

**MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
August 25, 2015**

Members Present

Steve Arwood
Dan Boge
Larry Koops
Andrew Lockwood (on behalf of Treasurer Khouri)
Terri Jo Umlor
Shaun Wilson
Mike Zimmer

Members Absent

Paul Anderson
Jody DePree Vanderwel
Wayne Wood

Mr. Arwood called the meeting to order at 10:00 am.

Public Comment: Mr. Arwood asked if any members of the audience wished to address the Board. State Representative Bill LaVoy of House District 17 addressed the Board in support of the Port of Monroe project. State Representative Tim Greimel of House District 29 addressed the Board in support of the Valiant International Inc. project.

Communications: No communications

A. CONSENT AGENDA

Resolution 2015-115

Mr. Arwood asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Larry Koops motioned for approval of the following:

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Burton Industries, Inc. – Tool and Die Renaissance Zone Revocation **2015-116**
Terex USA, LLC – Geographic Renaissance Zone Transfer **2015-117**
55 Ionia Partners, LLC – MCRP Amendment **2015-118**
Griswold Capitol Park, LLC – MCRP & MBT Amendments – **2015-119 & 2015-120**
Compiled Delegation of Authority – Administrative Updates – **2015-121**
First Fulfilment – Marketing Contract Termination – **2015-122**

Shaun Wilson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

B. ADMINISTRATIVE

Resolution 2015-123 MSF/MEDC Memorandum of Understanding – Annual Renewal

Mark Morante, MSF Fund Manager, provided the Board with information regarding this action item.

This is a request to reauthorize the Memorandum of Understanding (MOU) between the Michigan Strategic Fund (MSF) and Michigan Economic Development Corporation (MEDC) for FY 2016. Staff is also requesting that the MSF allocate the 4% Annual Appropriation from the 21st Century Jobs Funds to the MSF to provide services for 21st Century Jobs Funds programs.

Staff Recommendation

MEDC staff recommends that the MOU be amended to extend the effective date of the MOU through September 30, 2016. 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 2015-2016.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Larry Koops motioned for the approval of Resolution 2015-123. Dan Boge seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-124 Business Development and Community Revitalization Program Allocations

Mark Morante, MSF Fund Manager, provided the Board with information regarding this action item.

This is a request to authorize the allocation of funds in the amount of \$114,000,000 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 2016.

Staff Recommendation

MEDC recommends that the State Treasurer transfer \$114,000,000 million from the 21st Century Jobs Trust Fund to the MSF, according to the budget office spending plan, for the operation of the Michigan Business Development Program and the Michigan Community Revitalization Program for Fiscal Year 2016.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Dan Boge motioned for the approval of Resolution 2015-124. Larry Koops seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-125 Michigan Film & Digital Media Office – Administrative Funding Allocation

Jenell Leonard, Michigan Film Commissioner, provided the Board with information regarding this action item. MCL 125.2029h(13) of the Michigan Strategic Fund Act permits the Michigan Strategic Fund board to authorize the use of up to 4% of the annual appropriation for the Michigan Film and Digital Media Production Assistance Program to be allocated for administration of the program and other functions of the Michigan Film Office as defined in MCL 125.2029a.

Staff Recommendation

Pursuant to statute, Administrative dollars can be used for purposes related to the overall functions of the office as it relates to the film and media production assistance program. MEDC staff recommends approval.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Mike Zimmer motioned for the approval of Resolution 2015-125. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-126 Clifford Development, LLC – Loan Write-off

Christin Armstrong, Compliance Director, provided the Board with information regarding this action item. Clifford Development, LLC (“Clifford” or “Company”) is no longer a viable business and MEDC Staff recommends that the MSF Board of Directors support the following actions with respect to the

Clifford loan: that the loan no longer be carried as a receivable, will no longer be pursued, and the outstanding balance be considered a loss (collectively, the “Write Off Request”). The Company was in default of its obligations under the loan agreement for failure to pay any installment of principal or interest when due. The Office of the Attorney General filed a collection lawsuit on behalf of the MSF. A final judgment was entered in favor of the MSF on March 20, 2014. No proceeds existed from a Foreclosure Sale that would have been required to be paid to any subordinate secured creditors, including the MSF.

Staff Recommendation

MEDC Staff recommends the MSF Board approve the request.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion around the current Portfolio and its management ensued. There being no further questions, Dan Boge motioned for the approval of Resolution 2015-126. Larry Koops seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

C. Business Investment

1. Entrepreneurship

Resolution 2015-127 – First Customer Program – Request to Issue RFP for FY16

Fred Molnar and Denise Graves, Entrepreneurship and Innovation, provided the Board with information regarding this action item. The MEDC requests that the MSF Board approve a continuation of support for the First Customer Program (“FCP”) Request for Proposals (“RFP”) in the amount of \$1,000,000 over three years. The purpose of the FCP RFP is to award a grant to a non-profit organization or university for the continued implementation and execution of the program that is currently run by University of Michigan Institute for Research on Labor, Employment and the Economy.

Staff Recommendation

MEDC Staff recommends: Allocation of \$1,000,000 for the program over 3 years; authorize the issuance of a RFP; approval of the Joint Evaluation Committee (JEC) members; and approval of the scoring and evaluation criteria.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the potential conflict of interest in having a JEC member from the University of Michigan, when the program is currently housed at U of M. While staff did not see an issue with this, Chief Compliance Officer Kevin Francart interjected that he did see this as a conflict of interest, and if staff wished to keep the member of the JEC, the University of Michigan would not be allowed to bid on the RFP. Based on this information, Mike Zimmer motioned to table the agenda item until a suitable solution was available. However, Mr. Francart offered to vote on Resolution 2015-127, as amended to remove the JEC member from U of M, and fill the remaining JEC vacancy at the discretion of the Fund Manager. Mr. Zimmer withdrew his motion to table the item, and Larry Koops motioned for approval of Resolution 2015-127 as amended. Mike Zimmer seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-128 Invest Michigan Pre-seed Fund – Grant Amendment

Fred Molnar and Denise Graves, Entrepreneurship and Innovation, provided the Board with information regarding this action item. MEDC Staff requests that the MSF Board approve a grant amendment in the amount of \$2,500,000 to Invest Michigan (IM), to fund the continuation of investments in the form of loans and equity purchase for the Michigan Pre-Seed 2.0 fund. This is a predicted request and is

accounted for in the 2015 budget. The Michigan Pre Seed 2.0 Fund has earned a track record for stringent stewardship of MSF dollars and demonstrated exceptional performance in portfolio development. In order to continue making investments into new opportunities and expand the company portfolio the Fund requests an additional \$2,500,000 for new investment activity. This amount is projected to cover investment needs through the end of the grant in April 2017.

Staff Recommendation

MEDC Staff recommend the funding for new investments be approved.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Larry Koops motioned for the approval of Resolution 2015-128. Shaun Wilson seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

2. Business Growth

Resolution 2015-129 & 2015-130 International Trade Programmatic Funding & MOU

Jeanne Broad & Dominic Romano, International Trade Programs, provided the Board with information regarding this action item. The Michigan Economic Development Corporation (MEDC) staff requests \$2.125 million from the 21st Century Jobs Trust fund in addition to the \$750,000 grant award from the United States Small Business Administration, Office of International Trade (“SBA”) to support the International Trade Program. Consistent with MCL 125.2088b(4) in the Michigan Strategic Fund (MSF) Act these funds shall be used for business development and business marketing costs.

Staff Recommendation

The MEDC staff recommends approval of the funding, as outlined, as well as to authorize the Memorandum of Understanding between the Michigan Strategic Fund and the Michigan Economic Development Corporation to provide administrative services for the International Trade Program.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the limits on requests for grant funding. There being no further questions, Larry Koops motioned for the approval of Resolution 2015-129 & 2015-130. Dan Boge seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-131 Procurement Technical Assistance Center – Award Recommendations

Sean Carlson & Dustin Frigy, Michigan Defense Center, provided the Board with information regarding this action item. The PTAC program assists in successfully winning federal contracts, with a strong emphasis on United States Departments of Defense (DoD) and Homeland Security (DHS) contracts, as well as state and local contracts. Based on the objectives outlined in the RFP, as well as recent communications that the FY16 PTAC program funding would be reduced by at least 50%, the JEC is recommending that the top five evaluated proposals receive funding, which are the following (aggregate evaluation scores): the University of Michigan in Ann Arbor (70%), the Flint & Genesee Chamber of Commerce (69%), Networks Northwest in Traverse City (57%), Macomb Community College (56%), and Muskegon Area First (55%).

Staff Recommendation

MEDC Staff recommends that the MSF Board fund the proposed five qualified host organizations to manage PTAC Programs. Final budget negotiations to be approved by the MSF Fund Manager at MEDC.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Dan Boge motioned for approval of Resolution 2015-131. Larry Koops seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolutions 2015-132 & 2015-133 Port of Monroe – 21st Century Investment & Act 381 Work Plan

Stacy Bowerman, Development Finance, provided the Board with information regarding this action item. The Applicant is requesting approval of up to \$3 million from the Investment Fund for Brownfield related expenses, including dredging and other port related improvements. The return on investment will be generated through Tax Increment Financing revenues collected as a result of the project. It is anticipated the returns will be paid over eight years. The project will allow for greater industrial activity at the Port, which will help revitalize the Monroe County Michigan community. Additionally, the City of Monroe Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (hereinafter Work Plan) request for the approval of new local and school tax capture for eligible activities in the amount of \$3,643,225. Tax income revenue captured as a result of the Work Plan approval will be used to repay the Investment Fund.

State Senator Dale Zorn of Senate District 17 addressed the Board in support of the project.

Staff Recommendation

MEDC Staff recommends approval of the funding under the Investment Fund, approval of the Investment Fund Award to the Applicant, and approval of local and school tax capture for the Act 381 eligible activities totaling \$3,643,275 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,580,473.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the 21CIF, and its allowable uses. There being no further questions Larry Koops motioned for the approval of Resolutions 2015-132 & 2015-133. Dan Boge seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-134 Valiant International, Inc. – MBDP

Marcia Gebarowski, Development Finance, provided the Board with information regarding this action item. This is request from the Company for a \$2.3 million Performance-based grant. This project involves the creation of 223 Qualified New Jobs, and a capital investment of up to \$32.69 million in the City of Auburn Hills, Oakland County. The Company is a full service provider of automated production systems and tooling, headquartered in Windsor, Ontario, Canada. The Company evaluated numerous opportunities to expand its manufacturing footprint in the NAFTA region. In addition to Auburn Hills, the Company evaluated other opportunities for expansion to alternative jurisdictions in both the Great Lakes corridor and the Southern US.

Staff Recommendation

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

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to incenting the creation of jobs specializing in skilled trades. There being no further questions, Larry Koops motioned for the approval of Resolution 2015-134. Andrew Lockwood seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-135 Neapco Drivelines, LLC – MBDP

Trevor Friedeberg, Development Finance, provided the Board with information regarding this action item. This is a request from the Applicant for a \$1,500,000 performance-based grant. This project involves the creation of 167 Qualified New Jobs as a result of the project, and a capital investment of up to \$57,700,952 in the City of Novi, Oakland County and Van Buren Township, Wayne County. The Company is one of the most dynamic suppliers to the OEM manufacturers and the worldwide automotive industry. Incentives will help close the financing gap and ensure the Company is able to continue to grow in Michigan as a long term strategy. Without incentive assistance, the Company would locate the project to Mexico and erode its existing business in Michigan.

Staff Recommendation

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

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the Michigan site expansion, as compared to costs in Mexico. The being no further questions, Mike Zimmer motioned for approval of Resolution 2015-135. Larry Koops seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-136 Carhartt, Inc. - MBDP

Trevor Friedeberg, Development Finance, provided the Board with information regarding this action item. This is a request from the Applicant for a \$1,350,000 performance-based grant. This project involves the creation of 215 Qualified New Jobs as a result of the project, and a capital investment of up to \$18,596,000 in the City of Dearborn, Wayne County. Founded in Detroit in 1889, Carhartt is a garment production company specializing and best known for its work clothes, such as jackets, coats, overalls, coveralls, vests, shirts, jeans, dungarees, and fire resistant clothing. The Applicant plans to expand headquarter operations in Dearborn, make investments and create jobs related to corporate, subsidiary, and regional managing offices.

State Representative George Darany from House District 15 addressed the Board in support of this project.

Staff Recommendation

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

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the difficulty attracting industry talent, as most operations for the apparel industry are located on the East or West Coast. There being no further questions. Larry Koops motioned for the approval of Resolution 2015-136. Dan Boge seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Mr. Arwood briefly left the meeting, and Mr. Zimmer took over as Chairman for the next item.

Resolution 2015-137 Anderton Machining, LLC – Geographic Renaissance Zone Transfer

Dan Parisian, Compliance Specialist, provided the Board with information regarding this action item. Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board to approve a resolution transferring the Renaissance Subzone designation from Production Engineering, Inc. to Anderton Machining, LLC (the “Company”), located on a site in the Production Engineering Subzone located in the City of Jackson. The Company currently employs 50 people and will enter into a development agreement with the MSF and real property owner Equestor Partners, LLC agreeing to the creation of 30 additional new full-time jobs by June 30, 2018. The new

jobs requirement is lower than the previous company had agreed to create and thus a reduction in the term is being sought.

Staff Recommendation

MEDC Staff recommends the transfer of the Production Engineering Subzone to Anderton Machining, LLC for the site in the City of Jackson, subject to the requirement that a development agreement be executed between the Company and the MSF by December 31, 2015, authorization to enter into a new development agreement with the Company containing the terms reflected herein and others not materially adverse to the MSF, and reduce the term of the Renaissance Zone Subzone by three years, expiring December 30, 2019 for property tax purposes and December 31, 2019 for all other purposes.

Board Discussion

Mr. Zimmer asked if there were any questions from the Board. There being none, Dan Boge motioned for the approval of Resolution 2015-137. Larry Koops seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Mr. Arwood returned to the meeting as Chairman.

3. Access to Capital

Resolution 2015-138 Lutheran Homes of Michigan, Inc. – Bond Authorizing

Chris Cook, Capital Access Director, provided the Board with information regarding this action item. Lutheran Homes of Michigan, Inc. d/b/a Wellspring Lutheran Services, a Michigan nonprofit corporation (“Borrower”) is requesting private activity bond financing to refinance existing indebtedness currently outstanding, used to construct and furnish an 88-bed skilled nursing and 20-bed home for the aged facility located at 28910 Plymouth Road, Livonia, Michigan, as well as to acquire and renovate similar type properties in order to expand their services.

The Borrower is a nonprofit, faith-based agency that itself and through its subsidiaries provides skilled nursing, memory care, rehabilitation, assisted living, home care services and residential living choices to over 1,000 older adults residing in Michigan, currently employing approximately 731 full-time equivalent employees, which will increase by approximately 68 full-time equivalent employees.

Staff Recommendation

Based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General’s office that this transaction complies with state and federal law requirements for tax-exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$20,000,000.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Larry Koops motioned for the approval of Resolution 2015-138. Andrew Lockwood seconded the motion. The motion carried, via roll call vote: 7 ayes; 0 nays; 0 recused.

D. COMMUNITY VITALITY

Resolution 2015-139 Regionalized Fund Manager Agreements – CDBG Loan Program

Deb Stuart, Community Incentive Programs Director, provided the Board with information regarding this action item. The Michigan Economic Development Corporation (MEDC) staff is requesting MSF Board approval to: extend the existing Regional Loan Fund Managers’ designation for a period of three (3) years, revise the Uniform Reuse and Administration Plan to revise the requirement that the Michigan

Strategic Fund (MSF) have a non-voting seat on the Loan Approval Committee, and extend the date by which a Community Development Block Grant (CDBG) Loan Fund must meet the definition of “Continuing Activity” and revise that definition.

Staff Recommendation

MEDC Staff recommends approval of the program extensions and modifications, as outlined in the resolution.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Larry Koops motioned for the approval of Resolution 2015-139. Mike Zimmer seconded the motion. The motion carried: 7 yes; 0 nays; 0 recused.

Resolution 2015-140 Revised Program Guidelines – Michigan Community Revitalization Program

Deb Stuart, Community Incentives Program Director, provided the Board with information regarding this action item. MEDC staff requests approval to restate the Michigan Community Revitalization Program (“MCRP”) Guidelines to address project consideration criteria, eligible property, eligible investment and the project evaluation process. MCRP legislation has been amended several times since the current Guidelines were established and in order to accurately account for legislative changes and programmatic criteria, staff is recommending the restated Guidelines with immediate effect.

Staff Recommendation

MEDC Staff recommends approval of the MCRP Guidelines as restated and provided in the resolution.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Larry Koops motioned for the approval of Resolution 2015-140. Dan Boge seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-141 & 2015-142 HM Venture Group, LLC – MCRP & Act 381 Work Plan

Stacy Esbrook, Community Assistance Team, provided the Board with information regarding this action item. HM Ventures Group 6, LLC and other related entities (“Applicant”) plan to rehabilitate the fourteen story Wurlitzer Building, turning it into a mixed-use boutique hotel. The project will redevelop 1 parcel on 0.1 acres of property located at 1509 Broadway in the City of Detroit. In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Detroit Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$1,769,319. HM Ventures Group 6, LLC (Applicant) is requesting approval of a Michigan Community Revitalization Program (MCRP) incentive in the amount of \$3,500,000 in the form of a performance-based loan.

Staff Recommendation

MEDC Staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$1,769,319 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,634,899, and approval of a MCRP performance-based loan in the amount of \$3,500,000 for HM Ventures Group 6, LLC or related party.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Shaun Wilson motioned for the approval of Resolutions 2015-141 & 2015-142. Andrew Lockwood seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-143 & 2015-144 OMH Rowe – MCRP & Act 381 Work Plan

Ryan Kilpatrick, Community Assistance Team, provided the Board with information regarding this action item. The project will redevelop the site located at 201 Michigan Street NW in the City of Grand Rapids, and will include renovation of a ninety-two year old building into approximately 9,682 square feet of first floor retail space with approximately 77 residential market rate apartments on the upper floors. The project will be undertaken by CWD Real Estate, a full service brokerage, property management and real estate investment firm located in the City of Grand Rapids. The project will be owned and managed by G2 GR, LLC and RDV Corporation. In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$2,582,434. OMH, L.L.C. (Applicant) is requesting approval of a Michigan Community Revitalization Program (MCRP) incentive in the amount of \$5,400,000 in the form of a performance-based loan.

The Applicant anticipates that the project will result in eligible investment of \$21,914,388 and total capital investment in the amount of \$26,889,744, along with the creation of approximately 15 permanent full time equivalent jobs with an average hourly wage of \$16.00.

Staff Recommendation

MEDC Staff recommends the approval of local and school tax capture for the Act 381 eligible activities totaling \$2,582,434. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,328,404, as well as a MCRP performance-based loan in the amount of \$5,400,000 for OMH, L.L.C.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the future of the US Post Office, which is a contiguous parcel. There being no further questions, Larry Koops motioned for the approval of Resolutions 2015-143 & 2015-144. Mike Zimmer seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

E. STATE BRANDING

Dave Lorenz and Emily Guerrant, Tourism & Business Marketing, provided the Board with information regarding the following action items.

Resolution 2015-145 McCann Erickson – Business Marketing FY16 Extension

This request is for the MSF Board to approve the final one-year extension of an existing contract with McCann Erickson for marketing and advertising services for the MEDC in the amount of \$2,409,000.00 for the period of October 1, 2015-September 31, 2016. During the initial contract term and subsequent one year extension, McCann Erickson has successfully integrated the nationally recognized Pure Michigan brand into MEDC's business attraction efforts. McCann has been a strategic partner with MEDC in creating a holistic approach to our marketing efforts, aligning each component underneath the Pure Michigan umbrella. Please see the attached campaign highlights.

Staff Recommendation

MEDC Staff recommends that the MSF Board allocate \$2,409,800.00 and authorize the Fund Manager to enter into an extension of the contract agreement with McCann Erickson for marketing and advertising services.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Larry Koops motioned

for the approval of Resolution 2015-145. Terri Jo Umlor seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-146 Weber Shandwick – Business & Travel Marketing FY16 Extension

This request is for the MSF Board to approve the final one-year extension of an existing contract with Weber Shandwick for public relations services for the MEDC in the amount of \$1,850,000, for the period of October 1, 2015 to September 31, 2016. This contract includes PR services for both travel (\$1,000,000) and business (\$850,000). During the initial contract term and subsequent one year extension, Weber Shandwick has achieved significant national and regional media coverage for the State of Michigan and has helped to establish Pure Michigan as a national leader across major social media platforms, including Facebook, Twitter, Instagram and Pinterest.

Staff Recommendation

The MEDC recommends that the MSF Board allocate \$1,850,000, and authorize the Fund Manager to enter into an extension of the contract agreement with Weber Shandwick for public relations services.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Dan Boge motioned for the approval of Resolution 2015-146. Larry Koops seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-147 McCann Erickson – Travel Marketing FY16 Extension

This request is for the MSF Board to approve a one-year extension of an existing contract with McCann Erickson USA, Inc. for tourism marketing and advertising services in the amount of \$24,675,000.00. This amount is inclusive of media placements, ad production and agency fees. During the initial contract term, McCann Erickson has led the creative development and strategy that powers the nationally recognized Pure Michigan travel brand.

Staff Recommendation

The MEDC recommends that the MSF Board allocate \$24,675,000.00, and authorize the Fund Manager to enter into an extension of the contract agreement with McCann Erickson USA, Inc. for travel marketing and advertising services.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Larry Koops motioned for the approval of Resolution 2015-147. Andrew Lockwood seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Resolution 2015-148 Brand USA – Letter of Authorization

This request is for the MSF Board to enter into an agreement with Brand USA for the purpose of establishing a co-branding campaign in the amount of \$1,735,000, for the period of October 1, 2015 to September 30, 2016. Brand USA is a public-private partnership created 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 and other International opportunities. Brand USA will provide funding for 15% of the cost of this advertising. This agreement allows us to establish this co-marketing relationship with Brand USA. This campaign will allow a match of federal funds for the advertisements.

Staff Recommendation

The MEDC recommends that the MSF Board allocate \$1,735,000 and authorize the Fund Manager to

enter into an agreement with Brand USA for the purpose of establishing a co-branding campaign in accordance with the federal Travel Promotion Act of 2009.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Dan Boge motioned for the approval of Resolution 2015-148. Andrew Lockwood seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Mr. Arwood adjourned the meeting at 11:53 am.