnership Bank (“UPB”), headquartered in Chicago Ill., has agreed to lend those funds but on a “*pari passu*” (equal rights) basis, not on a subordinated basis. UPB is also participating in construction risk via provision of bridge loans. As a result, the loan will be approximately \$9.0M with the MCRP participation amount remaining \$6.0M or a two-thirds share.

Term:

The prior approval had a 75 month term plus a 12 month construction term. The term of the loan is now anticipated to be 84 months with 24 scheduled for construction and 60 scheduled for permanent financing. The construction loans allow for an additional 6 month extension to construction if necessary which will also be incorporated into this senior loan as an option. The Fund Manager shall have the ability to effectuate the loan agreement with final terms and conditions negotiated by staff based on the requirements of construction/bridge lenders and tax credit investors.

RECOMMENDATIONS

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

- a) Approval of the MCRP Proposal as outlined above (collectively, “MCRP Proposal”);
- b) Closing the MCRP Proposal, subject to available funding under the MCRP at the time of closing (“Available Funding”), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, “Due Diligence”), finalization of all MCRP transaction documents, and further subject to the following terms and conditions:
 - a. Commitment will remain valid until January 31, 2014 days with approval for MSF Fund Manager to extend the commitment an additional 90 days.

MEMORANDUM

DATE: May 22, 2013

TO: Michigan Strategic Fund (“MSF”)

FROM: Eric Hanna, MEDC – Director, Debt Capital Programs
Joseph Martin, MEDC – Manager, Community Revitalization and Brownfield Programs
Stacy Esbrook, MEDC – Community Assistance Team Specialist

SUBJECT: Approval of Michigan Community Revitalization Request for \$6,000,000 in Performance-based awards to:

1212 Griswold Street LLC (“Applicant” or “Borrower”)
401 S. Washington Square, Suite 102
Lansing, Michigan 48993

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.

HISTORY OF THE APPLICANT

1212 Griswold Street LLC is comprised of three key persons: Richard M. Karp, Karp and Associates; Kevin J. Prater, Prater Development Ltd; and Richard J. Hosey III, Realty Investment and Consulting LLC. Mr. Karp has led numerous successful mixed-use developments totaling over \$125 million in his portfolio, notably The Durant, which includes 93 luxury loft apartment and 19,000 square feet of commercial space. Mr. Prater has led Prater Development Ltd. to over \$130 million in development and project management work. This includes active development in the City of Lansing, Flint and Toledo. Mr. Hosey has extensive experience working on tax credit projects, including as a senior originator of deals with Bank of America including Historic Credits for Boston’s Fenway Baseball Park and the Broderick Tower in Detroit.

PROJECT DESCRIPTION

The Applicant plans to renovate the historic 13-story Chamber of Commerce building, also formally known as the Detroit Savings Banks building, originally constructed in 1895 located at 1212 Griswold Street in the City of Detroit. The building will be renovated into 56 residential apartments and approximately 51,000 square feet of commercial office space on the first floor.

- a) The project is “functionally obsolete” and is “a historic resource” as authorized under the program. The Applicant plans to make an investment of \$37,619,260 to the project for interior

demolition, building renovations, machinery and equipment and furniture and fixtures, as authorized under the program. The project will be located in the City of Detroit. The City of Detroit has offered a “staff, financial, or economic commitment to the project” in the form of an Obsolete Property Tax Abatement. The property received approval for an Obsolete Property Rehabilitation Certificate for 12-years.

- b) The project is located in a downtown or traditional commercial center. Preference was given to this project based on the significance of the historic building to Detroit’s Central Business District (“CBD”). The project will complement recent developments and trends within the CBD and the greater downtown area to create an opportunity to establish a densely populated and attractive, residential neighborhood. The attractiveness of this project will be bolstered by the many entertainment facilities within walking distance and other retail and dining amenities. The recent influx of several thousand new employees from Quicken Loans and affiliates, Blue Cross and Blue Shield, and others have seen an increase demand for residential housing that will be filled by the Griswold Lofts.

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION

Borrower: 1212 Griswold Street, LLC

Lender: Develop Michigan, Inc. (DMI)

Loan Amount: Up to \$6,000,000

MSF Share: Up to \$6,000,000 not to exceed 25% of Eligible Investment. DMI is interested in participating less than the full 100% to the MSF upon closing of its investment fund. Any participation by the MSF less than 100% must be acceptable to the MSF Fund Manager.

DMI LOAN DETAILS

Interest Rate: 7.5%

Term: 90 days after expiry of the NMTC compliance period (anticipated to be 75 months assuming a 12 month construction period)

Collateral: Real Estate Mortgage on Subject Property. All claims on collateral will be in proportion to DMI and MSF share of the Loan Amount. The final term and conditions of all collateral to be acceptable to the MSF Fund Manager, the Borrower, construction and bridge lender, and DMI.

Guarantee: Full Recourse of the key principals. All claims on the Guarantee will be in proportion to DMI and MSF share of the Loan Amount. The final term and conditions of all collateral to be acceptable to the MSF Fund Manager, the Borrower, construction and bridge lender, and DMI.

Funding: **Forward Commitment:** The MSF will fund up to \$6,000,000 to the DMI for a period of 18-months during the construction period.

Disbursement: Disbursement of up to \$6,000,000 from DMI to the Borrower is anticipated to occur at Certificate of Occupancy and other performance criteria to be contained in final loan documents.

Repayment: Currently anticipated to include monthly payments of principal and interest amortized over a minimum of 25 years. On the maturity date, the entire outstanding balance of the loan is due. DMI shall pay the MSF their proportionate share as borrower remits payment.

FEE STRUCTURE

Origination Fees: The Borrower will be responsible for paying a 1% origination fee based on the Forward Commitment Amount to the Senior Lender.

The Borrower will be responsible for paying a 1% disbursement fee based on the Disbursement Amount.

DMI will retain the full amount of the Origination Fees. Final terms and conditions of the Origination Fees must be acceptable to the MSF Fund Manager, the Borrower, and DMI.

Commitment Fee: The Borrower shall be responsible for paying a Commitment Fee to the DMI in an amount of 1.25% annually based on the Forward Commitment amount. The portion of the Commitment Fee kept by DMI will be commensurate with market rates and the remaining portion will be submitted to the MSF, all on terms and conditions acceptable to the MSF Fund Manager.

Servicing Fees: DMI will collect a 1.5% annual Servicing Fee on the outstanding loan amount after disbursement. The Servicing Fee is currently anticipated to be paid to DMI through a reduction in interest rate received by the MSF for its portion of the Loan Amount. The Servicing Fee will only be collected by DMI to the extent it is provided by the borrower to DMI.

Exit Fee: The Borrower will be responsible for a 1% Exit Fee of the originating loan amount and increasing an additional 1% every 12 months to a maximum of 6% of the loan amount if the loan is held to maturity. The portion of the Exit Fee kept by DMI will be commensurate with market rates and the remaining portion will be submitted to the MSF. The final term and conditions of the Exit Fee must be acceptable to the MSF Fund Manager, the Borrower, and DMI.

Whether the project is financially and economically sound:

The Project comes on the momentum of the closing and construction of the David Whitney Building in March of 2013 and lies within Detroit's West District. The David Whitney is one of the anchor points into the traditional business district off Woodward. The other project, the Broderick Tower, was recently redeveloped into a residential apartment and commercial office building. The Broderick is nearly 100% leased with rents 30% above the underwritten rates. This demonstrates exceptional demand for this type of product in the downtown.

The project has significant cash flow to meet the debt service requirements of the loan amount upon stabilization with a cumulative Debt Service Coverage Ratio of 1.9x between the commercial and residential space. The project has an appraised value of over \$11.2 million, as stabilized, with conservative rental rates on the residential units of \$1.40 per square foot.

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

Despite the economics of the deal, 1212 Griswold Street LLC was unable to secure permanent financing in the private market. The permanent debt market in Detroit remains non-existent, largely because of the deficiency of new product on which to analyze with comparable income generating properties. The finance package is structured in such a way as to encourage an exit by the borrower for a more traditional piece of permanent debt. The interest rate is traditionally above market and there is a steeped Exit Fee.

MICHIGAN STRATEGIC FUND CONSIDERATIONS

As required under the program, the following 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:

Located in the Capitol Park district, part of the larger central business district of downtown Detroit, the Chamber of Commerce building is a critical component of the West District Redevelopment Initiative. This initiative, which includes the acquisition and repositioning of key assets within the district (the David Whitney, the Farwell, and the Capitol Park buildings), is the final and necessary step to the reestablishment of a fully viable downtown. This strategy has already begun to take hold with coordinated investments by stakeholders including Michigan State Housing Development Authority (“MSHDA”), Detroit Economic Growth Corporation (“DEGC”) and Invest Detroit.

The redevelopment of the district is critical, and the impact will have a meaningful catalytic effect on the neighborhood. The Chamber of Commerce building is a critical development within the Capitol Park redevelopment initiative. At 13 stories, the Chamber of Commerce is a prominent treasure at the south entrance of the Capitol Park district. The district and the property represent a key gateway to the downtown. There will be a M1 Rail Line stop at the north end of the district, in addition to the re-activation of the Detroit People Mover connection included in the David Whitney redevelopment.

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

The public will benefit from the project by increasing the aesthetic and economic viability of a historic district within the City of Detroit. It is anticipated that the completion of this project will draw attention from new developers and the availability of conventional financing back to Detroit.

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

The City of Detroit has committed to approving a 12-year Obsolete Property Rehabilitation tax abatement in support of this project. The City is currently working through the approval process for this commitment.

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

The Chamber of Commerce building is listed on the State Register of Historic Sites and on the National Register of Historic Places and is located in a locally designated historic district under PA 169 of 1970. The building has been vacant for 5 years and the project will fully restore the building to functional use.

E. Creation of jobs:

The project is expected to create 120 permanent full time jobs related to the commercial portion of the property.

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

The project will be financed through a number of state and federal tax credits, New Markets Tax Credit (“NMTC”) equity, developer equity and traditional permanent debt. The project has secured the state brownfield credit as well as the state and federal historic tax credits. Chase is prepared to provide a bridge loan against those credits as well as participate as the NMTC equity investor. The project has also secured the necessary NMTC allocation of permanent debt funds from Invest Detroit and anticipates a potential allocation from Chase.

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

The Chamber of Commerce building is currently a vacant 13-story building. This project will add 56 market-rate residential apartments and approximately 51,000 square feet of Class-A commercial office space.

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

The Griswold Lofts project is a critical asset at the northern-end of the Central Business District and will feature 56 market-rate residential apartment units and 51,000 square feet of commercial office space, creating a walkable and dense live/work environment.

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

The vacant building that will be rehabilitated as a result of this project is not public.

J. Whether the project promotes sustainable development:

Restoration of a historic building is considered to be a sustainable practice. Improvements to the energy efficiency of the building envelope will be made including wall and ceiling insulation and window restoration.

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

The Chamber of Commerce Building is listed on the State Register of Historic Sites, the National Register of Historic Places and is included in a locally designated historic district under PA 169 of 1970.

L. Whether the project addresses area-wide redevelopment:

The Griswold Lofts is located on the northwest corner of Detroit’s central business district and overlooks Capitol Park. The building represents a critical component of the West District Redevelopment Initiative. This initiative, which includes the acquisition and repositioning of key assets within the district (the David Whitney, the Farwell, and the Capitol Park buildings), is the final and necessary step to the reestablishment of a fully viable downtown. This strategy has already begun to take hold with coordinated investments by stakeholders including MSHDA, DEGC and Invest Detroit in three Capitol Park buildings in late 2009.

M. Whether the project addresses underserved markets of commerce:

Rental housing is in high demand in downtown Detroit, but there is a low stock of quality, market rate housing. This project will add 56 rental units that will fit with the market demand in terms of size and function. Additionally, this project will add approximately 51,000 square feet of Class-A Commercial office space to the downtown, which is also highly in demand but in very low supply.

N. The level and extent of environmental contamination:

Any lead and/or asbestos found within the building and will be properly abated.

O. 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 Chamber of Commerce Building will be rehabilitated in accordance with the federal Secretary of the Interior's Standards.

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

This project will not compete with or affect any existing Michigan businesses.

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

There are no additional criteria for consideration.

INCENTIVE OPPORTUNITY

This project involves \$26,454,400 in eligible investment and total capital investment of up to \$37,619,260 in the City of Detroit. The requested incentive amount from the MSF totals \$6,000,000 in the form of loan participation and servicing agreement under "other economic assistance."

Please see below for more information on the recommended action.

RECOMMENDATIONS

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

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

Appendix B



MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM LOAN
PARTICIPATION AWARD TO 1212 GRISWOLD STREET, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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”), and (iii) approved the MSF Fund Manager to sign the written agreements to memorialize MCRP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

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

WHEREAS, Develop Michigan, Inc. (“Lender”) has proposed a loan commitment to 1212 Griswold Street, LLC and/or related entities (“Proposed Borrower”) of up to \$9,000,000 toward financing construction activities and infrastructure improvements to real property (“Project”);

WHEREAS, the Lender and the Proposed Borrower have requested a performance based loan participation award from the MSF under the MCRP for the Project in an amount not to exceed up to \$6,000,000 (“Award Request”), along with other general terms and conditions for the Award Request which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended to the MSF Advisory Committee that the MSF approve the Company’s 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 by January 31, 2014 (“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 90 days (“MCRP Award Recommendation”); and

WHEREAS, the MSF Advisory Committee has indicated its support of the MCRP Award Recommendation.

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

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager to sign all Transaction Documents necessary to effectuate the Award Request.

Ayes:

Nays: None

Recused: None

Lansing, Michigan
November 20, 2013

Exhibit A

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION

Borrower: 1212 Griswold Street, LLC

Lender: Develop Michigan, Inc. (DMI)

Loan Amount: Up to approximately \$9,000,000

MSF Share: Up to \$6,000,000 not to exceed 25% of Eligible Investment.

Urban Partnership Bank Share: Up to \$3,000,000

Purchase Option: DMI may repurchase the MSF Share plus any accrued and outstanding interest and fees, costs and other amounts due the MSF.

DMI LOAN DETAILS

Interest Rate: MSF Share to accrue at 7.5%

Term: The term of the loan is now anticipated to be 84 months (with approximately 24 elapsing during construction, and approximately 60 from and after construction scheduled for permanent financing. There will also be the possibility that the construction period may be extended for approximately 6 months. .

Collateral: Real Estate Mortgage on Subject Property. Proceeds from liquidation of collateral will be distributed pro rata among the participants

Guarantee: Full Recourse of the key principals. Proceeds from collection on the Guarantees will be distributed pro rata among the participants.

Pre-Funding: The Loan Participation and Servicing Agreement will be executed on or about the date of the commencement of construction and bridge lending. The MSF may fund to DMI upon review and approval of the fully executed DMI Loan Agreement with Borrower and other milestones as determined by the program.

Disbursement: Disbursement from DMI of the loan proceeds to the Borrower is anticipated to occur upon completion of construction of the project (achievement of the Certificate of Occupancy and other performance criteria to be contained in final loan documents).

Repayment: Currently anticipated to include monthly payments of principal and interest amortized over approximately 25 years. On the maturity date, the entire outstanding balance of the loan is due. DMI shall pay the MSF its proportionate share as borrower remits payment.

FEE STRUCTURE

Origination Fees: The Borrower will be responsible for paying a 1% origination fee to DMI based on the MSF Share.

The Borrower will be responsible for paying a 1% disbursement fee to DMI based on the loan amount.

The MSF will not share in these fees.

Commitment Fee: The Borrower shall be responsible for paying a Commitment Fee to DMI in an amount of 1.25% annually (paid quarterly) based on the amount of the MSF Share. The MSF and DMI will split the Commitment Fee as to be agreed between them.

Servicing Fees: 20% of the interest received on MSF Share. The Servicing Fee will only be collected by DMI to the extent it is provided by the Borrower to DMI.

Exit Fee: The Borrower will be responsible for an Exit Fee equal to 1% of the MSF Share, increasing an additional 1% every 12 months to a maximum of 6% of the loan amount if the loan is held to maturity. The MSF and DMI will split Exit Fee as to be agreed between them.

The MSF Fund Manager to sign all Transaction Documents necessary to effectuate the Award Request, with the final term and conditions described above negotiated by staff and acceptable to the MSF Fund Manager, the Borrower, construction and bridge lender, and DMI.



MEMORANDUM

Date: November 20, 2013

To: Michigan Strategic Fund Board

From: Joseph Martin, Manager Brownfield and Community Revitalization Program
Dan Wells, Community Development Specialist

Subject: County of Washtenaw Brownfield Redevelopment Authority
Packard Square Redevelopment Project
Request for Approval of an Act 381 Work Plan Amendment

Request

The County of Washtenaw Brownfield Redevelopment Authority is seeking approval to increase capture of local and school tax for MSF eligible activities by \$1,349,650 for a total capture of \$3,389,799, and request an additional three years to complete eligible activities.

Background

The project was originally approved July 19, 2011 to capture \$2,040,149 for MSF eligible activities including demolition, lead and asbestos abatement, site preparation, contingency, interest and review costs. On December 22, 2011 the Department of Environmental Quality approved eligible activities up to \$1,483,002 for environmental costs. After the initial approval of the work plan in 2011, a liable party was determined to be responsible for a portion of the environmental response activities on the site. As the liable party assumed responsibility for some response costs, it reduced the costs for environmental activities for the developer. The project also received a Clean Michigan Initiative grant through DEQ that reduced the DEQ eligible activity costs further. The applicant is requesting to increase the MSF portion of the capture to include costs for the parking deck that was originally part of the project, and urban stormwater management costs, since these are now considered infrastructure improvement eligible activities after the 2012 amendment to Act 381.

This project will involve the demolition of three vacant one-story buildings and the construction of a four-story mixed-use retail and residential building on approximately 6.7 acres of property located at 2502-2568 Packard Street in the City of Ann Arbor. The project includes approximately 21,000 square feet of commercial space on Packard Street and 230 apartments that will be located above and behind the retail space. A 60,000 square foot combined underground and vertical parking structure will be integrated into the building, substantially reducing the amount of surface parking.

The number of full time jobs created remains at approximately 45, and the capital investment remains at \$49 million.

Other State and Local Assistance to the Project

DEQ is currently in the process of revising their approval to reimburse the cost of environmental response activities from \$1,193,131 to an estimated \$36,288. A \$1 million Clean Michigan Initiative grant was issued to Washtenaw County for this project that will cover some of the environmental response

activities. Harbor Georgetown, LLC was identified as a liable party by DEQ and will pay for approximately \$114,625 of the demolition and soil removal costs to remediate contamination related to a former dry cleaner operation at the site. Local-only tax capture is estimated at \$650,000 for the disconnection of residential storm sewer drains surrounding the project area per local ordinance. Note that under the amended Brownfield plan, MSF primary eligibility activity capture is capped at \$2,418,341.

Tax Capture Breakdown

There are 56.1976 non-homestead mills available for capture, with school millage equaling 24 mills (42.71%) and local millage equaling 32.1976 mills (57.29%). The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (42.71%)	\$1,447,783
Local tax capture (57.29%)	\$1,942,016
TOTAL	\$3,389,799

<u>Cost of MSF Eligible Activities</u>	<u>Original Approval</u>	<u>Amendment Request</u>
Demolition	\$ 202,456	\$ 122,471
Lead or Asbestos Abatement	303,100	60,000
Infrastructure Improvements	588,705	4,013,881
Site Preparation	<u>+ 364,300</u>	<u>+ 645,000</u>
Sub-Total	1,458,561	(Capped at) 2,418,341 *
Contingency (15%)	<u>+ 218,784</u>	<u>+ 362,751</u>
Sub-Total	1,677,345	2,781,092
Interest (5%)	<u>+ 351,804</u>	<u>+ 587,707</u>
Sub-Total	2,029,149	3,368,799
Brownfield/Work Plan Preparation	10,000	20,000
MEGA Review Cost	<u>+ 1,000</u>	<u>+ 1,000</u>
TOTAL	\$ 2,040,149	\$ 3,389,799

*Note that under the amended Brownfield plan, MSF primary eligibility activity capture is capped at \$2,418,341.

Recommendation

The MEDC recommends approval of the request by County of Washtenaw Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$3,389,799 as described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,447,783. It is also recommended to add an additional three years to complete eligible activities.

AERIAL OF PROJECT AREA



MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**County of Washtenaw Brownfield Redevelopment Authority
Packard Square Redevelopment Project
(Amendment #1)
County of Washtenaw**

At the meeting of the Michigan Strategic Fund (“MSF”) held on November 20, 2013 in Lansing, Michigan.

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

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, 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, the MEGA Board approved a Work Plan request for the Packard Square Redevelopment Project (the “Project”), by Resolution 2011-096 on July 19, 2011, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$2,040,149 in eligible activities;

WHEREAS, the qualified taxpayer wishes to amend the scope of the Project by incorporating costs for a parking deck into the building of the Project, including stormwater management costs, increasing the maximum amount for eligible costs, and increasing the time to complete eligible activities;

WHEREAS, the County of Washtenaw Brownfield Redevelopment Authority (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 (the “MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the amended Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes a project scope amendment for the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 42.71% to 57.29% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of infrastructure improvements and site preparation as presented in the revised Work Plan dated July 10, 2013. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$2,781,092 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$587,707 in interest, and a maximum of \$21,000 for Brownfield/Work Plan preparation and MSF review costs, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,447,783.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the staff of the MSF, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the County of Washtenaw, 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 staff. Eligible activities authorized by this resolution must be completed within three (3) years of the date this Resolution is adopted.

BE IT FURTHER RESOLVED, that the MSF Board is authorizing the capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$587,707 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

November 20, 2013
Lansing, Michigan



MEMORANDUM

Date: November 20, 2013

To: Michigan Strategic Fund Board

From: Eric Hanna, Director, Debt Capital Programs
Diane Cranmer, Private Activity Bond Specialist

Subject: *Private Activity Bond – Bell’s Brewery, Inc.
Request for Change in Documents*

Request:

Bell’s Brewery, Inc., and PNC Bank, National Association (the “Bank”), are seeking an amendment to the Trust Indenture and Bond for MSF bonds issued in 2010 for the benefit of Bell’s Brewery, Inc. The Bond was purchased and is owned by the Bank. The sole purpose of the amendment is to reduce the interest rate on the Bond, which requires a revision be made to the definition “Bank Interest Rate” that appears in the Bond, the Trust Indenture, and the form of Bond attached to the Indenture.

Background:

Bell’s Brewery, Inc. is a private corporation established in Michigan in 1985. The MSF issued Recovery Zone Facility Bonds (“RZFBs”) for Bell’s in 2010. RZFBs were permitted in 2009 and 2010 only. The bonds were issued in the amount of \$12,100,000 for the purpose of financing an approximately 30,000 square foot brew house and the equipment therefor, a brew house building, milling equipment, new utilities and utilities building, a fermentation cellar, and installation of additional fermentation vessels, warehousing and a canning line, all to be located at 8867 and 8938 Krum Avenue, Galesburg, Kalamazoo County.

Recommendation:

Based upon a determination by Clark Hill PLC and the State of Michigan Attorney General’s Office that the request for change in documents meets state and federal law requirements for this financing, staff recommends the adoption of a Resolution for First Amendment to Trust Indenture and Bond.



8867 Krum Ave, Galesburg, MI 49053, USA

Comstock Charter Township

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(\$12,100,000 Michigan Strategic Fund
Limited Obligation Revenue Bond, Series 2010
(Bell's Brewery Project))

MICHIGAN STRATEGIC FUND

RESOLUTION AUTHORIZING AMENDMENT TO TRUST INDENTURE AMONG US
BANK, NATIONAL ASSOCIATION, AS TRSUTEE AND MICHIGAN STRATEGIC FUND,
AS ISSUER, , DATED AS OF DECEMBER 1, 2010, RELATING TO \$12,100,000
MICHIGAN STRATEGIC FUND ADJUSTABLE RATE RECOVERY ZONE FACILITY
REVENUE BONDS, SERIES 2010 (BELL'S BREWERY PROJECT), AND APPROVING THE
REISSUANCE OF THE BOND

No. 2013-___

At a meeting of the Michigan Strategic Fund held on November 20, 2013.

PRESENT: _____

ABSENT: _____

The following resolution was offered by _____, who moved its adoption, and the motion was seconded by _____.

WHEREAS, the Michigan Strategic Fund (the "Fund") entered into a Trust Indenture between US Bank, National Association, as Trustee and the Fund, as Issuer, dated as of December 1, 2010 (the "Indenture"), relating to \$12,100,000 original principal amount Michigan Strategic Fund Adjustable Rate Recovery Zone Facility Revenue Bond, Series 2010 (Bell's Brewery Project Project) (the "Bond"); and

WHEREAS, US Bank, National Association and the Fund desire to amend the definition of "Bank Interest Rate" contained in the Indenture and the interest rate of the Bond; and

WHEREAS, the Fund has been advised by Bond Counsel, Clark Hill, PLC, that the amendment to the interest rate of the Bond constitutes a reissuance of the Bond requiring approval.

THEREFORE, BE IT RESOLVED BY THE MICHIGAN STRATEGIC FUND THAT:

1. **Approval of Amendments.** The form of the “First Amendment to Trust Indenture and Bond” this day submitted to the Fund (the “Amendment”) is hereby approved, and is authorized to be executed and delivered by any Member and Authorized Officer of the Fund, subject to completion and to such changes or variations therein as an Authorized Officer may deem necessary or appropriate and as are approved by the Michigan Department of Attorney General and Bond Counsel.

2. **Approval of Reissuance.** The reissuance of the Bond is hereby approved.

3. **Additional Actions.** Each Authorized Officer is severally authorized and directed to (a) execute and file with the Internal Revenue Service a Form 8038 relating to the reissuance of the Bond, and (b) execute and deliver such certificates and other documents and to take such other actions as any Authorized Officer may deem necessary or appropriate to effectuate the Assignment or in connection with the Assignment, the Amendment or the reissuance of the Bond; in each case as are approved by the Michigan Department of Attorney General and Bond Counsel.

4. **Effective Date.** This Resolution shall be effective immediately upon adoption.

RESOLUTION DECLARED ADOPTED.

YEAS

NAYS

ABSENTIONS

:



MEMORANDUM

Date: November 20, 2013

To: Michigan Strategic Fund Board

From: Eric Hanna, Director, Debt Capital Programs
Diane Cranmer, Private Activity Bond Specialist

Subject: *Private Activity Bond – Neighborhood Club
Request for Change in Documents*

Request:

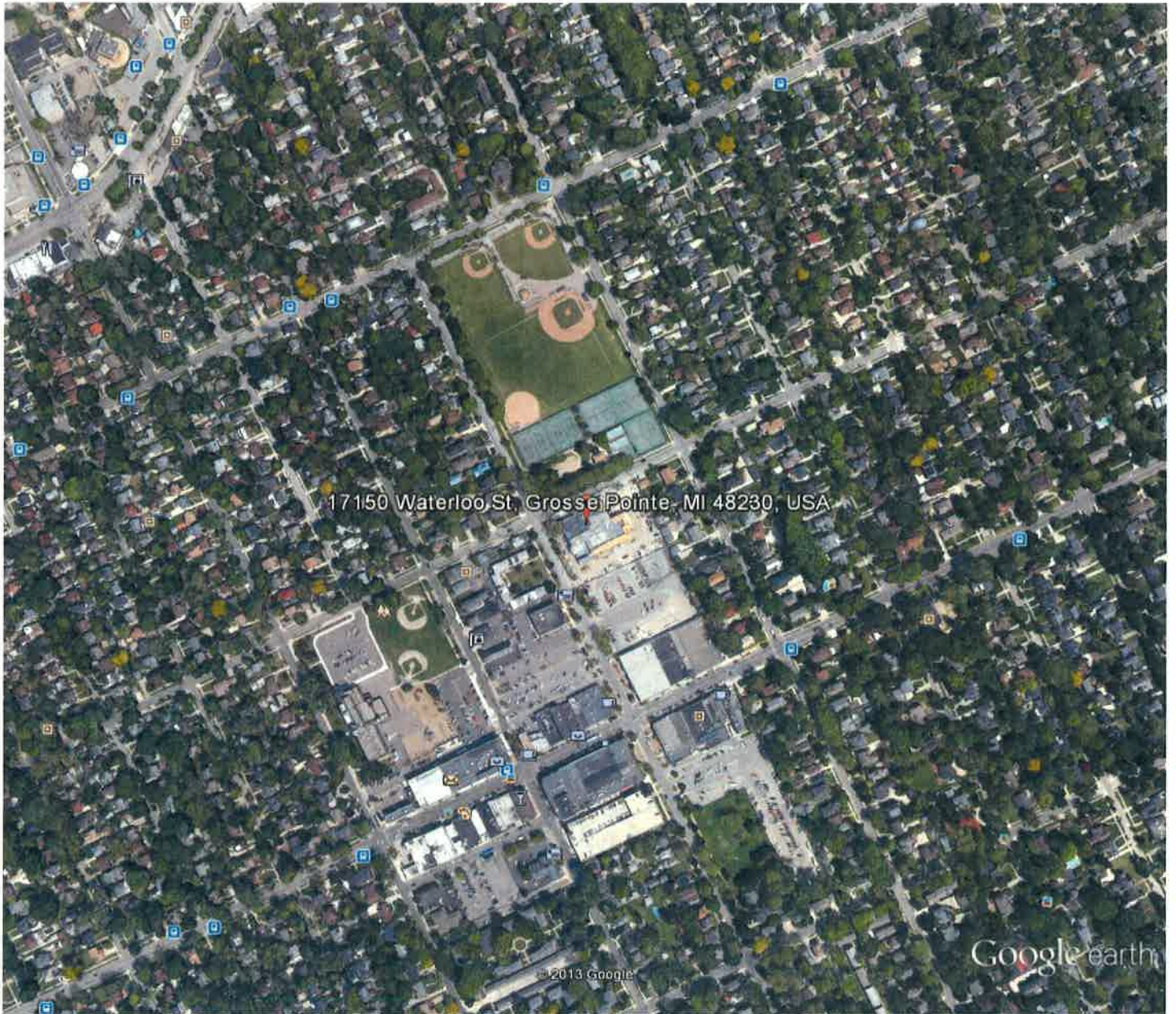
Neighborhood Club is requesting MSF Board approval of an amendment to the Trust Indenture for multi-modal bonds issued by the MSF in 2011 for the benefit of the Neighborhood Club. The amendment to the Trust Indenture will facilitate the conversion of the bonds from the current weekly variable rate mode to a bank purchase mode. Following the conversion of the bonds, the bonds will be purchased and held by Huntington Public Capital Corporation during the initial bank purchase mode. The main purpose of the conversion is to eliminate the need and costs of a letter of credit to support the bonds. The 2011 bonds financed the demolition of an existing facility and the construction, furnishing and equipping of an approximately 45,000 square foot facility in the City of Grosse Pointe, Wayne County. The facility includes a gym, swimming pool, fitness center and related facilities for recreation. Approximately 12,000 square feet of the project is leased by William Beaumont Hospital, a Michigan non-profit health care corporation, for physical therapy and children's integrative development services.

Background:

Neighborhood Club is a nonprofit 501(c)(3) community service organization established in 1911 in the State of Michigan. The Neighborhood Club provides professionally organized programs of leisure time activities for all ages. The primary service area is the five Grosse Pointes and Harper Woods. Programs are subsidized by proceeds from the Neighborhood Club Thrift Shop and by contributions from the community.

Recommendation:

Based upon a determination by Miller, Canfield, Paddock and Stone, P.L.C. and the State of Michigan Attorney General's Office that the request for change in documents meets state and federal law requirements for this financing, staff recommends the adoption of a Resolution Approving Amended and Restated Trust Indenture.



17150 Waterloo St, Grosse Pointe, MI 48230, USA

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MICHIGAN STRATEGIC FUND RESOLUTION APPROVING AN
AMENDED AND RESTATED TRUST INDENTURE RELATING TO
MICHIGAN STRATEGIC FUND VARIABLE RATE DEMAND LIMITED
OBLIGATION REVENUE BONDS, SERIES 2011 (NEIGHBORHOOD CLUB
PROJECT) (THE "BONDS")

2013-

At a meeting of the Michigan Strategic Fund (the "Fund") held on November 20, 2013, in Lansing, Michigan, the following motion was moved and supported:

WHEREAS, pursuant to Act 270, Public Acts of Michigan, 1984, as amended (the "Act"), a Resolution duly adopted by the Fund on August 24, 2011, and a trust indenture (the "Trust Indenture"), dated as of September 1, 2011, between the Fund and The Bank of New York Mellon Trust Company, N.A., as trustee, the Fund issued its \$7,000,000 Michigan Strategic Fund Variable Rate Demand Limited Obligation Revenue Bonds, Series 2011 (Neighborhood Club Project) (the "Bonds");

WHEREAS, the Neighborhood Club (the "Borrower") desires to convert the Bonds from a weekly rate to a bank purchase rate (the "Conversion");

WHEREAS, upon conversion of the Bonds to the bank purchase rate, the Bonds will be purchased by Huntington Public Capital Corporation; and

WHEREAS, Section 802 of the Trust Indenture permits the Fund, with the consent of the holders of Bonds, to consent to and direct the execution by the Trustee of an amended and restated Trust Indenture; and

WHEREAS, at the Borrower's request the Fund desires to amend and restate the Trust Indenture pursuant to an Amended and Restated Trust Indenture (the "Amended and Restated Trust Indenture") to facilitate the conversion of the Bonds to the bank purchase rate.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MICHIGAN STRATEGIC FUND THAT:

SECTION 1. Approval of Documents. The Amended and Restated Trust Indenture in the form on file with the staff of the Fund is approved, and any Member and any Authorized Officer are severally authorized to execute and deliver the Amended and Restated Trust Indenture in substantially the form 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; provided, however, that the delivery of the Amended and Restated Trust Indenture shall be subject to the receipt of an opinion of Bond Counsel in form acceptable to the Fund and the Department of Attorney General.

SECTION 2. Authorization of Other Actions and Documents. Any Member or Authorized Officer is authorized to apply for or submit, execute, and deliver any other certificates, documents or instruments as may be required by the Amended and Restated Trust Indenture.

SECTION 3. 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 Amended and Restated Trust Indenture is not executed and delivered by December 13, 2013, the authority granted by this Resolution shall expire.

Adopted.

Ayes:

Nays:

Abstain:

November 20, 2013 Meeting
Lansing, Michigan

2013-0059740-A/MSF Neighborhood Club Reissuance/Resolution



MEMORANDUM

Date: November 20, 2013

To: Michigan Strategic Fund Board

From: Eric Hanna, Director, Debt Capital Programs
Diane Cranmer, Private Activity Bond Specialist

Subject: *Private Activity Bond – Bond Authorizing
Extruded Aluminum Corporation, Aluma Leasing Corporation
and Belding Machinery and Equipment Leasing Corporation
Refunding – Manufacturing*

Request:

Extruded Aluminum Corporation, Aluma Leasing Corporation and Belding Machinery and Equipment Leasing Corporation (collectively, the “Company”), are seeking financing to assist the Company in currently refunding the outstanding 2007 MSF Variable Rate Demand Limited Obligation Revenue Bonds used to finance (1) the acquisition of land and the construction of an approximately 75,000 square foot addition to the Company’s existing manufacturing facility; (2) the acquisition and installation of machinery, equipment, furniture and fixtures for use at both its existing and new manufacturing facilities; and (3) certain renovations to its existing facility and certain renovations and upgrades to existing machinery and equipment located within both of its existing and new facilities, all located in Otisco Township, Ionia County, Michigan. The refunding of the bonds will be undertaken to restructure the bond documents to add a new interest rate mode that will permit one or more financial institutions to purchase and hold the bonds without credit enhancement with fixed or variable interest rates.

Background:

Extruded Aluminum Corporation, a Michigan corporation, was organized in 2001. Extruded Aluminum is a wholly-owned subsidiary of Belding Machinery and Equipment Leasing Company which was organized in the State of Michigan in 1987. The three corporations, comprising the Company, are all related through common ownership. The Company is a manufacturer of a complete line of aluminum extrusions, from standard shapes in raw lineals, to complete custom extrusions fully fabricated and finished to customer exact specifications. The Company supplies product to a customer base including the automotive, furniture, marine, government construction, electronics, sporting equipment and utility industries.

Recommendation:

Based upon a determination by Clark Hill PLC and the State of Michigan Attorney General’s office that the refunding complies with state and federal law requirements, for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution.



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RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND MULTI-MODAL LIMITED OBLIGATION BONDS (EXTRUDED ALUMINUM CORPORATION PROJECT), SERIES 2013 (THE "BONDS")

Resolution 2013-__

Background

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

B. Extruded Aluminum Corporation, Aluma Leasing Corporation and Belding Machinery and Equipment Leasing Corporation, each a Michigan corporation (collectively, the "Company"), have requested a loan from the Fund to assist the Company in currently refunding the outstanding 2007 MSF Variable Rate Demand Limited Obligation Revenue Bonds used to finance (1) the acquisition of land and the construction of an approximately 75,000 square foot addition to the Company's existing manufacturing facility; (2) the acquisition and installation of machinery, equipment, furniture and fixtures for use at both its existing and new manufacturing facilities; and (3) certain renovations to its existing facility and certain renovations and upgrades to existing machinery and equipment located within both of its existing and new facilities, all located in Otisco Township, Ionia County, Michigan. The refunding of the bonds will be undertaken to restructure the bond documents to add a new interest rate mode that will permit Comerica Bank, as a sophisticated investor, to purchase and hold the bonds without credit enhancement with fixed or variable interest rates.

C. The Obligor has requested the Fund to issue the Bonds in one or more series in the aggregate principal amount of not to exceed \$6,227,000 pursuant to this resolution (the "Resolution") and a trust indenture (the "Indenture"), between the Fund and Comerica Bank, as depositary (the "Bank") relating to the Bonds to obtain funds which will be loaned to the Obligor pursuant a loan agreement between the Fund and the Obligor (the "Loan Agreement"), to pay costs of the Project.

D. The Bonds will be issued as fully registered bonds in the denomination of \$100,000 and integral multiples thereof.

E. The Bonds will be purchased by the Bank pursuant to a bond purchase agreement among 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 or the Indenture. The Bonds shall bear the manual or facsimile signature of a member of the Fund's Board of Directors (a "Member") or of a person authorized by Board Resolution to sign Bond documents on behalf of the Fund (an "Authorized Officer"), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds. The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be 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. Loan Agreement
- b. Indenture
- c. Bond Purchase Agreement

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 \$6,227,000. Approval of those terms shall be evidenced by the Member's execution of the Bond Purchase Agreement.

SECTION 4. 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 Bank to be credited in accordance with the Indenture.

SECTION 5. Designation of Certain Parties. The Bank's acceptance of duties as depositary shall be evidenced by its execution of the Indenture; provided however, that in the event of a Conversion Date or a Bank Purchase Mandatory Tender Date, as those terms are defined in the Indenture, a Trustee shall be appointed as and accept the duties of such position by executing an amended or supplemental Indenture.

SECTION 6. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the 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 7. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before December 23, 2013, the authority granted by this Resolution shall lapse.

Adopted.

Ayes:

Nays:

November 20, 2013 Meeting

Lansing, Michigan



MEMORANDUM

Date: November 20, 2013

To: Michigan Strategic Fund Board

From: Eric Hanna, Director, Debt Capital Programs
Diane Cranmer, Private Activity Bond Specialist

Subject: *Private Activity Bond – Bond Authorizing
Chelsea-Area Wellness Foundation
Nonprofit – Not to Exceed \$12,000,000 - New*

Request:

Chelsea-Area Wellness Foundation (“CWF”) is seeking financing to purchase land and an approximately 48,000 square foot building CWF currently leases located at 2810 Baker Road, Dexter, Washtenaw County. The facility will provide the community with fitness facilities, meeting space, health education classes, medical integration programming and other wellness related offerings.

CWF indicates that it employs 65 individuals. It is anticipated when full membership is attained, CWF will employ approximately 100 full time and part time jobs for skilled, certified and unskilled employees.

Background:

CWF is a 501(c)(3) tax-exempt foundation with a mission to create a culture of wellness and sustainable improvements in health in the community of Dexter, Washtenaw County, as well as four other communities. CWF was founded in 2009 when Chelsea Community Hospital merged with St. Joseph Mercy Health Systems. The Foundation is overseen by a volunteer board of directors, four of whom are residents of Dexter.

Recommendation:

Based upon a determination by Miller, Canfield, Paddock and Stone, P.L.C. and the State of Michigan Attorney General’s office that the project complies with state and federal law requirements for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$12,000,000.



2810 Baker Rd, Dexter, MI 48130, USA

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feet
meters



Scott Broshar

Larry Cobler

Pat Conlin

Kevin Dombkowski

Randy Forsch

Ken Gietzen

Nancy Graebner

Jeff Hardcastle

Amy Heydlauff

Susan Kheder

Anne Kittendorf

Kari Newman

Judy Nold

Alison Pollard

Jack Wheeler



November 12, 2013

Michael A. Finney, Chairperson
President & CEO
C/O Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Dear Mr. Finney:

In 2009 the IRS approved Chelsea-Area Wellness Foundations (CWF) status as a 501(c)(3), tax-exempt (nonprofit) organization with a purpose of creating a culture of wellness and sustainable improvement in the health of our service area. Under MI law [MCL211.7o(1)] property owned by a nonprofit organization is exempt from taxes when the property is used for the purpose for which the nonprofit was incorporated. Both federal and state tax-exemptions are allowed because our governments understand the value nonprofits bring to their communities. For instance, in 2011 Michigan nonprofits generated \$137 billion in overall economic activity.¹

Since 2012 Chelsea-Area Wellness Foundation (CWF) has invested or committed \$1,762,000 toward our purpose in the Village of Dexter. Those funds have been leveraged for an additional \$300,000 from State and Federal grants for a total of \$2,062,000 (see itemization, below). The funding and use of the 2810 Baker Road property is completely consistent with the CWF's purpose; specifically for those living in Dexter.

The Village of Dexter's 2012 Master Plan is a statement of the Village's goals for the future. Public input was sought in the establishment of the goals and objectives. Included in the Village of Dexter Goals are the following:

- Provide passive and active recreational opportunities for all residents... including activities offered by the Village or other agencies
- Provide a desirable residential environment... recognizing that a viable, healthy residential component is of primary importance to the overall health & vitality of the community
- Promote quality, job producing economic development within the Village that serves the needs of the Village residents

310 N Main
Suite 203
Chelsea, MI
48118

(734)433-4599

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VILLAGE OF DEXTER

8140 Main Street • Dexter, Michigan 48130-1092 • (734) 426-8303

Village Council

Shawn Keough
President

Ray Tell
President Pro-Tem

Jim Carson
Trustee

Paul Cousins
Trustee

Donna Fisher
Trustee

Julie Knight
Trustee

Joe Semifero
Trustee

Administration

Donna Dettling
Manager

Carol Jones
Clerk

Marie Sherry, CPFA
Treasurer/Finance Director

Courtney Nicholls
Assistant Village Manager

Dan Schlaff
Superintendent of Public Services

THE VILLAGE OF
DEXTER IS AN EQUAL
OPPORTUNITY
PROVIDER AND
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www.
DexterMI.gov

November 6, 2013

Michigan Strategic Fund Board
300 N Washington Square
Lansing MI 48913

Re: Village of Dexter Downtown Development Authority

Dear Board Members:

Enclosed with this letter are three spreadsheets showing a projection of the revenue that would be collected by the Village of Dexter's Downtown Development Authority ("DDA") on the former Colorbok property ("District") if the existing Dexter Wellness Center were to remain on the tax roll, if it were to be removed, and if it were to be removed and the proposed third building is not built. This projection is based on a combination of actual taxable values and estimated future taxable values. Future values are estimated based on one of three things: the actual taxable value as of 2013, the 2014 taxable value as estimated by the local assessor, or the value of future construction as estimated by the property's developer. For the purposes of these spreadsheets, the proposed changes to the personal property tax laws are not being taken into consideration.

The first column of each spreadsheet shows the addresses of the original parcels, current parcels, and the location of any personal property within the District. The first two rows show the original parcels which, after the purchase of the property by the developer, were split and subsequently combined and/or made into a condominium. The following four rows show the addresses of parcels in existence as of 2013, and the last 11 rows are personal property that was or is located within the District.

The second column gives the parcel numbers of the various pieces of real and personal property. Real property parcels start with HD-08 and personal property parcels start with HD-99. These parcel numbers remain with the parcel even after it becomes inactive due to splits and combinations.

VILLAGE OF DEXTER

Page 2

The third column is the value of the property in its base year. The DDA uses a tax increment financing model to raise revenue. In the case of this property, it was added to the DDA in 2006 so the values used to calculate the Base Value are for the 2007 tax year. Parcels in existence as of 2007 have positive values in this columns, and parcels that were not yet in existence have a value of zero.

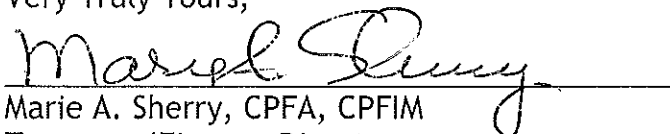
The fourth column contains taxable values that are estimated for future years. The third row is the existing Dexter Wellness Center, which was not fully assessed in the 2013 tax year. Its estimated value was provided by the local assessor. The fourth row is for a proposed building on current vacant land. This estimated value was provided by the developer, who said it would be close to the value of the existing Dexter Pharmacy Building. The fifth and sixth rows contain the 2013 taxable value of the Dexter Pharmacy Building, which is a condominium. The final three rows contain the actual taxable values as 2013 for the existing personal property (the other personal property is no longer located within the District).

The fifth column contains the future estimated captured value for these parcels. This number is derived by taking the future estimated value (column four) and subtracting the base value (column three). If the future estimated value is less than the base value, than a negative capture situation exists - the DDA loses funds on that parcel. If the future estimated value is more than the base value, then the DDA captures that value. As shown in the first spreadsheet, with all parcels included the DDA would have a positive captured value of more than \$4 million. The second spreadsheet shows that if the Dexter Wellness Center is removed from the calculations, the DDA would have a positive captured value of just \$613K. If the Dexter Wellness Center is removed from the rolls *and* the third building is not built, then the DDA would have a negative capture value of \$586K, which is shown on the third spreadsheet.

The final column shows the actual tax dollars captured or lost on each parcel within the District, under each of the three scenarios, based on a millage rate of 22.3688 mills. This millage rate is derived from 2013 summer tax rates and 2012 winter tax rates.

If you have any questions about this spreadsheet or my assumptions, please do not hesitate to contact me.

Very Truly Yours,



Marie A. Sherry, CPFA, CPFIM

Treasurer/Finance Director, msherry@DexterMI.gov

Estimated Future Revenue - Includes Wellness Center, Dexter Pharmacy & Proposed Third Building

Colorbok "District"	2007 Base Year Value	Future Estimated Taxable Value	Future Estimated Captured Value	Future Estimated DDA Revenue
2810 Baker (Original Colorbok Parcel)	1,296,069	-	(1,296,069)	(28,992)
2720 Baker (Original Colorbok Parcel)	114,335	-	(114,335)	(2,558)
2810 Baker (Dexter Wellness Center)	-	3,400,000	3,400,000	76,054
2740 Baker (Vacant Third Parcel)	-	1,200,000	1,200,000	26,843
2820 Baker Road #5 (Pharmacy Building)	-	556,900	556,900	12,457
2820 Baker Road #1 (Pharmacy Building)	-	664,473	664,473	14,863
2716 Baker (Colorbok)	450,400	-	(450,400)	(10,075)
2716 Baker (Avi Foodsystems)	1,200	-	(1,200)	(27)
2716 Baker (VFS Lease Residual Holdings)	2,800	-	(2,800)	(63)
2716 Baker (VFS Residual Holdings)	1,900	-	(1,900)	(43)
2716 Baker (Raymond Leasing)	3,600	-	(3,600)	(81)
2716 Baker (GE Capital Corp)	5,600	-	(5,600)	(125)
2716 Baker (DGS Equipment Holdings)	4,300	-	(4,300)	(96)
2820 Baker (Dexter Pharmacy)	-	31,200	31,200	698
2820 Baker (Dental Group)	-	34,600	34,600	774
2820 Baker (Rehab Specialists)	-	6,100	6,100	136
Total	1,880,204	5,893,273	4,013,069	89,768

****Total DDA Captured Mills = 22.3688**

Estimated Future Revenue - Includes Dexter Pharmacy & Proposed Third Building (No Wellness Center)

Colorbok "District"	2007 Base Year Value	Future Estimated Taxable Value	Future Estimated Captured Value	Future Estimated DDA Revenue
2810 Baker (Original Colorbok Parcel)	1,296,069	-	(1,296,069)	(28,992)
2720 Baker (Original Colorbok Parcel)	114,335	-	(114,335)	(2,558)
2810 Baker (Dexter Wellness Center)	-	-	-	-
2740 Baker (Vacant Third Parcel)	-	1,200,000	1,200,000	26,843
2820 Baker Road #5 (Pharmacy Building)	-	556,900	556,900	12,457
2820 Baker Road #1 (Pharmacy Building)	-	664,473	664,473	14,863
2716 Baker (Colorbok)	450,400	-	(450,400)	(10,075)
2716 Baker (Avi Foodsystems)	1,200	-	(1,200)	(27)
2716 Baker (VFS Lease Residual Holdings)	2,800	-	(2,800)	(63)
2716 Baker (VFS Residual Holdings)	1,900	-	(1,900)	(43)
2716 Baker (Raymond Leasing)	3,600	-	(3,600)	(81)
2716 Baker (GE Capital Corp)	5,600	-	(5,600)	(125)
2716 Baker (DGS Equipment Holdings)	4,300	-	(4,300)	(96)
2820 Baker (Dexter Pharmacy)	-	31,200	31,200	698
2820 Baker (Dental Group)	-	34,600	34,600	774
2820 Baker (Rehab Specialists)	-	6,100	6,100	136
Total	1,880,204	2,493,273	613,069	13,714

**Total DDA Captured Mills = 22.3688

Estimated Future Revenue - Includes Dexter Pharmacy (No Wellness Center or Proposed Third Building)

Colorbok "District"	2007 Base Year Value	Future Estimated Taxable Value	Future Estimated Captured Value	Future Estimated DDA Revenue
2810 Baker (Original Colorbok Parcel)	1,296,069	-	(1,296,069)	(28,992)
2720 Baker (Original Colorbok Parcel)	114,335	-	(114,335)	(2,558)
2810 Baker (Dexter Wellness Center)	-	-	-	-
2740 Baker (Vacant Third Parcel)	-	-	-	-
2820 Baker Road #5 (Pharmacy Building)	-	556,900	556,900	12,457
2820 Baker Road #1 (Pharmacy Building)	-	664,473	664,473	14,863
2716 Baker (Colorbok)	450,400	-	(450,400)	(10,075)
2716 Baker (Avi Foodsystems)	1,200	-	(1,200)	(27)
2716 Baker (VFS Lease Residual Holdings)	2,800	-	(2,800)	(63)
2716 Baker (VFS Residual Holdings)	1,900	-	(1,900)	(43)
2716 Baker (Raymond Leasing)	3,600	-	(3,600)	(81)
2716 Baker (GE Capital Corp)	5,600	-	(5,600)	(125)
2716 Baker (DGS Equipment Holdings)	4,300	-	(4,300)	(96)
2820 Baker (Dexter Pharmacy)	-	31,200	31,200	698
2820 Baker (Dental Group)	-	34,600	34,600	774
2820 Baker (Rehab Specialists)	-	6,100	6,100	136
Total	1,880,204	1,293,273	(586,931)	(13,129)

****Total DDA Captured Mills = 22.3688**

The value of this information is two-fold.

1. The Village of Dexter’s goals and the purpose of CWF overlap in substantial ways.
2. One of the purposes of tax exempt status (among others) is to ‘lessen the burden of government’.

Dexter Wellness Center (DWC) and CWF provide recreational opportunities to all residents. Both contribute to overall healthy culture. Dexter Wellness Center currently provides jobs for 69 and we anticipate an additional 30 will be produced over the next two years. In addition, CWF lessens the burden of the Dexter Village government. The following is a list of CWF expended or scheduled funding that meets our tax-exempt purpose and the Village of Dexter’s goals for a healthy community.

Purpose/Mission/Vision elements	2012-2014 Funding
Service Area residents will Eat Better	\$63,400
Move More (including Safe Routes to School – SR2S)	\$97,800 (Includes up to \$30K to assist Village with engineering for SR2S infrastructure)
Connect with Others in Healthy Ways	\$20,800
Avoid Unhealthy Substances	\$70,400
Total	\$262,590

Additional CWF funding includes unrecoverable, purpose-driven, sunk costs of \$1,500,000 in the DWC. Dexter’s Wellness Coalition’s Wellness Plan, developed to seek funding from CWF, leveraged CWF funds to obtain \$225,000 from MDOT for SR2S (primarily for infrastructure) and \$75,000 from Federal Drug Free Communities. Chelsea-Area Wellness Foundation brings financial and health benefits to Dexter’s tax-payers.

Although the tax-exempt purpose of CWF (create a culture of wellness and sustainable improvements in health) does not include the creation of jobs, in the past two years our efforts to meet our purpose have created jobs that further our mission in Dexter. Job creation is expected to continue. The creation of those jobs also furthers the purpose of the Michigan Strategic Fund and the Village of Dexter’s 2012 Village Plan.

- 100 jobs will be created at the Dexter Wellness Center by spring of 2016
- Dexter’s Wellness Coalition, a community based coalition developed to address health needs in the community, requested and received funding for
 - Farm to school coordinator
 - School garden coordinator
 - Crossing guard
 - Youth substance abuse prevention leader

- Various local community members have been hired to develop, teach or lead
 - Nutrition education life skills
 - Healthy cooking classes for kids and adults

Chelsea-Area Wellness Foundation believes the loss of tax revenue to the DDA, allowed and even encouraged by Michigan law, is more than made up by CWF's intent to use savings garnered from purchase of the 2810 Baker Road property in our future, purpose-related community investments. Decisions on how a substantial portion of CWF funding is spent in Dexter will occur at the Wellness Coalition level, by members of the Dexter community.

Sincerely,



Amy Heydlauff, RN, MHSA
Executive Director
Chelsea-Area Wellness Foundation

CC: Michael Flannigan
Eric Hanna
Jeff Hardcastle

ⁱ MI Nonprofit Association, *Economic Benefits of Michigan's Nonprofit Sector 2012*;p.1. Prepared by Public Sector Consultants.

RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND VARIABLE RATE LIMITED OBLIGATION REVENUE BONDS (CHELSEA-AREA WELLNESS FOUNDATION PROJECT), SERIES 2013A AND SERIES 2013B (THE “BONDS”)

Resolution 2013-__

Background

- A. The Michigan Strategic Fund (the “Fund”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds for the purpose of making loans to pay the costs of a project (as described in the Act).
- B. The Chelsea Health and Wellness Foundation, doing business as Chelsea-Area Wellness Foundation, a Michigan non-profit corporation registered in Michigan (the “Obligor”), has requested loans from the Fund to assist the Obligor in financing (i) the purchase of land and an approximately 48,000 square foot existing facility thereon located at 2810 Baker Road, Village of Dexter, County of Washtenaw, Michigan; and (ii) the costs of issuance of the Bonds (the “Project”).
- C. The Obligor has requested the Fund to issue its (i) Variable Rate Limited Obligation Revenue Bonds (Chelsea-Area Wellness Foundation Project), Series 2013A in the principal amount not to exceed \$6,000,000 (the “Series 2013A Bonds”) pursuant to this resolution and a trust indenture (the “2013A Trust Indenture”) between the Fund and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), to obtain funds which will be loaned to the Obligor pursuant to a loan agreement (the “2013A Loan Agreement”) between the Fund and the Obligor, and (ii) Variable Rate Limited Obligation Revenue Bonds (Chelsea-Area Wellness Foundation Project), Series 2013B in the principal amount not to exceed \$6,000,000 (the “Series 2013B Bonds,” together with the Series 2013A Bonds, the “Bonds”) pursuant to this resolution and a trust indenture (the “2013B Trust Indenture,” together with the 2013A Trust Indenture, the “Trust Indentures”) between the Fund and the Trustee, to obtain funds which will be loaned to the Obligor pursuant to a loan agreement (the “2013B Loan Agreement,” together with the 2013A Loan Agreement, the “Loan Agreements”) between the Fund and the Obligor, for the purpose of funding the Project.
- D. The Bonds will be issued as fully registered bonds in the denominations provided for in the Trust Indentures.
- E. The Bonds will be purchased by Bank of Ann Arbor, as purchaser (the “Purchaser”), pursuant to a bond purchase and guaranty agreement between the Purchaser and the Obligor.

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

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loans requested by the Obligor, the issuance of the Bonds is authorized. The terms of the Bonds shall be substantially in the forms contained in the Trust Indentures, with the changes permitted



MEMORANDUM

Date: November 20, 2013

To: Michigan Strategic Fund Board

From: Eric Hanna, Director, Debt Capital Programs
Diane Cranmer, Private Activity Bond Specialist

Subject: *Private Activity Bond – Bond Authorizing
Canton Renewables, LLC – Sauk Trail Hills Project
Solid Waste – Not to Exceed \$13,300,000 – New/Refinancing*

Request:

Canton Renewables, LLC (the “Company”) is seeking financing for the costs of construction relating to a renewable natural gas facility at the Sauk Trail Hills Landfill located at, or adjacent to, 5011 South Lilley Road, Charter Township of Canton, Wayne County. The Company indicates it will produce renewable natural gas that will be derived from the biogas extracted from the solid waste landfill that can be used as a renewable energy resource.

The project qualifies for private activity tax-exempt bond financing under the “solid waste facility” exemption.

The Company indicates that the project will result in 2-3 permanent jobs.

Background:

Canton Renewables, LLC is a Michigan limited liability company established in 2010. The Company advises it is a wholly owned subsidiary of Clean Energy Renewable Fuels, LLC, which is wholly owned by Clean Energy Fuels Corporation.

Recommendation:

Based upon a determination by Lewis & Munday, A Professional Corporation, and the State of Michigan Attorney General’s office that the project complies with state and federal law requirements, for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$13,300,000.



Google earth

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RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND SOLID WASTE FACILITY LIMITED OBLIGATION REVENUE BONDS (CANTON RENEWABLES, LLC – SAUK TRAIL HILLS PROJECT), SERIES 2013 (THE “BONDS”)

Resolution 2013-____

Background

A. The Michigan Strategic Fund (the “Fund”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds and loan the proceeds of such bonds to finance and/or refinance a project (as defined in the Act).

B. Canton Renewables, LLC, a Michigan limited liability company (the “Company”), has requested a loan from the Fund to (i) finance or refinance a portion of the costs of the acquisition, construction, installation, improving, and/or equipping of certain landfill gas collection and processing facilities at the Sauk Trail Hills Landfill located in the Charter Township of Canton, Wayne County, Michigan (collectively the “Project”), (ii) fund a debt service reserve fund, and (iii) pay all or a portion of the costs of issuance for the Bonds. The Project is owned by the Company, and pursuant to a Management Services Agreement, between Mavrix, LLC (“Mavrix”) and the Company, Mavrix (or its parent company Clean Energy Renewable Fuels, LLC or one or more of its subsidiaries) will perform certain administrative, managerial, and telecommunication activities related to the operation of the Project.

C. The Company has requested the Fund to issue the Bonds in a principal amount not to exceed \$13,300,000 pursuant to this resolution (the “Resolution”) and a trust indenture (the “Indenture”), between the Fund and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), dated as of December 1, 2013, to obtain funds which will be loaned to the Company pursuant to a loan agreement, dated as of December 1, 2013, between the Fund and the Company (the “Loan Agreement”) for the purpose of financing or refinancing the Project, funding the debt service reserve fund and paying all or a portion of the costs of issuance for the Bonds.

D. The Bonds will be placed by First Southwest Company, as representative (the “Representative”) on behalf of itself and Westhoff, Cone & Holmstedt (together with the Representative, the “Placement Agents”) to investors pursuant to a Bond Placement Agreement by and among the Fund, the Placement Agents and the Company (the “Bond Placement 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 Company, the issuance of the Bonds is authorized.

The terms of the Bonds shall be substantially in the form contained in the Indenture, with the changes permitted or required by action of the Fund or the Indenture. The Bonds shall bear the manual



MEMORANDUM

Date: November 20, 2013
To: Michigan Strategic Fund Board
From: Amy E. Lux, Renaissance Zone Program Specialist
Subject: Oshkosh Corporation
Renaissance Zone Program – Revocation

Action

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve a resolution revoking the Renaissance Zone time extension designation for Oshkosh Corporation’s (the “Company”) site in the Warren Tank Plant Renaissance Zone in the City of Warren.

Background

The Company is in the business of making and selling heavy-duty vehicles and vehicle bodies for commercial, emergency, and military application. In 2010, the MSF Board approved a 6-year time extension for a portion of the Warren Tank Plant Military Renaissance Zone leased by the Company to support the Company’s planned expansion project to build a state-of-the-art research and development facility. The project was expected to generate \$6.5 million in capital investment and create 115 new full-time jobs. The Company’s time extension for their portion of the Renaissance Zone is set to begin on January 1, 2014, with the remainder of the Warren Tank Plant Renaissance Zone expiring on December 31, 2013.

In exchange for the extra years of Renaissance Zone benefits, the Company entered in to a Development Agreement (the “Agreement”) with the MSF requiring various milestones and obligations, including a requirement to provide a written progress report to the MSF on an annual basis through the life of the Renaissance Zone. The MEDC relies on the information contained in the progress reports in order to compile the annual Renaissance Zone Program Report to the Michigan Legislature and to ensure the compliance of companies with their development agreements.

The MEDC requested submission of the Company’s Progress Report for the 2012 Reporting Period more than four times over a six month period, including three reminders prior to the January 31, 2013 due date. These requests were followed up with at least two conference calls with MEDC staff and Company leadership, during which the Company leadership confirmed their intention not to pursue the project for which the Renaissance Zone was granted and to relinquish the incentive.

Due to the Company’s failure to comply with the terms of the Agreement, the 90-day cure period required in the Agreement was initiated. The cure period has since lapsed and no progress report has been received from the Company. Both the Agreement and the Michigan Renaissance Zone Act give the MSF Board the authority to revoke a Renaissance Zone time extension if the terms of the Agreement are violated.

Recommendation

MEDC Staff recommends that the MSF Board approve the revocation of Oshkosh Corporation’s Renaissance Zone time extension designation for their site in the City of Warren, effective December 31, 2013 for property tax purposes, and immediately for other tax purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2013-**

**REVOCATION OF AN EXISTING RENAISSANCE ZONE TIME EXTENSION
DESIGNATION: Oshkosh Corporation**

WHEREAS, Public Act 116 of 2008 amended the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, to authorize the Michigan Strategic Fund (“MSF”) to extend the duration of renaissance zone status for one or more portions of an existing renaissance zone for a period of time not to exceed fifteen (15) years, provided that the extension will increase capital investment or job creation and the affected county consents to the extension;

WHEREAS, on June 23, 2010, the MSF Board approved a Renaissance Zone time extension for Oshkosh Corporation (the “Company”) for a portion of the Warren Tank Plant Renaissance Zone in the City of Warren on parcel 13-16-426-025 (the “Zone”);

WHEREAS, Section 4(7) of the Act requires a development agreement be entered into between the MSF, the real property owner, and the Company (the “Agreement”), which contains numerous milestones with regards to job creation, new investment, and an affirmative duty to submit an annual progress report by January 1st each year to the MSF on the status of the project associated with Renaissance Zone through the duration of the Renaissance Zone term;

WHEREAS, the Company never submitted the required progress report for the 2012 reporting period, due on January 31, 2013, in violation of the terms of the Agreement;

WHEREAS, Section 4(7) of the Act allows the MSF Board to revoke the time extension designation if the MSF Board determines that increased capital investment or job creation will not begin within one (1) year of granting the extension or otherwise violates the terms of the written development agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program, and made repeated requests upon the Company to submit the required progress report;

WHEREAS, pursuant to the development agreement, MEDC staff on behalf of the MSF sent notice to the Company to cure its noncompliance, and the Company remains out of compliance despite the lapse of the 90-day cure period; and

WHEREAS, the MEDC recommends that the MSF Board approves the revocation of the Company’s Renaissance Zone time extension designation.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the revocation of the Company’s Renaissance Zone time extension designation for the Zone site, effective December 31, 2013 for property tax purposes and immediately for all other purposes; and

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

Ayes:

MEMORANDUM

Date: November 12, 2013

To: MSF Advisory Committee

From: Karla Campbell
Fund Manager

Subject: Michigan Strategic Fund
Consent Agenda

Request: The Michigan Strategic Fund (MSF) and Michigan Economic Development Corporation (MEDC) staff request authority to implement the use of a Consent Agenda to streamline the MSF Board meeting by collecting routine, non-controversial items and placing them on a Consent Agenda.

Background

As the MSF's responsibility has expanded over the last two years, there is an opportunity to streamline monthly board meeting agendas to focus on issues substantially supporting and impacting Michigan businesses and placing routine items on a Consent Agenda within the regular agenda. A Consent Agenda also allows for a full board packet with briefing memos and resolutions but they are approved under one vote. Examples of commonly placed Consent Agenda items are listed below:

- Approval of minutes;
- Amendments to projects that do not impact the scope:
 - Extension of a timeline or milestone,
 - Addition of a qualified taxpayer,
 - Location changes that do not impact a local commitment related to an approved project,
 - Other routine adjustments.
- Administrative items such as:
 - Routine requests for the continuation of funds;
 - Reissuance of Memorandums of Understanding and other documents with minimal changes.

In determining whether or not an item is appropriate for a Consent Agenda, staff and the MSF Advisory Committee may consider the following:

- Is the proposed item routine?
- Is the proposed item controversial or sensitive in nature?
- Is the proposed item of a complex nature that might need additional explanation?
- Has the proposed item been reviewed in detail previous to this final action?

Attached to this briefing memo is an outline of the process showing how it would occur each month

Recommendation

As the Chief Compliance Officer began November 12, 2013, MEDC Staff recommends that the MSF begin utilizing the Consent Agenda at their regularly scheduled board meetings as of January 1, 2014, giving the CCO an opportunity to review and approve the process.

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-

**APPROVAL FOR THE USE OF CONSENT AGENDAS
FOR THE MICHIGAN STRATEGIC FUND BOARD MEETINGS**

WHEREAS, the Michigan Strategic Fund (“MSF”) and the Michigan Economic Development Corporation (“MEDC”) work together to provide economic opportunities for the State of Michigan;

WHEREAS, the MEDC provides administrative services to the MSF; and

WHEREAS, in order to support and streamline the MSF Board meetings, it is the desire of the MEDC and MSF staff to approve a process to use Consent Agendas for items that are routine and simple, as well as non-controversial in nature.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the use of a Consent Agenda and the attached process.

Ayes:

Nays:

Recused:

Lansing, Michigan
November 20, 2013

MICHIGAN STRATEGIC FUND

2014 Meeting Dates

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

Tuesday, January 28, 2014
10:00 a.m.

Tuesday, February 25, 2014
10:00 a.m.

Tuesday, March 25, 2014
10:00 a.m.

Tuesday, April 22, 2014
10:00 a.m.

Tuesday, May 27, 2014
10:00 a.m.

Tuesday, June 24, 2014
10:00 a.m.

Tuesday, July 22, 2014
10:00 a.m.

Tuesday, August 26, 2014
10:00 a.m.

Tuesday, September 23, 2014
10:00 a.m.

Tuesday, October 28, 2014
10:00 a.m.

Tuesday, November 25, 2014
10:00 a.m.

Tuesday, December 16, 2014
10:00 a.m.