Public comment – Please limit public comment to three (3) minutes

Communications

A. Consent Agenda
   Proposed Meeting Minutes – July 25, 2017
   601 Bond Nassau Dutch John Equities, LLC – MBT Brownfield Credit Amendment – Rob Garza
   Michigan Community Capital – MSF Investment Fund Award/Amendment – Julius Edwards
   Ford Motor Company – SESA Amendment – Stacy Bowerman
   Fuel Cell Systems Manufacturing LLC – MBDP Reauthorization – Stacy Bowerman
   Lenawee Stamping Company – MBDP Amendment – Trevor Friedeberg
   Thomson Reuters – MBDP Amendment – Trevor Friedeberg
   fairlife, LLC and Continental Dairy – MBDP Reauthorization/Revised Terms – David Kurtycz
   Port of Monroe – MSF Investment Fund – Shane Schamper
   McCann Business Marketing – Amendment – Emily Guarrant
   Weber Business and Travel Public Relations – Amendment – Emily Guarrant
   McCann Travel Marketing – Amendment – Dave Lorenz
   Meredith Corporation – Amendment – Dave Lorenz

B. Administrative
   American Center for Mobility – Board of Directors Designee – Mark Morante
   International Trade STEP Project Exception Program (PEP) – Extension – Natalie Chmiko
   Michigan Research Institute – Loan Participation – MSF Activity – Chris Cook/Josh Hundt/Fred Molnar

C. Business Investment
   a. Business Growth
      LG Electronics USA, Inc. – MBDP Grant – Mike Gietzen
      Penske Logistics, LLC – MBDP Grant – Trevor Friedeberg
      Revival Commons Redevelopment Project – Brownfield Act 381 Work Plan – Trevor Friedeberg
      Lear Corporation – MBDP Grant – Jeremy Webb
   b. Capital Access
      YMCA of Metropolitan Lansing – Change in Document – Private Activity Bond – Chris Cook
      Evergreen Community Development Initiative – MSF Activity – Amanda Bright McClanahan
   c. Entrepreneurship
      University Technology and Commercialization Program – Request to Issue RFP – Denise Graves

D. Community Vitality
   Looney Moon, LLC – MCRP Grant Request – Nate Scramlin
   Recovery Park – MCRP Amendment – Julius Edwards

E. Image/State Branding
   Brand USA – FY18 Funding Allocation – Dave Lorenz
WHEREAS, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Consent Agenda items listed below and identified in the final Consent Agenda for this board meeting.

Consent Agenda Items:

- Proposed Meeting Minutes – July 25, 2017
- 601 Bond Nassau Dutch John Equities, LLC – MBT Brownfield Credit Amendment
- Michigan Community Capital – MSF Investment Fund Award/Amendment
- Ford Motor Company – SESA Amendment
- Fuel Cell Systems Manufacturing LLC – MBDP Reauthorization
- Lenawee Stamping Company – MBDP Amendment
- Thomson Reuters – MBDP Amendment
- fairlife, LLC and Continental Dairy – MBDP Reauthorization/Revised Terms
- Port of Monroe – MSF Investment Fund
- McCann Business Marketing – Amendment
- Weber Business and Travel Public Relations – Amendment
- McCann Travel Marketing – Amendment
- Meredith Corporation – Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MICHIGAN STRATEGIC FUND
PROPOSED MEETING MINUTES
July 25, 2017

Members Present
Paul Anderson
Roger Curtis
Paul Gentilozzi
Stephen Hicks
Larry Koops
Andrew Lockwood (on behalf of Treasurer Khouri)
Greg Tedder (on behalf of Chairman Mason)
Jody DePree Vanderwel
Shaun Wilson

Members Absent
Terri Jo Umlor
Wayne Wood

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

Stephen Hicks joined the meeting by phone at 10:04 am.

Public Comment: Mr. Tedder said that a letter was received from Representative Stephanie Chang in support of The Corner-Michigan & Trumbull Project in Detroit; the letter is attached to the minutes. He then asked that any attendees wishing to address the Board come forward at this time. Mr. John Lauve spoke and provided the Board with information related to the Little Caesars Arena project (frequently referenced by other names); the information is attached to the minutes.

Communications: Andrea Robach, Partner Relationship Manager, informed the Board that the Ford Motor Company item under the Consent Agenda was pulled from the Agenda. A revised Agenda and Consent Resolution were provided to the Board at the table. She also informed the Board that a revised Transformational Brownfield Plans Program Guidelines document was provided to them at the table. In addition, she noted that the Quarterly Report of the Chief Compliance Officer was provided to the Board in the briefing packet.

A. CONSENT AGENDA
Resolution 2017-102 Approval of Consent Agenda Items
Mr. Tedder asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Larry Koops motioned for the approval of the following:

Proposed Meeting Minutes – June 27, 2017
Amazon - MBDP Amendment – 2017-103
Intrepid Web, LLC dba Mindutopia/City of Grand Rapids – Renaissance Recovery Zone Amendment/Transfer – 2017-104
Midland DTH LLC – MCRP Amendment – 2017-105
Third and Grand LLC – MCRP Amendment – 2017-106
Moran Iron Works – MBDP Amendment – 2017-107

Paul Gentilozzi seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.
B. ADMINISTRATIVE
Resolution 2017-109 Transformational Brownfield Plans Program Guidelines – Approval Request
Katharine Czarnecki, Senior Vice President Community Development, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-109. Jody DePree Vanderwel seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2017-110 International Trade Contractor – Request to Issue RFP
Natalie Chmiko, Director International Trade, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-110. Paul Gentilozzi seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

C. COMMUNITY VITALITY
Resolutions 2017-111 & 2017-112 The Corner Lender, LLC and Tiger Stadium Partners, LLC (The Corner-Michigan & Trumbull Project)/City of Detroit Brownfield Redevelopment Authority – Act 381 Work Plan & MCRP Loan
Stacy Esbrook, Regional Director Community Assistance Team, provided the Board with information regarding these action items. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolutions 2017-111 & 2017-112. Larry Koops seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Mr. Tedder recognized Representative Tim Greimel who spoke in support of the Pontiac East Gateway Redevelopment Project.

Resolution 2017-113 Pontiac East Gateway Redevelopment Project/County of Oakland Brownfield Redevelopment Authority – Act 381 Work Plan
Stacy Esbrook, Regional Director Community Assistance Team, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-113. Paul Gentilozzi seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2017-114 Grand Rapids Downtown Market Holdings LLC – MCRP Amendment
Julius Edwards, Manager Underwriting and Incentive Structuring, provided the Board with information regarding this action item. Following discussion, Paul Anderson motioned to amend the resolution to extend the interest only period by an additional 90 days to September 30, 2017 in order to allow the Board and MEDC Staff additional time to review the market’s financial information. Larry Koops seconded the motion. Paul Gentilozzi then motioned for the approval of Resolution 2017-114, as amended. Roger Curtis seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

D. IMAGE/STATE BRANDING
Resolution 2017-115 2017 Pure Michigan Campaign Insights Study – Request to Issue RFP
Kelly Wolgamott, Director Travel Advertising, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-115. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Jody DePree Vanderwel left the meeting at 11:25 am.

CLOSED SESSION
Larry Koops moved that the Board meet in closed session under Section 8(h) of the Open Meetings Act, to consider material exempt from discussion or disclosure by state or federal statute. Roger Curtis seconded the motion. The motion carried: 8 ayes; 0 nays, 0 recused.
ROLL CALL VOTE: Ayes: Paul Anderson, Roger Curtis, Paul Gentilozzi, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri), Greg Tedder (on behalf of Chairman Mason), Shaun Wilson; Nays: None; Recused: None

The board went into closed session at 11:30 am.

The board returned to open session at 11:45 am. Mr. Hicks was called direct to participate in the final item on the agenda.

**Resolution 2017-116 Morrell Incorporated – MEGA Settlement**
Paul Anderson motioned for the approval of Resolution 2017-116. Larry Koops seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Mr. Tedder adjourned the meeting at 11:50 am.
July 25, 2017

Mr. Jeff Mason, President
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Dear Mr. Mason:

I am pleased to write the Michigan Economic Development Corporation a letter of support for the construction of a mixed-use development at the site of the former Tigers Stadium by Larsen Realty Group. This project is a worthy endeavor for the Michigan Community Revitalization Program. It will revitalize a piece of Detroit’s history, and it will provide much-needed retail space, jobs, and affordable housing and business opportunities in the Corktown neighborhood.

This mixed-use commercial development will be an economic boon to the neighborhood and the City of Detroit. I believe that this kind of development draws interest to the City and could potentially be a wonderful venue for residents to live and work. I also believe that supporting this development can improve our economy. I am particularly pleased that the developer has committed to offering 60% of the commercial space and 20% of the residential space at affordable and below-market rates as the rising rents in parts of my district are a major concern for many of my residents. While I hope that future developments may include greater percentages of affordable units that reflect the needs of more Detroiters, this is a very positive step. I am also excited to see that some green building standards have been planned to reduce the new building’s energy usage.

I apologize for being unable to make these comments in person today, but I am attending a local city council hearing regarding a critical issue in my district. I look forward to being able to watch this new construction develop, and I ask that the Michigan Strategic Fund Board approve this request.

Sincerely,

Stephanie Chang
State Representative, HD-6
Detroit, Ecorse, River Rouge
Authorization to Enter into Memoranda of Understanding Relating to Catalyst Development Project

Mr. Duggan advised that the purpose of the Special Meeting today is to discuss the prospect of the Pistons moving to Detroit. We are not looking for any final approvals today. Financial information will be before the Board the first part of next year. The purpose today is to get approval to enter into the Memoranda of Understanding. Mr. Duggan introduced Mr. Torre to give a PowerPoint presentation and summary of the proposed development.

Mr. Duggan advised that half of the $34.5 million will be generated from anticipated savings by refinancing the bonds at a lower interest rate. The rest will be paid for by extending the terms of the bonds by an additional three years.

Ms. Navin added that the DDA TIF plan will need to be amended to reflect additional bonded indebtedness, so that would be the refinancing plus the increase on the existing tax-exempt bonds, as well as the possibility of issuing the revenue bonds. In addition, as referenced, we expect that the Plan will be extended by three years in order to accommodate an extension of the maturity on the existing 2014 bonds, and we expect that we will also seek an additional five-year extension on top of that in order to continue to promote economic growth in the area surrounding the arena. In addition, finally, the scope of the project with respect to the arena and the incorporation of the NBA Basketball requirements into the arena, that also will be updated. Those Plan amendments will be brought back to the DDA Board. They will then be submitted to [City Plan amendments for approval] which will include engagement with the DDA with a Development Area Citizens Council, will include a public hearing. Twenty days after the public hearing, City Council will be asked to take a vote. In addition, the Michigan Strategic Fund will have to approve the Plan.
To: Det DDA
From: J. LaVue
April 18, 2017

Subj: The $34M Piston Shift

...from DDA to Elitch

violates the hockey lease
Section 6.2(c)

"Concessionaire shall pay
such excess costs."

Also

1. The reason for dumping
the "30"
was to compete with
the PALACE
Now the Palace is dumped
to save $34M in property tax

2. What are the claimed costs:
Details? piston
What is the lease agreement

3. When the $34 Billion Bonds
were loaned, an agreement made
that NO MORE loans would be sold,
Elitch Pay ZERO Rent + Taxes
January 12, 2017

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

Dear Ms. Robach,

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

Sincerely,

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood
July 12, 2017

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
MEMORANDUM
Date: August 22, 2016
To: Michigan Strategic Fund Board
From: Rob Garza, Brownfield and MCRP Senior Program Specialist
Ryan Kilpatrick, Senior CATeam Representative
Subject: 601 Bond Nassau Dutch John Equities LLC - Request for Approval of MBT Brownfield Credit Amendment #2

Request
601 Bond Nassau Dutch John Equities, LLC requests a change of scope be made to the Brownfield MBT credit for the SSGRCC, LLC project, originally approved by the MEGA Board on May 20, 2008, and amended on May 24, 2016. The credit amount will not be impacted by the amendment request and will remain capped at $3,220,745.

Project Description
The proposed project will be undertaken by 601 Bond Nassau Dutch John Equities LLC (Applicant). The project will redevelop one parcel of property located at 601 Bond Avenue NW in the city of Grand Rapids. The project is located in a downtown and qualifies for an Act 381 work plan and MBT Amendment because it is a facility. The project will consist of a new, 16-story building that will contain first floor commercial space, an integrated vertical parking deck, and up to 11 floors of one and two bedroom market rate apartments above the parking and commercial space. The project is expected to get underway in August 2017 and take approximately 18-24 months to complete.

The qualified taxpayer has maximized senior lending and is increasing the equity contribution into the project from 29% to just over 34% in comparison to the 2016 amendment.

The Applicant anticipates that the project will result in total capital investment in the amount of $52,582,000, along with the creation of approximately 1 permanent full-time equivalent job with an average hourly wage of $14. An unknown number of jobs are expected to be generated by a future tenant that will occupy the first floor commercial space.

Discussion
The proposed project will add significant residential density to the north end of downtown Grand Rapids. The city has recently completed a downtown market analysis and determined that in order to achieve several of the community's goals, achieving a downtown residential density of at least 10,000 residents is critical. That level of residential density is key to establishing a viable downtown retail market, supporting a more diverse and reliable mobility system and attracting additional talent to the community.
The proposed project will be located in the Grand Rapids Smart Zone. The new apartment units are anticipated to be highly desirable to knowledge workers, researchers and employees of the numerous medical providers along Michigan Street. Talent attraction has been a key driver of the Grand Rapids Smart Zone and health care industry. Creating opportunities for top tier talent to live, work and play in the same district is critical to competing with other major health hubs across the country. This combination of new medical research, health care employment and modern residential options is anticipated to drive a substantial amount of new local and state income tax.

Finally, the $52.5 million investment will fill a long vacant site in the heart of the Monroe North District of the downtown. The additional residential density will contribute to the potential base of ridership for two Bus Rapid Transit lines in the City which are planned to intersect with one another just one block south of this project. As residential density increases in the immediate area surrounding a transit line, the long term financial viability of the transit investments also increase exponentially.

MSF support for the amended MBT credit is essential to making the project financially viable. Due to significant increases in construction costs over the last several years, the original project budget has grown substantially. Without the MSF support, this project could not move forward.

The project was initially delayed due to the reallocation of resources to a different project in the developer’s portfolio. As a result, a portion of the project will be completed by the MBT expiration date while the entire project is expected to be completed by spring of 2019. The proposed MBT project will consist of the following:

1. Construction of the parking deck and superstructure of the building (i.e. caissons, structural steel, concrete towers, concrete floors and roof slabs) up to the 9th to 13th floor of the building.
2. Installation of the building envelope architectural precast concrete wall panels for the parking structure for floors 2-5 of the building.
3. Purchase of countertops, cabinets, doors and hardware, rough lumber, shelves and paneling, carpet and tile, wall covering, appliances, plumbing fixtures, light fixtures and similar items.

Prior to receiving the MBT credit award, the project shall be completed in its entirety and a certificate of occupancy will be required in order to claim the credit.

Appendix A addresses the programmatic requirements.

Recommendation
MEDC staff recommends approval of the Brownfield MBT credit amendment request for a change of scope to the project. At the time a Certificate of Completion for the project is requested, the applicant shall provide a certificate of occupancy in order to receive the Credit.
Brownfield MBT Credit Amendment Request By:

601 Bond Nassau Dutch John Equities LLC
c/o Time Equities, Inc.
55 Fifth Avenue, 15th Floor
New York, New York 10003-4398

Contact: Robert Kantor, Manager

Previous Approval | Amendment
---|---
Project Eligible Investment: $28,000,000 | $28,000,000*
Requested Credit Amount: $3,220,745 | $3,220,745 (capped)
Requested Credit Percentage: 20% | 20%

*Total MBT eligible investment is anticipated to be $28,000,000, although only $16,103,725 is expected to be incurred prior to the MBT 10-year statutory expiration date of May 20, 2018. This amount represents the MBT eligible investment minus reimbursable Act 381 TIF eligible activity costs.

Eligible Investment Breakdown

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>New Construction</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>$28,000,000</td>
</tr>
</tbody>
</table>
At the meeting of the Michigan Strategic Fund ("MSF") held on August 22, 2017 in Lansing, Michigan;

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

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

WHEREAS, by Resolution 2008-41 on May 20, 2008, the MEGA Board awarded a Brownfield MBT Tax Credit to SSGRCC, LLC to make eligible investment up to $16,103,725 at an eligible property in the City of Grand Rapids (the “Project”);

WHEREAS, by Resolution 2016-074 on May 24, 2016, the MSF Board amended the Brownfield MBT Tax Credit to change the scope of the project, add 5 years to complete the project, and add the qualified taxpayer 601 Bond Nassau Dutch John Equities, LLC (the “Applicant”);

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

WHEREAS, a request has been submitted to amend the Project to change the scope to identify what will be completed by the statutory expiration date of the MBT credit; and

WHEREAS, no certificate of completion has been issued for the Project; and

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed $3,220,745;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project to:

1. Construction of the parking deck and superstructure of the building, which will include caissons, structural steel, concrete towers, concrete floors and roof slabs up to the 9th to 13th floor of the building.
2. Installation of the building envelope architectural precast concrete wall panels for the parking structure for floors 2-5 of the building.
3. Purchase of countertops, cabinets, doors and hardware, rough lumber, shelves and paneling, carpet and tile, wall covering, appliances, plumbing fixtures, light fixtures and similar items.
BE IT FURTHER RESOLVED, that the Project is required to submit a Certificate of Completion request within one year of the issue date of the permanent certificate of completion.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017

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

From: Julius L. Edwards, Manager, Underwriting and Incentive Structuring

Subject: Amendment to a MSF Investment Fund Award to Michigan Community Capital f/k/a Michigan Magnet Fund

Request
Michigan Community Capital (“Company”) is requesting approval of an amendment to the $10,000,000 Michigan Strategic Fund Award Agreement and other related ancillary agreements (“Agreement”). The requested amendment is to allow for the following: 1) an increase in the allowable outside financing from 20% of the outstanding MSF Award balance to 20% of MSF Award; and 2) allow for a stand-alone disbursement under the MSF Award that can be utilized to make a loan to a project in Flint, MI known as the Flint Marketplace project. The Agreement currently only allows for MCC to make equity investments in projects financed with proceeds from the MSF Award.

Background
The MSF approved a $10,000,000 Investment Fund Award to MCC to facilitate investment in “Attainable Housing” projects across the state. It was anticipated that MCC would utilize the Award to invest in between three (3) to five (5) Attainable Housing projects. The Award would be disbursed on a project-by-project basis.

Attainable Housing is defined as housing targeted at individuals and families with incomes between 60% and 120% Area Median Income (AMI). Attainable Housing has been identified by staff and partners as an unmet need in many communities across the State as rental rates have continued to increase in many markets in the State, primarily Central Business Districts and other commercial cores. An unanticipated consequence has led to displacement of many residents away from employment centers in those communities.

The proposed amendments to the MSF Investment Fund Award Agreement would allow MCC to secure additional funding to further pursue the overall mission of the organization and provide funding for a mixed-income housing project in Flint, MI. The utilization of Low Income Housing Credits in the capital stack for the Flint project limits MCC’s ability to make a direct equity in the project.

The MSF and MCC closed on the Investment Fund Award Agreement on June 30, 2017. The MCC is in compliance with all requirements of the Agreement and MEDC staff is in the process of approving the first disbursement under the Award.
Recommendation
MEDC staff recommends approval of the requested amendments to the MSF Investment Fund Award to Michigan Community Capital as outlined above.
**ORIGINAL APPROVAL**

**MEMORANDUM**

**Date:** February 28, 2017

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

**From:** Julius L. Edwards, Manager, Underwriting and Incentive Structuring

**Subject:** Investment Fund Award to Michigan Community Capital f/k/a Michigan Magnet Fund

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**Summary**

The request is for up to a $10,000,000 Loan Award from the Investment Fund for Michigan Community Capital (MCC) to facilitate investment in “Attainable Housing” projects across the state. It is anticipated that MCC will utilize the Award to invest in between three (3) to five (5) Attainable Housing projects. The proposed Loan Award would be disbursed on a project-by-project basis. The proposed structure of the Investment Fund Loan Award is presented in more detail in Appendix A.

Attainable Housing is defined as housing targeted at individuals and families with incomes between 60% and 120% Area Median Income (AMI). Attainable Housing has been identified by staff and partners as an unmet need in many communities across the State as rental rates have continued to increase in many markets in the State, primarily Central Business Districts and other commercial cores. An unanticipated consequence has led to displacement of many residents away from employment centers in those communities.

By making the Loan Award to MCC it will allow MEDC to leverage MCC’s staffing capacity and potentially assist MCC in building its resume for future New Market Tax Credit (NMTC) allocations. All of the underwriting and due diligence will be performed or contracted by MCC. MEDC’s oversight will be limited and will primarily consist of reviewing the underwriting materials and project details provided by MCC staff to determine if the individual projects meet the desired goals of providing quality Attainable Housing.

**Recommendation**

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

a) Approval of an Investment Fund Loan Award request as outlined in Appendix A.
**APPENDIX A**

<table>
<thead>
<tr>
<th>LOAN FACILITY</th>
<th>Non-Revolveing Draw Facility</th>
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<tbody>
<tr>
<td>MSF Incentive:</td>
<td>Michigan Community Capital (MCC) f/k/a Michigan Magnet Fund</td>
</tr>
<tr>
<td>Borrower(s):</td>
<td>Michigan Community Capital (MCC) f/k/a Michigan Magnet Fund</td>
</tr>
<tr>
<td>Loan Amount:</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Interest Rate:</td>
<td>1% per annum, beginning in the 37th month following loan closing.</td>
</tr>
<tr>
<td>Fees:</td>
<td>Anticipated to be 1% of the Loan Award Amount spread over three annual payments. MCC to be responsible for all third-party fees incurred by the MEDC and MSF in closing the transactions.</td>
</tr>
<tr>
<td>Draw Period:</td>
<td>24 months following loan closing.</td>
</tr>
<tr>
<td>Term:</td>
<td>276 months (23 years) following loan closing.</td>
</tr>
<tr>
<td>Amortization:</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Repayment Terms:</td>
<td>Anticipated to be annual interest only payments beginning in the 37th month following closing. Payments made prior to that time will be applied to principal. Outstanding principal balance due at maturity of the loan. Additionally, the loan will require principal pay downs upon disposal of a portion or 100% of MCC individual project investments.</td>
</tr>
<tr>
<td>Collateral:</td>
<td>Anticipated to be assignment/pledge of a controlled deposit account setup to invest in projects financed by the Investment Fund Loan Award, and a security interest in the individual projects or assignment/pledge of benefits/distributions related to individual project investments.</td>
</tr>
<tr>
<td>Guarantee:</td>
<td>N/A</td>
</tr>
<tr>
<td>Funding:</td>
<td>Individual advances will be subject to MEDC staff review, approval by the MSF Fund Manager or another approved representative of the MSF, and completion of to be determined Milestones.</td>
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<tr>
<td>Other Requirements:</td>
<td>Anticipated to consist of the following with final terms to be negotiated:</td>
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<td>• It is anticipated that MCC will have between 60-90 days to close on individual projects following disbursement of MSF funds.</td>
</tr>
<tr>
<td></td>
<td>• Each advance will be subject to funding availability.</td>
</tr>
<tr>
<td></td>
<td>• Projects will require preliminary approval of the location and project details by MEDC staff.</td>
</tr>
</tbody>
</table>
• Projects will require preliminary approval of the location and project details by MEDC staff.
• Projects will contain a minimum of 20% of the residential units to be targeted at tenants with incomes between 60% to 120% of Area Median Income (strong preference of 100% of AMI and below) through a rental cap or other agreeable mechanism.
• Projects will maintain a minimum affordability period equal to the greater of 60 months or the term of MCC’s investment in the project.
• Projects will be subject to a minimum compliance period equal to the greater of 60 months or the term of MCC’s investment in the project.
• Projects will contain some form of municipal support.
• Projects will be required to meet MSF statutory requirements.
• Outside financing acquired by MCC will be limited to 20% of the MSF’s outstanding loan balance.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF AN AMENDMENT TO AN INVESTMENT FUND LOAN TO MICHIGAN COMMUNITY CAPITAL (f/k/a MICHIGAN MAGNET FUND)

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 and activities;

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to MCL 125.2088h(1), the Jobs for Michigan investment fund was created as a permanent fund authorized by the state constitution (“Investment Fund”);

WHEREAS, pursuant to MCL 125.2088(h)(5)(b), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to grants, loans or investments made by the MSF under Chapter 8A or Chapter 8C;

WHEREAS, pursuant to MCL 125.2088(h)(3), the Investment Fund shall be invested as authorized under Chapter 8A for the purpose of creating incentives for activities arising out of retaining or creating jobs, or increasing capital investment activity, or increasing commercial lending activity or encouraging the development and commercialization of competitive edge technologies, or revitalizing Michigan communities;

WHEREAS, pursuant to Chapter 8A, specifically, MCL 125.2088(b)(2)(c), Investment Fund monies are authorized to be invested for programs or activities authorized under the MSF Act as long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measureable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(c), the MSF has, among other things, the power to make loans;

WHEREAS, by resolution 2017-027 on February 28, 2017 the MSF Board approved a $10,000,000 Investment Fund Award to Michigan Community Capital (“Company”) for investment into the development of Attainable Housing projects;

WHEREAS, the Company is requesting amendments to the Investment Fund Award Agreement and other ancillary agreements (“Agreement”) to allow for the following: 1) an increase in the allowable outside financing from 20% of the outstanding MSF Award balance to 20% of MSF Award; and 2) allow for a stand-alone disbursement under the MSF Award that can
be utilized to make a loan to a project in Flint, MI known as the Flint Marketplace project ("Amendment Request");

**WHEREAS**, the MEDC recommends that the MSF Board delegate to the MSF Fund Manager or MSF Financial Officer the authority to negotiate the final terms and conditions of, and sign, all documents necessary to effectuate the amendments;

**WHEREAS**, the MEDC recommends that the MSF Board approve the Amendment Request;

**NOW THEREFORE, BE IT RESOLVED**, the MSF approves the requested amendments to the Agreement;

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017

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

From: Stacy Bowerman, Senior Project Manager

Subject: Ford Motor Company (“Company”) Amendment to Approved State Essential Services Assessment Exemption Agreement

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**Request**
This is a request from the Company to increase the maximum Qualified Investment in Eligible Personal Property from $1.2 billion to $1.55 billion associated with its State Essential Services Assessment Exemption in the City of Livonia.

**Background**
On April 26, 2016 the Michigan Strategic Fund approved a 15 year State Essential Services Assessment Exemption for up to $1.2 billion of Qualified Investment to support the Company’s expansion at its Livonia Transmission Plant. The equipment supported a new 10 speed rear wheel drive transmission used in the Raptor, F-150 and other rear wheel drive vehicles. The Livonia plant currently employs approximately 1,800 people and produces six-speed and 10 speed transmissions used in a number of rear wheel drive vehicles. As of first quarter 2017, the Company has invested nearly $700 million toward the project.

The Company is proposing investing an additional $350 million in its Livonia Transmission plant, adding another new transmission to its lineup. The Company will create or retain 800 hourly jobs to support production of the new transmission. Jobs are expected to be added late this year, with the majority coming next year and in 2019.

The Company evaluated locations in neighboring states as well as Mexico for this expansion. Labor cost, current facility product lines, and long term cost of doing business were taken into consideration when determining where to locate the new product line. Allowing the Company to claim the additional investment under its existing State Essential Services Assessment Exemption will ensure the project move forward in Michigan.

**Amendment Value Breakdown**
The 15 year State Essential Services Assessment Exemption Amendment is estimated to be worth an additional $7.83 million for a total estimated value of $35.13 million. The requested amendment breaks down as follows:

<table>
<thead>
<tr>
<th>Years 1 – 5 (2.4 mills)</th>
<th>Years 6 – 10 (1.25 mills)</th>
<th>Years 11-15 (0.9 mills)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State ESA Exemption Amendment Amount</td>
<td>$4,200,000</td>
<td>$2,190,000</td>
<td>$1,440,000</td>
</tr>
</tbody>
</table>
Recommendation
MEDC Staff recommends the following (collectively, “Recommendation”):

a) Amend the April 26, 2016 State Essential Services Assessment Exemption approval for Ford Motor Company to increase the Maximum Qualified Investment from $1.2 billion to $1.55 billion.

b) All other aspects of the approval remain unchanged.
WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services to the MSF;

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

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

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

WHEREAS, on October 28, 2014, the MSF Board approved the SESA and Alternative SESA Exemption Program Guidelines.

WHEREAS, the MSF Board approved a SESA exemption of up to fifteen (15) years for qualifying investment of up to $1.2 billion in eligible personal property, as defined in the SESA Exemption and Alternative SESA Program Guidelines, in the City of Livonia (the "SESA Exemption Request");

WHEREAS, the Company requests that the MSF Board approve an amendment to the SESA Exemption to increase the qualified investment to up to $1.55 billion in eligible personal property, as defined in the SESA Exemption and Alternative SESA Program Guidelines, in the City of Livonia (the "SESA Exemption Amendment Request");

WHEREAS, the MEDC recommends that the MSF Board approve the SESA Exemption Amendment Request; and

WHEREAS, the MSF Board desires to approve the SESA Exemption Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the SESA Amendment Exemption Request.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017

To: Michigan Strategic Fund (“MSF”) Board

From: Stacy Bowerman, Senior Project Manager

Subject: Fuel Cell Systems Manufacturing LLC (“Company”) 
Reauthorization of Michigan Business Development Program Performance-based Grant

Background
On January 30, 2017, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of $2,000,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

The Company is a newly formed joint-venture between General Motors and Honda. Due to required reviews from all parties, it has taken longer than expected to execute the agreement. Due to these administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days. It is anticipated the Company will be in a position to execute the agreement within the next 30 days.

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

a) Reauthorization of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);

b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and

c) Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

RE-APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO FUEL CELL SYSTEM MANUFACTURING LLC

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

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

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

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

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

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

WHEREAS, via MSF Resolution 2017-005, the MSF approved an $2,000,000 Michigan Business Development Program Performance based grant on January 30, 2017 for Fuel Cell System Manufacturing LLC (the "Company");

WHEREAS, due to administrative limitations, the Company and MEDC have not been able to come to a formal agreement within the allotted approval timeframe;

WHEREAS, the Company has requested re-approval of the performance based MBDP grant of up to $2,000,000 as outlined in the attached Term Sheet ("Grant Request"); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017

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

From: Trevor Friedeberg, Senior Business Development Project Manager

Subject: Lenawee Stamping Corporation (“Company” or “Applicant”) Amendment to Approved Michigan Business Development Program Grant Agreement

Request
The Company is requesting an extension of its third milestone from December 31, 2016 to November 30, 2017. The term of the grant will also be extended to November 30, 2019.

Background
On January 23, 2013 the Michigan Strategic Fund approved a $5.3 million award for Lenawee Stamping Corporation under the Michigan Business Development Program (“MBDP”). The Company proposed to expand business in the City of Tecumseh and also set up an operation in the City of Lansing to supply underbody, metal stampings, and welded assemblies to customers. The total number of new jobs created was estimated to be 450 over a 3 year period and would require the Company to invest more than $31 million.

The Company was required to have hired all 450 new employees by December 31, 2016, as per the final milestone in the Company’s grant agreement. The Company was unable to provide all necessary documentation showing this number had been achieved by December 31, 2016, and although they have stated the number was met as of the end of June, they face a minor shutdown in July and August and will not be staffed back up above the required job count until October of 2017.

The Company has collected on both milestone 1 and milestone 2, for which we have verified the creation of 300 new jobs as a result of the project and over $18 million of investment. This amendment will allow the Company to receive its final payout for the creation of an additional 150 new jobs.

On December 16, 2014, the MSF approved an amendment to the grant agreement to include a facility at 16325 Felton Road in Lansing, Michigan and include VR Lansing, Inc. as a qualified entity under which qualified new jobs could be created. The necessity to incorporate this entity into the agreement was foreseen when the project was originally presented to the MSF board.

Recommendation
MEDC Staff recommends the following (collectively, “Recommendation”):
   a) Amend the January 23, 2013 approval as outlined in the attached term sheet;
   b) All other aspects of the approval remain unchanged.
WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

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

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

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

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

WHEREAS, the MSF approved a $5.3 million Michigan Business Development Program Performance based grant on January 23, 2013 to expand business in the City of Tecumseh and also set up an operation in the City of Lansing to supply underbody, metal stampings, and welded assemblies to customers. (the “Project”);

WHEREAS, On December 16, 2014, the MSF approved an amendment to the grant agreement to include a facility at 16325 Felton Road in Lansing, Michigan and include VR Lansing, Inc. as a qualified entity under which qualified new jobs could be created;

WHEREAS, the Company was unable to supply the necessary documentation to satisfy the requirements of milestone 3 of the Michigan Business Development Program grant agreement;

WHEREAS, Lenawee Stamping Corporation (“Company”) has requested an extension of its third milestone from December 31, 2016 to November 30, 2017 and also extend the term of the grant to November 30, 2019 (“Grant Amendment Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

WHEREAS, the MEDC recommends that the MSF approve the Company’s Grant Amendment Request in accordance with the Term Sheet.
NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Amendment Request; and

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate and execute all final documents necessary to effectuate the Grant Amendment Request.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: July 28, 2017

Company Name: Lenawee Stamping Corporation ("Company" or "Applicant")

Company Address ("Project"): 1200 East Chicago Boulevard
Tecumseh, Michigan 49286
AND
16325 Felton Toad
Lansing Michigan 48906

MBDP Incentive Type: Performance Based Grant

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

- Maximum Amount of MBDP Incentive: Up to $5.3 million ("MBDP Incentive Award")
- Base Employment Level: 541
- Total Qualified New Job Creation: 250
  (above Base Employment Level)
- Total Additional Jobs Required by Company or Related Entity: 200
- Company Investment: $30,682,381 for building renovations, machinery and equipment, furniture and fixtures, computers, or any combination thereof, for the Project.
- Qualified Investment: $18,000,000
- Municipality supporting the Project: City of Tecumseh committed to provide a 7 year PA 328.

- Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  - Disbursement Milestone 1: Up to $2,300,000 Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level, verification of a minimum of $10 million in Qualified Investment, and
verification of final approval of municipality support by no later than December 31, 2014.

- **Disbursement Milestone 2:** Up to $2,000,000  
  Upon completion of Disbursement Milestone 1, verification of an additional $8 million ($18 million cumulative) of Qualified Investment, creation of 150 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, and verification that the Company has created of caused the creation of an additional 50 jobs by the Related Entity, not inclusive of the 150 additional Qualified New Jobs described above, by no later than December 31, 2015.

- **Disbursement Milestone 3:** Up to $1,000,000  
  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon verification that the Company has created of caused the creation of an additional 150 new jobs (200 cumulative) by the Related Entity by no later than December 31, 2016.

**Term of Agreement:**  
Execution of Agreement to December 31, 2018

**Proposed MBDP Incentive Amendment:**

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:

  - **Disbursement Milestone 1:** Up to $2,300,000  
    Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level, verification of a minimum of $10 million in Qualified Investment, and verification of final approval of municipality support by no later than December 31, 2014. (Milestone met)

  - **Disbursement Milestone 2:** Up to $2,000,000  
    Upon completion of Disbursement Milestone 1, verification of an additional $8 million ($18 million cumulative) of Qualified Investment, creation of 150 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, and verification that the Company has created of caused the creation of an additional 50 jobs by the Related Entity, not inclusive of the 150 additional Qualified New Jobs described above, by no later than December 31, 2015 (Milestone met).

  - **Disbursement Milestone 3:** Up to $1,000,000  
    Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon verification that the Company has created of caused the creation of an additional 150 new jobs (200 cumulative) by the Related Entity by no later than November 30, 2017.

- **Term of Agreement:**  
  Execution of Agreement to November 30, 2019

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by August 3rd, 2017, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

**Lenawee Stamping Corporation**

By: 

Printed Name: **[Signature]**

Its: **[Signature]**

Dated: **7/31/17**

**Michigan Economic Development Corporation**

By: 

Printed Name: **[Signature]**

Its: **[Signature]**

Dated: **9/5/2017**

Lenawee Stamping Corporation
MEMORANDUM

Date: August 22, 2017

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

From: Trevor Friedeberg, Senior Business Development Project Manager

Subject: Thomson Reuters (Tax & Accounting), Inc. (“Company” or “Applicant”) Amendment to Approved Michigan Business Development Program Grant Agreement

Request
The Company is making a request to have the annual milestone due dates to begin December 31, 2018 and also adjust the total required Qualified New Job creation to 250. Additionally, the Company has agreed to reduce the total grant amount by $400,000 for a total grant amount of up to $2,000,000.

Background
On October 28, 2014 the Michigan Strategic Fund approved a $2.4 million award for Thomson Reuters (Tax & Accounting), Inc. under the Michigan Business Development Program (“MBDP”). The Company proposed the consolidation of existing operations into one location which can support future expansion in order to accommodate anticipated growth in Pittsfield Charter Township. The anticipated job growth was 300 qualified new jobs and $19.8 million in capital investment. Pittsfield Charter Township committed to provide a property tax abatement in support of the project.

On June 28, 2016 the MSF approved an amendment to reduce the Company’s statewide base requirement from 1,426 to 1,231 and also provided an extension for the company to achieve milestones by 1 year, beginning in December 31, 2016.

To date, the Company has had difficulty ramping up its Pittsfield Township operation. Initially, the issue was a challenging market and it was not possible to hire the required number of jobs. The Ann Arbor region came out of the recession very quickly which caused much higher attrition at the Company and also caused more competition than normal to attract new hires. Subsequently, in late 2015 and throughout 2016, Thomson Reuters globally had headcount and expense controls in place to hit required EBITDA numbers. One measure to do this was to freeze hiring and backfills were generally not allowed. When backfills were allowed, positions were often filled in lower cost global regions.

In 2017 and 2018 there is an approved plan that allows for the Company to add positions again and the Company is very confident they will meet all requirements of the new deal structure.

Recommendation
MEDC Staff recommends the following (collectively, “Recommendation”):
   a) Amend the October 28, 2014 approval, as amended, as reflected in the attached Term Sheet;
   b) All other aspects of the approval remain unchanged.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT AMENDMENT TO THOMSON REUTERS (TAX & ACCOUNTING), INC.

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

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

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

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

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

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

WHEREAS, the MSF approved a $2.4 million Michigan Business Development Program Performance based grant on October 28, 2014 for the consolidation of existing operations into one location that could support future anticipated growth in Pittsfield Charter Township, Washtenaw County (the “Project”);

WHEREAS, on June 28, 2016 the MSF approved an amendment to reduce the Company’s statewide base requirement from 1,426 to 1,231 and also provided an extension for the company to achieve milestones by 1 year, beginning in December 31, 2016;

WHEREAS, the Company has had difficulty ramping up operations in Pittsfield Charter Township due to availability of talent and a challenging, very competitive job market;

WHEREAS, Thomson Reuters (Tax & Accounting), Inc. (“Company”) has requested an amendment to extend the milestone due dates to begin December 31, 2018 and subsequently be due on an annual basis as well as extend the Term of Agreement to December 31, 2024. Furthermore, the Company has agreed to reduce the total grant amount from $2.4 million to $2 million and total Qualified New Jobs from 300 to 250 (“Grant Amendment Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

WHEREAS, the MEDC recommends that the MSF approve the Company’s Grant Amendment Request in accordance with the Term Sheet.
NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Grant Amendment Request;

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate and execute all final documents necessary to effectuate the MBDP Grant Amendment Request.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: July 28, 2017

Company Name: Thomson Reuters (Tax & Accounting) Inc. ("Company" or "Applicant")

Company Address: 2395 Midway Rd. Carrolton, TX 75006

Project Address ("Project"): 6300 Interfirst Dr. Saline, MI 48176

MBDP Incentive Type: Performance Based Grant

Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):  
- Maximum Amount of MBDP Incentive: Up to $2,400,000 ("MBDP Incentive Award")
- Base Employment Level: 1,231
- Total Qualified New Job Creation: 300
  (above Base Employment Level)
- Company Investment: $19,866,000 in building annual lease costs, leasehold improvements, furniture and fixtures, computers, other personal property, or any combination thereof, for the project.
- Municipality supporting the Project: Pittsfield Charter Township committed to provide property tax abatement on real and/or personal property.
- Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  - Disbursement Milestone 1: Up to $480,000  
  Upon demonstrated creation of 60 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2016.
• **Disbursement Milestone 2:** Up to $440,000  
Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 55 additional Qualified New Jobs (for a total of 115 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.

• **Disbursement Milestone 3:** Up to $480,000  
Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 60 additional Qualified New Jobs (for a total of 175 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.

• **Disbursement Milestone 4:** Up to $440,000  
Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 55 additional Qualified New Jobs (for a total of 230 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.

• **Disbursement Milestone 5:** Up to $560,000  
Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 70 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.

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

**Proposed MBDP Incentive Amendment:**

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

• **Total Qualified New Job Creation:** 250  
(above Base Employment Level)

• **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:

  • **Disbursement Milestone 1:** Up to $400,000  
Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2018.

  • **Disbursement Milestone 2:** Up to $400,000  
Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 100 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.

  • **Disbursement Milestone 3:** Up to $400,000  
Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of...

- **Disbursement Milestone 4**: Up to $400,000
  
  Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2021.

- **Disbursement Milestone 5**: Up to $400,000
  
  Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2022.

**Term of Agreement:**

Execution of Agreement to December 31, 2024

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by August 3rd, 2017 the MEDC may not be able to proceed with any recommendation to the MSF.

**Acknowledged as received by:**

Thomson Reuters (Tax & Accounting) Inc.

By: [Signature]

Printed Name: Steven Stearns

Its: [Signature]

Dated: 7/28/17

Michigan Economic Development Corporation

By: [Signature]

Printed Name: Trevor Friethberg


Dated: 6/5/2017

Thomson Reuters (Tax & Accounting) Inc.
MEMORANDUM

Date: August 22, 2017

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

From: David Kurtycz, Development Finance Manager

Subject: fairlife LLC and Continental Dairy Facilities, LLC (“Company” or “Applicant”) Reauthorization with revised terms Michigan Business Development Program Grant Agreement

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Request
Reauthorize and revise terms of the March 28, 2017 approval for fairlife, LLC and Continental Dairy Facilities, LLC’s Michigan Business Development Program (“MBDP”) award to extend the deadline to execute the MBDP Agreement an additional 60 days to September 24, 2017 and the deadline to meet the requirements set forth in Disbursement Milestone 1 to November 1, 2017.

Background
On March 28, 2017, the Michigan Strategic Fund approved a $2,407,000 award for fairlife LLC and Continental Dairy Facilities, LLC under the MBDP Program. The Company proposed to expand their existing facility in the City of Coopersville which would result in the creation of 52 Qualified New Jobs and $173 million in capital investment. The City of Coopersville committed to provide a $1.1 million upgrade to the City’s own Waste Water Treatment Plant in support of the project.

The Company was required to create 52 Qualified New Jobs above the Base Employment Level, verification of final approval of municipality support and verification of final approval of funding from Michigan Department of Agriculture and Rural Development’s Food and Agriculture Investment Program in the amount of $225,000 by no later than June 30, 2017. The company had unforeseen delays in applying for the milestone and executing the agreement. However, they are now prepared to execute the agreement.

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

a) Extend the deadline to execute the MBDP Agreement for an additional 60 days to September 24, 2017.

b) Revise the March 28, 2017 approval for fairlife LLC and Continental Dairy to extend the deadline to meet the requirements set forth in Disbursement Milestone 1 to November 1, 2017.

c) All other aspects of the approval remain unchanged.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT REAUTHORIZATION TO
fairlife LLC and Continental Dairy Facilities, LLC

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

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

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

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

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

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

WHEREAS, on March 28, 2017 via MSF Resolution 2017-035, the MSF approved a $2,407,000 million Michigan Business Development Program Performance based grant (the “Grant”) for the consolidation of fairlife and Continental Dairy Facilities, LLC’s (the “Companies”) existing operations into one location that could support future anticipated growth in Coopersville, Ottawa County (the “Project”);

WHEREAS, the Companies had unforeseen delays in executing the MBDP grant agreement and applying for the milestone;

WHEREAS, the Companies have requested the MSF Board reauthorize the approval of the Grant for the Project, extending the deadline to execute the MBDP grant agreement an additional sixty (60) days to September 24, 2017 and revise the deadline of the first milestone due date to November 1, 2017, as outlined in the term sheet attached as Exhibit A (“Term Sheet”) (collectively the “Reauthorization Request”); and

WHEREAS, the MEDC recommends that the MSF approve the Companies’ Reauthorization Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC (“MBDP Reauthorization Recommendation”).
NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Reauthorization Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: August 2, 2017

Company Name: fairlife LLC and Continental Dairy Facilities, LLC "Company" or "Applicant"

Company Address: 999 West Randall Coopersville, MI 49404

MBDP Incentive Type: Performance Based Grant

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

- Maximum Amount of MBDP Incentive: Up to $2,407,000 ("MBDP Incentive Award")
- Base Employment Level 289
- Total Qualified New Job Creation: 52
  (above Base Employment Level)
- Company Investment: $173 million in land and leasehold improvements, building renovations, machinery and equipment, furniture and fixtures, engineering and related soft cost or any combination thereof, for the project
- Municipality supporting the Project: The City of Coopersville is required to have committed to provide: approval by the City Council to invest in an upgrade to the City’s wastewater treatment plant necessary to support the project and the Company's capacity needs. The final terms and conditions demonstrating this support shall be included in the final Agreement.

- Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  Disbursement Milestone 1: Up to $2,407,000 Upon demonstrated creation of 52 Qualified New Jobs above the Base Employment Level, verification of final approval of municipality support and verification of final approval of funding from Michigan Department of Agriculture and Rural Development’s Food and Agriculture

P Ur / M I C H I G A N'
Disbursement Milestone 2: $0

Upon demonstrated verification the Companies are in compliance with the City of Coopersville’s Nondomestic IPP User permit by no later than March 30, 2018.

Term of Agreement: Execution of Agreement to 10/31/2018

Proposed MBDP Incentive Amendment:

- Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
  - Disbursement Milestone 1: Up to $2,407,000

Upon demonstrated creation of 52 Qualified New Jobs above the Base Employment Level, verification of final approval of municipality support and verification of final approval of funding from Michigan Department of Agriculture and Rural Development’s Food and Agriculture Investment Program in the amount of $225,000 by no later than 11/1/2017.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by August 7, 2017, the MEDC may not be able to proceed with any recommendation to the MSF.
Fairlife LLC

By: 

Printed Name: Andrew Carquette

Its: CFO

Dated: 9.5.17

Michigan Economic Development Corporation

By: 

Printed Name: David Kurtzcz

Its: Business Development Project Manager

Dated: 8/7/2017

Continental Dairy Facilities, LLC

By: 

Printed Name: Steven Cooper

Its: Pres. & GM

Dated: 8/12/17

fairlife LLC and Continental Dairy Facilities, LLC
MEMORANDUM

Date:     August 22, 2017
To:       Michigan Strategic Fund Board
From:     Shane Schamper, Senior Compliance Specialist
Subject:  Port of Monroe (“Applicant” or “Port”)
Request for Amendment to Investment Agreement

**Request**
The Applicant is requesting an extension to Key Milestone Number Two’s due date under the Investment Agreement (“Agreement”) from June 30, 2017 to April 30, 2018 (the “Request”).

**Background**
On September 22, 2015, the MSF awarded a MSF Investment to the Port in the amount of up to Three Million Dollars ($3,000,000). The Port is to use the funds to revitalize its commercial harbor area located on Lake Erie in the City of Monroe for MSF Eligible Activities, including site preparation activities and public infrastructure improvements.

**Current Status**
The final milestone, Key Milestone Number Two, was due on June 30, 2017 and the Port has submitted all the necessary requirements of the milestone with the exception of expending $3,000,000 for MSF Eligible Activities. Through June 23, 2017, $1,030,016 of the $3,000,000 MSF Investment has been spent on MSF Eligible Activities. It is anticipated that the difference, $1,969,984, will be used over the next three months. Due to freezing weather, the project was unable to start in the fall of 2016 and instead, dredging activities began in the spring of 2017 and were completed May 31, 2017.

The current challenge to the Port is the completion date for constructing the dock, which is planned for December 2017. However, the last part of the construction process is laying concrete and there is a risk that cold temperatures will delay this final stage. Therefore, the Port is requesting an extension to Key Milestone Number Two, project completion, until April 30, 2018.

**Recommendation**
MEDC Staff recommends approval of an amendment to the MSF Investment Agreement as requested above.
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 and activities;

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to MCL 125.2088h(1), the Jobs for Michigan investment fund was created as a permanent fund authorized by the state constitution (“Investment Fund”);

WHEREAS, pursuant to MCL 125.2088(h)(5)(b), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to grants, loans or investments made by the MSF under Chapter 8A or Chapter 8C;

WHEREAS, pursuant to MCL 125.2088(h)(3), the Investment Fund shall be invested as authorized under Chapter 8A for the purpose of creating incentives for activities arising out of retaining or creating jobs, or increasing capital investment activity, or increasing commercial lending activity or encouraging the development and commercialization of competitive edge technologies, or revitalizing Michigan communities;

WHEREAS, pursuant to Chapter 8A, specifically, MCL 125.2088(b)(2)(c), Investment Fund monies are authorized to be invested for programs or activities authorized under the MSF Act as long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(c), the MSF has, among other things, the power to make investments;

WHEREAS, by Resolution 2015-132 on September 22, 2015, the MSF Board awarded $3 million to fund the Investment in the Port of Monroe (“Award”);

WHEREAS, the MEDC recommends that the MSF approve an amendment request to extend the due date of Key Milestone Number Two to April 30, 2018 (the “Amendment Recommendation”)

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment Recommendation; and
BE IT FURTHER RESOLVED, the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions of the final documents necessary to effectuate the Amendment Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017
To: MSF Board Members
From: Emily Guerrant, Senior Vice President, Marketing & Communications
Subject: Business Marketing and Advertising Services Contract Extension

REQUEST
This request is for the MSF Board to approve the first one-year extension of an existing contract with McCann Erickson for marketing and advertising services in the amount up to $7,245,570 for the period of October 1, 2017 to September 31, 2018.

BACKGROUND
In March 2016, the MSF Board approved issuance of a business marketing and advertising services Request for Proposal (“RFP”) and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (“JEC”) to review the proposals. The MSF subsequently awarded the contract to McCann Erickson, for the period of October 1, 2016, to September 30, 2017, with the option to extend the contract for four additional one-year terms.

During the initial contract term, McCann Erickson has successfully marketed Michigan as a business-friendly location both for attraction targets outside the state, and in state retention and growth targets. Industry attraction targets include automotive, aerospace, agribusiness/food processing, and cybersecurity. The PlanetM campaign focused on transportation mobility has been a target both for attraction and retention/growth. The Pure Michigan Business Connect program, marketed to in-state targets encouraging participation via online portal as well as summits held throughout the year. A direct mail campaign directed at site selectors, introduced in FY 2017 was well received and will be expanded. These comprehensive campaigns are supported through a combination of print, digital, video, web and collateral creation. McCann has been an effective strategic partner with MEDC.

RECOMMENDATION
The MEDC recommends that the MSF Board allocate up to $7,245,570 and authorize the Fund Manager to enter into an extension of the contract agreement with McCann Erickson for marketing and advertising services for the period of October 1, 2017 to September 30, 2018.
MICHIGAN STRATEGIC FUND

RESOLUTION

2017-

MCCANN-ERICKSON USA, INC. CONTRACT FOR BUSINESS MARKETING (Amendment #1)

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

WHEREAS, Public Act 270 of 1984, MCL 125.2088b(4), provided for not more than five percent of the annual appropriations as provided by law from the Trust Fund may be used for business development and business marketing costs;

WHEREAS, on August 23, 2016, the Michigan Strategic Fund (“MSF”) approved the use of McCann-Erickson USA, Inc. as the vendor for a business marketing and advertising campaign for a period of one year, with the option for four additional one year extensions;

WHEREAS, the MSF and McCann-Erickson USA, Inc. desire to exercise the option for the first additional one year term and to allocate up to $7,245,570 in funding of the contract for the first additional year to provide services for business marketing and advertising campaign for the period of October 1, 2017 to September 30, 2018;

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

WHEREAS, the MEDC recommends that the MSF exercise the first additional one year term and to allocate up to $7,245,570 in funding of the contract for the first additional year to provide services for business marketing and advertising campaign for the period of October 1, 2017 to September 30, 2018.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the McCann-Erickson USA, Inc. contract by exercising the first additional one year period of October 1, 2017 to September 30, 2018 and allocating an amount up to $7,245,570 for the additional term of services; and

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to execute the amendment to the McCann-Erickson USA, Inc. contract consistent with the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017
To: MSF Board Members
From: Emily Guerrant, Senior Vice President, Marketing & Communications
Subject: Public Relations Services Contract Extension

REQUEST

This request is for the MSF Board to approve the first one-year extension of an existing contract with Weber Shandwick for public relations services for the MSF and MEDC in the amount of $2,417,980 for the period of October 1, 2017 to September 31, 2018. This contract includes PR services for both travel ($1,170,000) and business ($1,247,980).

BACKGROUND

On March 22, 2016, the MSF Board approved issuance of a public relations services Request for Proposal (“RFP”) and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (“JEC”) to review the proposals. The MSF subsequently awarded the public relations contract to Weber Shandwick, for an initial term of October 1, 2016 to September 30, 2017, with the option to renew the term of the agreement and allocate more funding for four additional one-year terms, at the sole discretion of the Board.

During the initial contract term, Weber Shandwick has achieved significant national and regional media coverage for the State of Michigan through proactive pitching efforts and coordinated familiarization tours and has helped to establish Pure Michigan as a national leader across major social media platforms, including Facebook, Twitter, Instagram and Pinterest. The Pure Michigan brand has been honored with dozens of industry awards and is recognized across the travel industry as a marketing leader. Every year, the campaign demonstrates its success through the annual increase of return on investment for travel marketing.

In addition, Weber Shandwick has been instrumental in leading the public relations efforts to support our national marketing campaigns and to position Michigan as the ideal location for business to locate and expand. Specifically, Weber focuses on promoting earned media opportunities in key industries such as agribusiness, aerospace, manufacturing, automotive (including the growing mobility sector), defense and IT. They are the point public relations agency for the PlanetM campaign and spearhead national media attention for Michigan’s leadership in mobility and autonomous vehicle development. Both campaigns have significantly increased website traffic to MSF and MEDC programs. Weber also provides media relations support for the international investment and export trade missions led by MEDC.
RECOMMENDATION
The MEDC recommends that the MSF Board allocate up to $2,417,980 and authorize the Fund Manager to enter into year one extension of the contract agreement with Weber Shandwick for the term of October 1, 2017 to September 30, 2018 for public relations and social media services
WHEREAS, Public Act 489 of 2000, MCL 12.251 to 12.260, created the Michigan Trust Fund Act, of which the 21st Century Jobs Trust Fund (“Trust Fund”) is established;

WHEREAS, Public Act 270 of 1984, MCL 125.2088b(4), provided for not more than five percent of the annual appropriations as provided by law from the Trust Fund may be used for business development and business marketing costs;

WHEREAS, on August 23, 2016, the Michigan Strategic Fund (“MSF”) approved the use of Weber Shandwick as the vendor for the public relations and digital marketing program for a period of one year, with the option for four additional one year extensions;

WHEREAS, the MSF and Weber Shandwick desire to exercise the option for the first additional one year term and to allocate up to $2,417,980 in funding of the amended contract for the additional year to provide services for the public relations activities and promotional events in the targeted geographic, industry, and audience markets for the period of October 1, 2017 to September 30, 2018;

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

WHEREAS, the MEDC recommends that the MSF exercise the first additional one year term and allocate up to $2,417,980 in funding to provide services for the public relations activities and promotional events in the targeted geographic, industry, and audience markets for a period the period of October 1, 2017 to September 30, 2018.

NOW, THEREFORE, BE IT RESOLVED, that the MSF exercise the first additional one year term and allocate up to $2,417,980 in funding to provide services for the public relations activities and promotional events in the targeted geographic, industry, and audience markets for the period of October 1, 2017 to September 30, 2018.

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to execute the amendment to the Weber Shandwick contract consistent with the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017
To: MSF Board Members
From: David Lorenz, Vice President Travel Michigan
Subject: Tourism Marketing and Advertising Services Contract Extension -- Year One

REQUEST
This request is for the MSF Board to approve the first one-year extension of an existing contract with McCann Erickson USA, Inc. for tourism marketing and advertising services in the amount up to $24,512,500. This amount is inclusive of media placements, ad production and agency fees.

BACKGROUND
On March 22, 2016, the MSF Board approved a tourism marketing and advertising RFP and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (“JEC”) to review the proposals. The MSF subsequently awarded the tourism marketing and advertising contract with McCann Erickson USA, Inc., for the period of October 1, 2016 to September 30, 2017, with the option to extend the contract for four additional one-year terms.

McCann Erickson has led the creative development and strategy that powers the nationally recognized Pure Michigan travel brand. The Pure Michigan brand has been honored with dozens of industry awards and is recognized across the travel industry as a tourism marketing leader. The primary objectives of the campaign are to:
- Increase visibility of Michigan as the ideal vacation destination in the U.S. and International markets via the Pure Michigan campaign
- Drive traffic to michigan.org
- Increase leisure spending in Travel Michigan’s targeted markets

These objectives feed into the core mission of the MSF and the MEDC to grow leisure travel spending in the state and improve Michigan’s image as a business location and travel destination.

RECOMMENDATION
The MEDC recommends that the MSF Board allocate up to $24,512,500, Pure Michigan appropriations monies and authorize the Fund Manager to enter into year one extension of the contract with McCann Erickson USA, Inc. for the term of October 1, 2017 to September 30, 2018, for travel marketing and advertising services.
MICHIGAN STRATEGIC FUND

RESOLUTION
2017-

MCCANN-ERICKSON USA, INC. CONTRACT FOR TRAVEL MARKETING (Amendment #1)

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

WHEREAS, Public Act 270 of 1984, MCL 125.2088b(2)(d), provided for annual appropriations as provided by law from the Trust Fund may be used for promotion of tourism in this state;

WHEREAS, on August 23, 2016, the Michigan Strategic Fund (“MSF”) approved the use of McCann-Erickson USA, Inc. as the vendor for travel marketing and promotional campaign for the promotion of tourism for a period of one year, with the option for four additional one year extensions;

WHEREAS, the MSF and McCann-Erickson desire to exercise the option for the first additional one year term and to allocate up to $24,512,500 in funding of the contract for the first additional year to provide services for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of October 1, 2017 to September 30, 2018;

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

WHEREAS, the MEDC recommends that the MSF exercise the first additional one year term and to allocate up to $24,512,500 in funding of the contract for the first additional year to provide services for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of October 1, 2017 to September 30, 2018.

NOW, THEREFORE, BE IT RESOLVED, that the MSF exercise the first additional one year term and to allocate up to $24,512,500 in funding of the contract for the first additional year to provide services for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of October 1, 2017 to September 30, 2018.

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to execute the amendment to the McCann-Erickson USA, Inc. contract consistent with the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017
To: MSF Board Members
From: David Lorenz, Vice President Travel Michigan
Subject: Meredith Corporation Contract

REQUEST
This request is for the MSF Board to approve up to $800,000 for year three of the contract with Meredith Corporation to publish the official State of Michigan seasonal travel guides.

BACKGROUND
On August 25, 2015, the MSF entered into a three-year contract with Meredith Corporation to publish the official State of Michigan seasonal travel guides. At this time, we are requesting funding for year three of the contract.

For years one and two, Meredith produced 1,000,000 copies of the spring/summer travel guide, 100,000 copies each of the fall and winter guides, as well as a dynamic rich-media digital guide for each season. The company has had a stellar advertising sales performance, surpassing their guaranteed $800,000 in ad revenue from the Michigan travel industry each year. This added industry support has afforded Travel Michigan the opportunity to reach even more markets with first-time proactive polybag options with several key Meredith brands for the fall and winter guides. The additional ad revenue has also provided the opportunity to incorporate a new fold-out State of Michigan map, which presents the state in a more realistic configuration.

While headquartered in Iowa, Meredith Corporation’s custom publishing division is located in Troy, Michigan. Additionally, the Pure Michigan seasonal travel guides are printed at Quad Graphics in Midland, Michigan.

RECOMMENDATION
The MEDC recommends that the MSF Board allocate up to $800,000, Pure Michigan appropriations monies and authorize the Fund Manager to enter into year three of the contract with Meredith Corporation, with the option of two additional one-year extensions.

WHEREAS, Public Act 270 of 1984, MCL 125.2088b(2)(d), provided for annual appropriations as provided by law from the Trust Fund may be used for promotion of tourism in this state;

WHEREAS, on August 25, 2015, the Michigan Strategic Fund (“MSF”) authorized an agreement for three years, with two, one-year extensions to Meredith Corporation as the vendor for the official State of Michigan Travel Guide;

WHEREAS, the MSF designated the Michigan Economic Development Corporation (“MEDC”) to provide administrative services for the MSF; and

WHEREAS, the MEDC recommends, and the MSF desires, to allocate up to $800,000 to Meredith Corporation as the vendor for the official State of Michigan Travel Guide for the third year of the agreement.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes an allocation of $800,000 to Meredith Corporation as the vendor of the official State of Michigan Travel Guide for the third year of the agreement, with the option of two additional one-year extensions.
MEMORANDUM

Date: August 22, 2017

To: MSF Board

From: Eric Shreffler, Managing Director, Automotive Office

Subject: Appointment of MSF designated Board member(s) to the American Center for Mobility’s Board of Directors

MEDC Staff recommends the MSF Board approve the appointment of Jeff Mason to the American Center for Mobility’s (ACM) Board of Directors.

BACKGROUND

In March and July of 2016, the Board approved resolutions 2016-026 and 2016-122 which helped establish the Willow Run Arsenal of Democracy Landholdings Limited Partnership, and provide funds for the purchase of the former GM Willow Run plant site, engineering and professional services, and to provide operational, design and construction funds to ACM, the operating entity of the proposed test center for automated, autonomous, and connected vehicles. Per the by-laws of ACM, the MSF is entitled to designate two members to the ACM Board of Directors. Steve Arwood was appointed by the Board at the August 2016 meeting.

Jeff Mason is recommended to take the second of the two allotted MSF Board seats.

RECOMMENDATION

MEDC Staff recommends the MSF Board approve Jeff Mason for appointment to the ACM Board of Directors.
WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to enable the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, on March 22, 2016, by Resolution 2016-026, the MSF approved the MSF’s participation as a senior Class A limited partner in the Willow Run Arsenal of Democracy Landholdings Limited Partnership (“LP”);

WHEREAS, the LP was formed for the purpose to, and did, acquire the former Willow Run Powertrain Plant real estate parcels in Ypsilanti, Michigan (“Real Estate”), with a view toward facilitating the ultimate re-development and operation of the Real Estate and surrounding area and roads and for connected and automated vehicle technology, research, validation and testing facilities by the American Center for Mobility, a Michigan non-profit corporation (collectively, the “Project”);

WHEREAS, on March 22, 2016, by Resolution 2016-026, the MSF also approved (i) an MSF grant to the LP in the amount of up to $2,999,900 (ii) an MSF equity investment in the LP of up to $100, for a total of $3 million for start-up costs and expenses for the Project;

WHEREAS, on July 26, 2016, by Resolution 2016-122, the MSF also approved an additional equity investment by the MSF in the LP of up to an additional $17 million to be used for the Project;

WHEREAS, on April 25, 2017, by Resolution 2017-058, the MSF approved an additional equity investment by the MSF in the LP of up to an additional $15 million to be used for the Project;

WHEREAS, pursuant to the By-laws of ACM, the MSF Board has the right to designate two directors to the ACM Board of Directors; and

WHEREAS, the MEDC recommends the MSF designate Jeffery Mason to the ACM Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, the MSF designates Jeffery Mason to the ACM Board of Directors.

Ayes:
Nays:
Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM
Date: August 22, 2017
To: Michigan Strategic Fund Board
From: Natalie Chmiko, Director, International Trade
Subject: International Trade Program – STEP Project Exception Program (PEP) Extension

Request
The Michigan Economic Development Corporation (MEDC) staff requests the Michigan Strategic Fund (“MSF”) Board approve converting the Pilot Exception Program, previously approved by the MSF, into a permanent program – the Project Exception Program (“PEP”) and approve the utilization of previously allocated funds for the International Trade Program’s State Trade Expansion Program (“STEP”) that remain unused at the end of each fiscal year to be carried over for use by PEP.

Background
The MSF each year allocates state funds to combine with federal funds for use for STEP. This program is bound by the Small Business Administration (SBA) eligibility criteria, which are as follows:

- Be in accordance with the SBA small business size standards (falling below the maximum global number of employees or below the annual revenue limit, based on industry) [link]
- Has been in business not less than one year
- Is operating profitably (based on operations in the United States)
- Demonstrates an understanding of the costs associated with exporting and doing business with foreign partners
- Has a strategic plan for exporting

The SBA STEP funds assist small businesses for export development activities. STEP began as a 3-year program to support President Obama’s call to jump start job growth by doubling U.S. exports in five years, and is now in its sixth funding year. Effective February 25, 2016 the SBA’s pilot STEP program was made permanent by the federal government.

For the current funding year, SBA dedicated $18.8 million to award to state entities. Michigan received the fifth highest award with $820,000. Along with the required 25% match and additional State support approved by MSF, the International Trade Program has over $1.5 million in STEP funding to award export development grants to Michigan small businesses.

The STEP program allows states to incentivize SMEs to begin to export, or to expand their current exports, by reimbursing 50% on allowable export-related activities, up to a maximum of $12,000. In alignment with SBA’s goal to maximize the use of existing federal and state export resources, Michigan will continue to integrate and expand services currently provided by the U. S. Commercial Service, SBA, Michigan Department of Agriculture and Rural Development (MDARD) and Michigan Small Business Development Center (SBDC) with services delivered by regional and local service providers. SBA funds, along with public and private resources, will support the following goals:

- Increase the number of small business exporters in Michigan
• Increase the value and volume of exports from Michigan
• Expand Michigan exports to new markets, raising competitiveness in the global marketplace

Incentives are applied to business engaging in eligible export activities which include:
• Participation in foreign trade missions
• U.S. Department of Commerce services
• Website fees (translation to foreign languages, localization to foreign markets, SEO)
• Design of marketing media
• International or domestic trade show participation
• Participation in export training workshops
• Reverse trade missions
• Procurement of consultancy services
• Other export initiatives (subject to approval)

For the previous two fiscal years, the MSF has approved the Pilot Exception Program, for which exceptions to the STEP eligibility criteria were allowed for companies who show great export sales promise but due to extenuating circumstances do not meet the established STEP criteria. The MSF allowed state dollars previously allocated to STEP that remained uncommitted at the end of the fiscal year to be carried over for use in the Pilot Exception Program.

The Pilot Exception Program operated by accepting and approving applications demonstrating reasonable justification for not meeting the following STEP criteria:
• Be in accordance with SBA small business size standards
• Has been in business not less than one year
• Is operating profitably (based on operations in the United States)

For FY17 and going forward, MEDC staff requests that the Pilot Exception Program become permanent under the new name of Project Exception Program (“PEP”) and for any remaining MSF-appropriated State STEP funds from the fiscal year to be carried over into the next fiscal year for use by PEP to serve high-potential export companies outside of the SBA criteria.

**Recommendations**

In accordance with the above information, MEDC staff seeks permission from the MSF to create a permanent PEP program for which the eligibility guidelines are suspended to assist well-positioned exporting companies who do not meet all the established criteria. MEDC staff proposes:

1. Approval to convert the Pilot Exception Program into the permanent Project Exception Program for future fiscal years, pending availability of remaining MSF-appropriated State STEP funds.
2. Approval to use all STEP funds remaining at the end of each fiscal year for the PEP fund, beginning with the funds uncommitted from FY17 for PEP for FY18.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

INTERNATIONAL TRADE PROGRAM
PROJECT EXCEPTION PROGRAM FUNDING AUTHORIZATION

WHEREAS, the Michigan Strategic Fund ("MSF") desires to assist eligible Michigan-based small businesses, increase the number of small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base through a variety of international trade services that lead to international market expansion (the "International Trade Program");

WHEREAS, under the Michigan Strategic Fund Act, MCL 125.2001 et seq. ("Act"), and in particular Section 88b of the Act, the MSF has the power to make grants, loans and investments, which includes business development and business marketing, creating or retaining jobs, and increasing capital investment activity;

WHEREAS, on July 28, 2015 via MSF Resolution 2015-094, the MSF Board approved an amendment to the International Trade Program’s State Trade Expansion Program (“MI-STEP”) guidelines to create the Pilot Exception Program to assist businesses that do not meet the Small Business Administration eligibility guidelines, using state funds previously allocated to the MI-STEP program budget (the “Pilot Program”);

WHEREAS, on December 20, 2016 via MSF Resolution 2016-246, the MSF Board approved a renewal of the Pilot Program and authorized the use of uncommitted state funds approved for the previous fiscal year for MI-STEP to be carried over for use for the Pilot Program;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for a variety of programs overseen by the MSF; and

WHEREAS, the MEDC recommends that the Pilot Program be converted into a permanent program, the “Project Exception Program,” and that the MSF authorize the state funds allocated to MI-STEP that remain unused at the end of each fiscal year to be carried over for the Project Exception Program, beginning with the uncommitted funds from fiscal year 2017.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves the conversion of the Pilot Program into a permanent program – the Project Exception Program; and

BE IT FURTHER RESOLVED, the MSF authorizes state funds allocated to MI-STEP that remain unused at the end of each fiscal year to be carried over for use by the Project Exception Program, beginning with the uncommitted funds from fiscal year 2017.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

To: Michigan Strategic Fund Board

From: MSF Staff

Date: August 22, 2017

Subject: Michigan Technology Commercialization Corporation d/b/a Michigan Research Institute (and/or related borrowers/guarantors)
Loan Participation – Permanent Fund

Request
To approve loan participation of up to $1,525,000 to be funded through the permanent fund. The proposed loan participation would be part of a total financing package of up to $3,386,150 to be provided to Michigan Technology Commercialization Corporation d/b/a Michigan Research Institute (“MRI” or “Company”) in support of its start-up incubator operations including the purchase of real estate and to provide working capital. Level One Bank (“Bank”) will serve as the senior lender for the project.

A. Bank Facility and MSF Support

Level One Bank has proposed to provide the following credit facilities:

- Term = Building Acquisition & Working Capital
  - $3,386,150

Given the above structure, the proposed MSF exposure is a maximum of:

- Term = Building Acquisition & Working Capital
  - $1,525,000
- Total MSF Contribution
  - $1,525,000

B. Confidentiality

As part of preparation for closing of the facility, there are numerous underwriting documents which contain financial and other proprietary information that are shared with Staff. The MSF Act, (pursuant to MCL 125.2005(9)) provides the MSF the authority to acknowledge such information as confidential information (“Designated Information”). The Bank and the company seek confidentiality protection from the MSF as described in the attached summary of Designated Information.

Background

MRI is an Ann Arbor based 501(c)(3) non-profit organization established in 2001. MRI was founded with the purpose of regional economic development through supporting the creation of companies focused on emerging technologies which address critical needs. Since 2004 MRI has operated an incubator for local start-up companies, providing those companies with laboratory and office space.
The project property is a 27,000 sq. ft. facility located at 401 West Morgan Road in Ann Arbor. MRI currently leases this space and is seeking to purchase it in order to provide stability for its future operations. The property currently provides space for 12 startup companies with each occupying between 300 and 1,200 sq. ft. This represents 55% of the total leasable space at the project property. One of the ways which MRI generates revenue is through the receipt of payment of rent and common area reimbursements from its tenants. Currently MRI offers only month-to-month leases as it is leasing the project property. Upon acquisition of the project property MRI anticipates offering longer term leases to its tenants.

**Management**

MRI is able to operate with minimal dedicated staff. James Richter (President), Andrew Taylor (Vice President), and John Prince (Accountant) have been the only permanent staff of MRI since its inception in 2001.

James Richter (President) – Mr. Richter was responsible for founding MRI and has managed its operations since that time. Prior to founding MRI, Mr. Richter managed the Bio Business Incubator and also served on the Board of Directors of the Michigan Biotechnology Institute in Lansing. Mr. Richter also served as President of Grand River Technologies where he managed the commercialization of the institute’s technology into seven start-up companies.

Andrew Taylor (VP of Operations) – Mr. Taylor is responsible for managing MRI’s technology development projects. Prior to joining MRI, Mr. Taylor was VP of R&D for Mallinckrodt Medical, a medical specialty company which generated $3.3 billion in gross revenue in 2015.

**Financing Opportunity**

MRI generates revenue from three sources: rent and reimbursements from third party tenants, state and federal grants, and management and licensing fee income. For the purpose of underwriting the proposed financing, the Bank chose to underwrite based strictly off of rental income and reimbursements, as the grant and fee income varies significantly from year to year. Based on this standard, the debt service coverage based on the proposed annual debt service is 1.00x in 2013, 0.60x in 2014, 1.07x in 2015, and 1.20x in 2016. Based on the current tenant list, and excluding significant licensing income, which is anticipated to be generated from two current tenants of MRI, the pro forma debt service for 2017 is 1.31x.

Third party lease payments made to MRI will be collected in a lock-box at the Bank in order to pay debt service. The Bank and CST are requiring that MRI hold on deposit at least $120,000 in unencumbered funding, which is the equivalent of over six months of combined debt service, in a deposit account at the Bank. Further, the Bank and CST will require a pledge of a life insurance for James Richter. The contemplated minimum face value of the life insurance will be $250,000, or over one year of combined debt service.

The proposed financing will be secured by a first position mortgage on the project property and a pledge on certain equipment of MRI. Third party appraisals were generated for both the project property and the
equipment to be pledged. The “as-is” value of the real estate is $3,060,000 and the orderly liquidation value of the equipment is $326,150. The Bank and MSF will share in the first position filings for both the real estate and equipment, though the MSF will be in a subordinate position on any disposition of the pledged collateral.

**Source of Information**
It is the role of Capital Services Team staff (“CST”) to review for eligibility, completeness, and adherence to industry standards and practices, the information provided by the financial institution and to manage the MSF’s structural risk. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from material submitted by the lending institution and from third party research sources such as Dunn and Bradstreets FirstResearch database.

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

  a. Acknowledgment by the MSF that the Designated Information set forth on the attached summary is confidential;

  b. Approval of the loan participation proposal contained herein and:

  c. Subject to available funding under the 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 transaction documents, and further subject to the following terms and conditions:

**Facility 1 – Michigan Technology Commercialization Corporation d/b/a Michigan Research Institute (and/or related borrowers/guarantors)**

<table>
<thead>
<tr>
<th>Borrower:</th>
<th>Michigan Technology Commercialization Corporation d/b/a Michigan Research Institute (and/or related borrowers/guarantors)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender:</td>
<td>Level One Bank</td>
</tr>
<tr>
<td>Total Loan Amount:</td>
<td>$3,386,150</td>
</tr>
<tr>
<td>Bank Share:</td>
<td>$1,861,150</td>
</tr>
<tr>
<td>MSF Share:</td>
<td>Up to $1,525,000</td>
</tr>
<tr>
<td>MSF Interest Rate:</td>
<td>Anticipated to be 1% per annum</td>
</tr>
<tr>
<td>Loan Type:</td>
<td>To match the lender, anticipated to be a 5 year term/20 year amortization</td>
</tr>
<tr>
<td>Repayment Terms:</td>
<td>Equal monthly payments of principal and interest</td>
</tr>
</tbody>
</table>

**Other**
- Commitment will remain valid for 180 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.
- Lender will include a minimum debt service coverage ratio, as calculated by the Bank, at a minimum ratio determined to be sufficient by Bank and CST.
- Pledge of key man life insurance for James Richter in an amount determined to be sufficient by Bank and CST.
SUMMARY OF DESIGNATED INFORMATION

MICHIGAN STRATEGIC FUND CONFIDENTIALITY LOG

Per MSF Approval of the Staff Recommendation dated August 22, 2017

<table>
<thead>
<tr>
<th>Name of Applicant</th>
<th>Summary of Designated Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan Technology Commercialization Corporation d/b/a Michigan Research Institute (and/or related borrowers/guarantors) located at 401 West Morgan Road, Ann Arbor, MI 48108; and Level One Bank, (collectively, “Interested Parties to the Proposed Transaction”)</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
</tbody>
</table>
MICHIGAN STRATEGIC FUND
RESOLUTION 2017 -

APPROVAL OF FUNDING AND A LOAN PARTICIPATION AWARD
TO MICHIGAN TECHNOLOGY COMMERCIALIZATION CORPORATION D/B/A
MICHIGAN RESEARCH INSTITUTE

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 MSF;

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to MCL 125.2088h(1), the Jobs for Michigan investment fund was created as a permanent fund authorized by the state constitution ("Investment Fund");

WHEREAS, pursuant to MCL 125.2088(h)(5)(b), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to grants, loans or investments made by the MSF under Chapter 8A;

WHEREAS, pursuant to MCL 125.2088(h)(3), the Investment Fund shall be invested as authorized under Chapter 8A for the purpose of creating incentives for activities arising out of retaining or creating jobs, or increasing capital investment activity, or increasing commercial lending activity or encouraging the development and commercialization of competitive edge technologies, or revitalizing Michigan communities;

WHEREAS, pursuant to Chapter 8A, specifically, MCL 125.2088(b)(2)(c), Investment Fund monies are authorized to be invested for programs or activities authorized under the MSF Act as long as programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(o), the MSF has the power to participate in the making of loans;

WHEREAS, Level One Bank ("Lender") will be providing financing to Michigan Technology Commercialization Corporation d/b/a Michigan Research Institute and/or a related entity ("Proposed Borrower") of approximately $3,386,150 toward the purchase of real property and working capital in support of Proposed Borrower’s start-up incubator operations ("Project");

WHEREAS, the Lender and the Proposed Borrower have requested loan participation award from the MSF for the Project in an amount not to exceed $1,525,000 ("Award Request"), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A ("Term Sheet");

WHEREAS, the MEDC recommends that the MSF approve funding of up to $1,525,000 from the Investment Fund to fund the Award Request ("Funding");

WHEREAS, the MEDC recommends that the MSF approve the 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 within 180 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 ("Award Recommendation"); and

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Funding;
BE IT FURTHER RESOLVED, the MSF approves the Award Recommendation; and

BE IT FURTHER RESOLVED, the MSF Board approves the MSF President or the MSF Fund Manager to negotiate the final terms and conditions of the Award Request, and to sign all documents necessary to effectuate the foregoing, and approves the MSF President or the MSF Fund Manager to further approve milestones, repayment and other terms and conditions that are deemed necessary or appropriate from time to time to adapt to needs of the Lender, the Proposed Borrower or the Project, so long as such terms and conditions include milestones and repayment terms.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
EXHIBIT A
Term Sheet

MSF Facility: Loan Participation

Borrower: Michigan Research Institute, and/or related entity

Lender: Level One Bank

Total Amount of Loans: $3,386,150

Lender Share: $1,861,150

MSF Share: Up to $1,525,000

Term: To match that of Lender, anticipated to be 5 years

Amortization: To match that of Lender, anticipated to be a 20 year amortization

Interest Rate: Anticipated to 1% per annum

Repayment Terms: Equal monthly payments of principal and interest

Collateral: Anticipated to be a mortgage on real property located at 401 W. Morgan Road, Ann Arbor, MI and on certain personal property of the Proposed Borrower. Upon any disposition of collateral, the MSF Share is subordinate to the Lender Share.

Confidentiality Acknowledgement:

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<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
</tbody>
</table>
MEMORANDUM

Date: August 22, 2017

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

From: Mike Gietzen, Senior Business Development Project Manager

Subject: LG Electronic USA Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request

Summary
This is a request from LG Electronic USA Inc. (“LGEUS”) for a $2,920,000 performance-based grant. This project involves the creation of 292 Qualified New Jobs and a capital investment of up to $25,001,000 in the City of Hazel Park and the City of Troy within Oakland County.

Due to a growth opportunity within electric vehicle and renewable battery markets, LGEUS is proposing to establish a new 250,000 square foot assembly and center of excellence facility. The Company is considering locations in Ohio, Indiana, Michigan and China for this new facility. LGEUS is performing cost comparisons to determine the best location and has existing locations with excess space and capacity along with lower operating costs that would not require a real estate investment. The Company is seeking assistance to offset development costs of the various proposed options.

Background
LG Electronics USA Inc. is an electronics company operating throughout the world. LGEUS operates four business units: Home Entertainment, Mobile Communications, Home Appliance & Air Solutions, and Vehicle Components. LGEUS first began to operate in the United States in 1982.

The Company plans to open a 250,000 square foot facility in the City of Hazel Park to assemble and package renewable batteries along with 11 other components to support the automotive industry. The Company will also be expanding its engineering and design facility in the City of Troy to support the new opportunity. The facilities will house a mix of office, assembly, and engineer positions. The Company anticipates the Project will lead to the creation of 292 Qualified New Jobs and an investment of up $25,001,000 in the City of Hazel Park and the City of Troy within Oakland County.

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

Considerations

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.

b) The project will be located in the City of Hazel Park and the City of Troy. The City of Hazel Park and City of Troy have offered a “staff, financial, or economic commitment to the project” in the
form of staff time and resources in support of the Project. Since this project is primarily investing in machinery and equipment in addition to job creation, a tax abatement is not a suitable tool for this project. In lieu of a tax abatement, The City of Hazel Park and City of Troy are prepared to assist the Company in finding candidates for the newly created positions.

c) The Applicant has demonstrated a need for the funding. The Company is evaluating where to place new growth opportunities due to this increase in demand. As a result of the growth the Company is looking at expanding operations.

d) The Applicant plans to create 292 Qualified New Jobs above a statewide base employment level of 131.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: involves out-of-state competition from Ohio, Indiana, and China, level of investment, shovel-ready project with the support of the MSF, reuse of an existing facility, prospect of near-term job creation, high wage level for new jobs, strong links to Michigan suppliers, and is projected to result in a net positive return for the State of Michigan.

**Recommendation**

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

a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);

b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and

c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
LG ELECTRONIC USA INC.

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

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

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

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

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

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

WHEREAS, LG Electronic USA Inc. (“Company”) has requested a performance based MBDP grant of up to $2,920,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Definitions

This document contains terms and definitions, which will be used to structure this incentive. 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. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

Company Group: The Company and an affiliate to be formed and managed prior to execution of a final agreement.

Base Employment Level: 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.

Qualified New Job Creation: The minimum number of total Qualified New Jobs the Company Group shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimal 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 which 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.

Company Investment: The Company anticipates investment of up to $25,001,000 for, leasehold improvements, machinery and equipment, furniture and fixtures, computers and IT, and annual lease cost, or any combination thereof, for the Project.

Municipality Support: One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: The City of Hazel Park has committed to expedited permitting and or assistance with a job fair and employee recruitment assistance. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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 which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

a. Disbursement Milestone 1: Up to $500,000
   Upon demonstrated creation of 50 Qualified New Jobs above
   the Base Employment Level and verification of final approval
   of municipality support by no later than March 31, 2018

b. Disbursement Milestone 2: Up to $500,000
   Upon completion of Disbursement Milestone 1, and upon
   demonstrated creation of 50 additional Qualified New Jobs
   (for a total of 100 Qualified New Jobs) above the Base
   Employment Level, by no later than September 30, 2018.

LG Electronics USA Inc.
c. Disbursement Milestone 3: Up to $500,000  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 150 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2019.

d. Disbursement Milestone 4: Up to $500,000  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.

e. Disbursement Milestone 5: Up to $500,000  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.

f. Disbursement Milestone 6: Up to $420,000  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 42 additional Qualified New Jobs (for a total of 292 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2021

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.

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.

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. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.
EXHIBIT A

MICHIGAN BUSINESS DEVELOPMENT PROGRAM

Performance Based Incentive - Term Sheet - Summary

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").

Date: 8/11/2017

Company Name: LG Electronics USA Inc. and/or its affiliates and subsidiaries.

Project Location:
- 1400 E 10 Mile Rd
  Hazel Park, Michigan 48030
- 1835 Technology Drive
  Troy, Michigan 48083
- 1346 Rankin Drive
  Troy, Michigan 48083

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $2,920,000

Base Employment Level: At least 131

Qualified New Jobs: At least 292 in Michigan

Municipality Supporting Project: City of Hazel Park and/or City of Troy has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: May 9, 2017

Term of the Agreement: June 30, 2022

Milestone Based Incentive: Disbursements will be made over a 4.5 year period and will be performance based on job creation as follows:

- Milestone 1: $500,000 for the creation of 50 jobs.
- Milestone 2: $500,000 for the creation of 50 jobs
- Milestone 3: $500,000 for the creation of 50 jobs
- Milestone 4: $500,000 for the creation of 50 jobs
- Milestone 5: $500,000 for the creation of 50 jobs
- Milestone 6: $420,000 for the creation of 42 jobs.
The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

Acknowledged as received by:

LG Electronics USA Inc.
By: [Signature]
Printed Name: Kenneth Chang
Its: Senior Vice President

Michigan Economic Development Corporation
By: Michael Gietzen
Printed Name: Michael Gietzen
MEMORANDUM

Date: August 22, 2017

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

From: Trevor Friedeberg, Senior Business Development Project Manager

Subject: Penske Logistics, LLC (“Company” or “Applicant”) 
Michigan Business Development Program Performance-based Grant Request

Summary
This is a request from the Applicant for a $2,500,000 performance-based grant. This project involves the creation of 403 Qualified New Jobs, and a capital investment of up to $98,564,506 in the City of Romulus, Wayne County.

The Applicant has demonstrated a need for the funding. The Company has had successful projects in Indiana previously and the corporate income tax rate in Indiana is set to decline from 6% in 2017 to 4.9% by 2021. The Company’s business model can be impacted negatively due to sensitivity in wages so this was a strong consideration when evaluating Midwest states for this expansion. State incentives are needed to keep the project costs viable for the Company to undertake this project in Michigan.

Background
Founded in 1969 with just three locations servicing eastern Pennsylvania, Penske Truck Leasing is now a leading transportation services provider that operates and maintains a fleet of more than 250,000 vehicles in North America and Australia. The Company offers full-service truck leasing, contract fleet maintenance, commercial and consumer truck rentals, and used truck sales through a network of approximately 680 service locations and more than 2,300 truck rental locations.

Penske Logistics, a major subsidiary of Penske Truck Leasing, operates over 360 locations across North America, South America, Europe, and Asia. Penske's supply chain solutions include dedicated carriage, distribution center and warehousing management, transportation management, lead logistics, freight brokerage, and other related supply chain and logistics solutions. The Company has global sales in excess of $6.4 billion, and employs 27,000 globally.

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

The Applicant plans to open a new highly specialized 606,000 square foot distribution center to service primarily the Midwest region of the United States out of the City of Romulus. The Company will make investments and create jobs related to general warehousing and storage.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project.
Considerations
a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.

b) The project will be located in the City of Romulus. The City of Romulus has offered a “staff, financial, or economic commitment to the project” in the form of a tax abatement, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.

c) The Applicant has demonstrated a need for the funding. The Company has had successful projects in Indiana previously and the corporate income tax rate in Indiana is set to decline from 6% in 2017 to 4.9% by 2021. State incentives are needed to keep the project costs viable for the Company to undertake this project in Michigan.

d) The Applicant plans to create 403 Qualified New Jobs above a statewide base employment level of 724.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project is not a retail project; is not a retention project; involves strong out-of-state competition; has a net positive return to Michigan; shows a high level of investment; prospect of near-term job creation; and good projected employer benefits.

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

a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);

b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and

c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.
WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

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

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

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

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

WHEREAS, Penske Logistics, LLC (“Company”) has requested a performance based MBDP grant of up to $2,500,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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").

Date: August 3, 2017

Company Name: Penske Logistics, LLC and/or its affiliates and subsidiaries.

Project Location: City of Romulus

MBDP Incentive Type: Performance Base Grant

Maximum Amount of MBDP Incentive: Up to $2,500,000

Base Employment Level: At least 724

Qualified New Jobs: At least 403

Municipality Supporting Project: Detroit Region Aerotropolis and City of Romulus have agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: MSF Board Date

Term of the Agreement: October 31, 2021

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $930,000 for the creation of 150 jobs.
Milestone 2: $1,240,000 for the creation of 200 additional new jobs.
Milestone 3: $330,000 for the creation of 53 additional new jobs.

The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

Acknowledged as received by:

Penske Logistics, LLC
By: [Signature]
Printed Name: [Signature]
Its: [Signature]

Michigan Economic Development Corporation
By: [Signature]
Printed Name: [Signature]
Its: [Signature]

August 3, 2017 – Penske Logistics, LLC
MEMORANDUM

Date: August 22, 2017

To: Michigan Strategic Fund Board

From: Trevor Friedeberg, Senior Business Development Project Manager
      Lori LaPerriere, Program Specialist

Subject: City of Tecumseh Brownfield Redevelopment Authority
         Request for Approval of an Act 381 Work Plan
         Revival Commons Redevelopment Project

Request

The Revival Commons Redevelopment Project (“Project”) consists of redevelopment of the 53.72 acre
Subject Property located at the former Tecumseh Products site. The Project will include the demolition of
a majority of the existing vacant industrial buildings. A portion of one building (“P Building”, or “the old
Orbitech Building”) will be rehabilitated into renovated industrial space and the building at 600 South
Ottawa Street will be renovated into offices. The rest of the site will be cleared and built out into a
contemporary industrial, business, and retail complex with on-site parking. The redevelopment will be
interconnected with a street grid, sidewalks, bike paths and ample green space with low impact design
storm water management. The new development will be within walking distance of downtown Tecumseh
and easily accessible to residents of adjacent residential neighborhoods. This Project will ultimately put
underutilized property back to productive use and will bring investment and jobs to the City of Tecumseh.

The proposed Project will be undertaken by 100 E. Patterson, LLC and will redevelop the Subject
Property located at 100 East Patterson Street, 402, 404, and 805 South Evans Street and 600 South
Ottawa Street in the City of Tecumseh. The Project is qualifies for an Act 381 work plan because it is a
facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the
city of Tecumseh Brownfield Redevelopment Authority is seeking approval of local and school tax
capture for MSF eligible activities totaling $1,447,584. In addition, the developer anticipates investment
of approximately $56.6 million in real property improvements on the property, including acquisition of
the land. MDEQ has approved a $1 million grant and a $1 million loan from the Clean Michigan initiative
fund for due care remediation activities. An additional $53,425,830 of environmental tax increment
financing has been requested for approval from the MDEQ for baseline environmental studies, due care,
response activities and interest. Lastly, approximately $150,000 from the Downriver Community
Conference Revolving Loan Fund has also been approved to conduct hazardous material and asbestos
abatement.
The Applicant anticipates that the project will result in total capital investment of $56.6 million, along with the estimated creation of approximately 350 permanent full-time equivalent jobs with an average hourly wage of $15.

**Background**
Lead, asbestos, mold abatement will be necessary prior to demolition activities in order to protect human health. Demolition activities will be necessary to remove abandoned utilities, parking lots, building slabs and obsolete buildings. Interest reimbursement is requested due to the interest costs on the loans that the developer will need to obtain in order to complete the eligible activities.

The developer of this project will be 100 E. Patterson, LLC which is an entity formed by Great Lakes Aerial. Great Lakes Aerial’s core business is in the manufacture, installation and maintenance of aerial towers for antennas, cellular communication services, lighting, etc. They offer fabrication, construction, drilling, and property management services. They were formed in 2006 to serve domestic and international markets. Neither of the above mentioned entities have received incentives from the MSF previously.

**Appendix A** addresses the programmatic requirements and **Appendix B** includes a project map and renderings.

**Recommendation**
MEDC staff recommends approval of the following (the “Recommendation”):

a) Local and school tax capture for the Act 381 eligible activities totaling $1,447,584. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $653,180.
APPENDIX A – Programmatic Requirements & Screening Guidelines

**Property Eligibility**
The project is located within the boundaries of the City of Tecumseh, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on June 20, 2017.

The property is the subject of a Brownfield Plan, duly approved by the Tecumseh Brownfield Redevelopment Authority on July 18, 2016 and concurred with by the City of Tecumseh August 1, 2016.

In addition, the project is requesting from the DEQ $53,425,830 in TIF and a $1 million DEQ grant to assist with environmental eligible activities.

**Key Statutory Criteria**
Act 381 requires the following information to understand and explain the benefits of the project.

a) **Overall Benefit to the Public:**
This is a critical redevelopment project for the City of Tecumseh and the importance of redeveloping the site to local citizens cannot be overstated. Tecumseh Products was the City’s flagship business for decades and its departure from Tecumseh was a huge economic loss for the community. The site’s abandoned structures and blighted appearance are powerful symbols of economic decline. The current condition of the buildings is worsening and the property will likely lose taxable value over the next few years, potentially bringing surrounding home and business values down with it.

The City approved the South Evans Subarea Plan on May 1, 2017 which involved significant community input related to the overall redevelopment of the site. The plan expresses the desire to see the site redeveloped as a mixed use development. Several recent planning efforts identify the site as a priority for the City. The 2014-2016 Strategic Plan Review and Update Session on June 13, 2016 identified supporting redevelopment of the site as a critical part of ensuring a strong local economy. Second, the City Manager’s Goal Setting Session of June 13, 2016 listed “Facilitate Redevelopment of the Former Tecumseh Products Site” as the first priority of the City Manager.

The redevelopment of the subject property will benefit the community by: (1) eliminating blight; (2) creating jobs; (3) adding new commercial retail opportunities; (4) encouraging a walkable community; (5) increasing the taxable value of five underutilized parcels; (6) creating a new community center for public events and meetings; and (7) mitigating environmental concerns.

b) **Jobs Created (Excluding Construction and other Indirect Jobs):**
This project is expected to create approximately 350 new, full-time jobs in a variety of areas such as warehouse labor to retail clerks to professional office positions.
c) **Area of High Unemployment:**
   The Lenawee County unadjusted jobless rate was 3.6% in May 2017.

d) **Level and Extent of Contamination Alleviated:**
   The subject property will be prepared to make it suitable for development and appropriate due care and additional response activities will be performed to prevent exposure to materials hazardous to human health, safety and the environment.

e) **Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:**
   The project is not qualifying as functionally obsolete or blighted.

f) **Whether Project will Create a New Brownfield Property in the State:**
   No new Brownfields will be created by this project.

g) **Whether the Project is Financially and Economically Sound:**
   From the materials received, the MEDC infers that the project is financially and economically sound.

h) **Other Factors Considered:**
   No additional factors need to be considered for this project.

**Tax Capture Breakdown**
There are 53.1890 non-homestead mills available for capture, with school millage equaling 24 mills (45.1%) and local millage equaling 29.1890 mills (54.9%). Tax increment capture will begin in 2018 and is estimated to continue for seven years. The requested tax capture for MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>School tax capture</td>
<td>(45.1%)</td>
<td>$653,180</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>(54.9%)</td>
<td>$794,404</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$1,447,584</strong></td>
</tr>
</tbody>
</table>

**Cost of MSF Eligible Activities**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$836,000</td>
</tr>
<tr>
<td>Lead, Asbestos, or Mold Abatement</td>
<td>$328,837</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$1,164,837</strong></td>
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<tr>
<td>Contingency (15%)</td>
<td>+ $174,726</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$1,339,563</strong></td>
</tr>
<tr>
<td>Interest (1.5%)</td>
<td>+ $93,021</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$1,432,584</strong></td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>+ $15,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,447,584</strong></td>
</tr>
</tbody>
</table>
APPENDIX B – Project Map and Renderings
WHEREAS, the Michigan Economic Growth Authority ("MEGA") has been established by 1995 PA 24, as amended (the “Act”);

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

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

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

WHEREAS, the city of Tecumseh Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 100 East Patterson Street, 402, 404 & 805 South Evans Street and 600 South Ottawa Street within the city of Tecumseh, known as Revival Commons Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 45.1% to 54.9% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition, lead, and asbestos, as presented in the revised Work Plan dated July 11, 2017. Any change in millage that increases the capture percentage of school taxes in the ratio above 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 costs of MSF eligible activities with a maximum of $1,447,584 for the principal activity costs of non-environmental activities and a contingency, a maximum of $93,021 in interest, a maximum of $15,000 for Brownfield/Work Plan preparation, with the capture of taxes levied for school operating purposes being limited to a maximum of $653,180.

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

**BE IT FURTHER RESOLVED,** that they MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of $93,021 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017

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

From: Jeremy Webb, Sr. Business Development Project Manager

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

Summary
This is a request from the Applicant for a performance-based grant worth up to $4,350,000. The amount of the grant to be disbursed is dependent on the residency of the Qualified New Job holder as referenced in the attached Exhibit A. This project involves the creation of 435 Qualified New Jobs and a capital investment of up to $29,254,956 in the City of Flint, Genesee County.

The Applicant has demonstrated a need for the funding. This project consists of both the subassembly and final assembly of seating for automobiles. Michigan is in competition with Mexico for the subassembly portion of this project. With lower overall costs in Mexico, Michigan is at a disadvantage, especially when considering the site. The Company is looking at a site located in the old Buick City campus to perform both the assembly and subassembly work. The Buick City site is in need of significant improvements before construction of the building can begin. Though the Company wants to locate in Flint, state and local incentives are needed and were the driving force in the Company choosing Flint, Michigan for the entire project over the other locations that were evaluated.

Background
Founded in 1917 in Detroit, Michigan and currently headquartered in Southfield, Michigan, the Company began operations as a single plant with 18 employees and now operates 257 locations in 38 countries around the globe. The Company has approximately 156,000 employees worldwide and focuses on the manufacture of complete seating and electrical systems for automobiles.

The Applicant has received incentives from the MSF in the past, including a 2004 Brownfield TIF, 2004 MBT Large Credit, several EDJT grants, 2009 Standard & Retention MEGA (the “MEGA Credit”) and a 2013 MBDP which was subsequently amended to be a part of Integrated Manufacturing & Assembly, a subsidiary of the Company. While all previous incentives have been closed out successfully, the Company initiated a lawsuit against the MSF regarding disagreement related to the MEGA Credit; the Company and the MSF were able to come to mutual agreement to resolve the matter and the legal proceedings were withdrawn.

The Applicant plans to construct a 156,000 square foot facility in order to install machinery and equipment that will support the production of automotive seating for a full size truck program in the City of Flint, Genesee County.
The MEDC has completed a civil and criminal background check for the entity and individuals related to this project.

**Considerations**

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.

b) The project will be located in the City of Flint. The City of Flint has offered a “staff, financial, or economic commitment to the project” in the form of a tax abatement, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.

c) The Applicant has demonstrated a need for the funding. Michigan is in competition with Mexico for this project. With lower overall costs in Mexico, Michigan is at a disadvantage, especially when considering the site. The Company is looking at a site located in the old Buick City campus, which will need significant improvements before construction of the building can begin. Though the Company wants to be a part of Flint, state and local incentives are needed to assist the Company in choosing Michigan over Mexico.

d) The Applicant plans to create 435 Qualified New Jobs above a statewide base employment level of 2,830.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project is not a retail project; is not a retention project; involves out-of-state competition; has a net positive return to Michigan; has a high level of investment; is shovel ready with the support of the MSF; will reuse a portion of the longtime vacant Buick City campus; and will locate in a distressed or targeted community.

**Recommendation**

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

a) Approval of the MBDP Proposal as outlined in the attached Exhibit A (collectively, “MBDP Proposal”);

b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and

c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
LEAR CORPORATION

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

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

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

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

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

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

WHEREAS, Lear Corporation (“Company”) has requested a performance based MBDP grant of up to $4,350,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:
Nays:
Recused:

Lansing, Michigan
August 22, 2017
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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").

Date: 8/4/2017

Company Name: Lear Corporation and/or its affiliates and subsidiaries.

Project Location: City of Flint

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $4,350,000

Base Employment Level: At least 2,830

Qualified New Jobs: At least 435

Municipality Supporting Project: City of Flint has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF approval

Term of the Agreement: June 30, 2020

Milestone Based Incentive: Disbursements will be made over a 2 year period and will be performance based on job creation as follows:
Milestone 1: up to $1,000,000 for the creation of 100 jobs (Amount of disbursement determined by residency of the QNJ-holder: $10,000 per Flint resident job, $5,000 per non-Flint resident job).
Milestone 2: up to $3,350,000 for the creation of 335 jobs (Amount of disbursement determined by residency of the QNJ-holder: $10,000 per Flint resident job, $5,000 per non-Flint resident job).

The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

Acknowledged as received by:

Lear Corporation
By: William P. McLaughlin
Printed Name: William P. McLaughlin
Its: VP - Global Tax & Trade

Michigan Economic Development Corporation
By: Jeremy J. Webb
Printed Name: Jeremy J. Webb
Its: Sr. Business Development Project Manager
MEMORANDUM

Date: August 22, 2017

TO: Michigan Strategic Fund Board

From: Christopher Cook, Director of Capital Access

Subject: YMCA of Metropolitan Lansing – Request for Change in Document

Request:
YMCA of Metropolitan Lansing (Borrower) is requesting to change the Bank Purchase Rate Period from a Variable Rate Bank Purchase Rate to a Fixed Bank Purchase Rate for the MSF Refunding Bonds issued in 2014. The change in documents will be contained in (a) Supplemental Indenture; and (b) First Amendment to the Guaranty Agreement. The Supplemental Indenture and Guaranty Agreement amendments have been prepared by Miller Canfield PLC and will require execution by the Authorized Michigan Strategic Fund Officer.

Background:
The Borrower is a non-profit youth development service organization established in 1977; it promotes and maintains activities and services contributing to the spiritual, intellectual, social and physical well-being of people. The Borrower’s metropolitan office is located at 119 N. Washington Square, Lansing, MI 48933.

The proceeds of the 2014 Bonds were used by the YMCA to refund 2002 Bonds used to: (i) finance the acquisition of land an existing approximately 68,000 square foot facility located in the Charter Township of Lansing, Michigan (the “Westside YMCA”), as well as the renovation of the facility, site improvements, and the acquisition and installation of fixtures, furnishings and equipment; (ii) finance the renovation of an existing facility located in the Charter Township of Meridian, Michigan (the “Parkwood YMCA”), as well as the acquisition and installation of fixtures, furnishings and equipment; (iii) finance the renovation of an existing facility located in Lansing, Michigan (the “Oak Park YMCA”), and the acquisition and installation of fixtures, furnishings and equipment; (iv) finance the renovation of an existing facility located in the Township of Garfield, Clare County, Michigan (the “Mystic Lake YMCA Camp”); and the acquisition and installation of fixtures, furnishings and equipment: (v) refinance certain existing indebtedness of the YMCA, the proceeds of
which were deemed to be used, for federal tax purposes, to finance the renovation, furnishings and
equipping of the Westside YMCA, the Parkwood YMCA, the Oak Park YMCA, and Mystic Lake
YMCA Camp and an existing facility located in Lansing, Michigan; (vi) pay capitalized interest on
the 2002 Bonds; and (vii) pay costs incidental the issuance of the 2002 Bonds.

**Recommendation:**
Staff is recommending Board approval of amending the documents.
At a meeting of the Michigan Strategic Fund (the “MSF”) held on August 22, 2017, in Lansing, Michigan, the following motion was moved and supported:

WHEREAS, the MSF and U.S. Bank National Association, as trustee (the “Trustee”) have previously executed and delivered a Trust Indenture, dated as of December 1, 2014 (the “Indenture”), to provide for the issuance by the MSF of its Variable Rate Limited Obligation Revenue Refunding Bonds (YMCA of Metropolitan Lansing Project), Series 2014, dated December 22, 2014 (the “Bonds”), for the benefit of The Young Men’s Christian Association of Lansing, Michigan, a Michigan nonprofit corporation (the “Obligor”);

WHEREAS, the Obligor and PNC Bank, National Association (the “Bank Purchaser”) have previously entered into a Guaranty Agreement, dated as of November 19, 2014 (the “Guaranty Agreement”), in connection with the issuance of the Bonds;

WHEREAS, the Bonds were initially purchased by the Bank Purchaser for an initial Bank Purchase Rate Period extending to but excluding December 20, 2019;

WHEREAS, the Obligor and the Bank Purchaser desire to establish a new Bank Purchase Rate Period for the Bonds;

WHEREAS, the Obligor has requested that the MSF and the Trustee amend the Indenture by execution of Supplemental Indenture Number 1 (the “Supplemental Indenture”) in order to facilitate the establishment of a new Bank Purchase Rate Period for the Bonds and to make certain other amendments to the Indenture in connection therewith;

WHEREAS, the Obligor has requested that the MSF acknowledge the amendment to the Guaranty Agreement to be entered into by the Obligor and the Bank Purchaser in connection with the establishment of a New Bank Purchase Rate Period for the Bonds;

WHEREAS, Section 1002 of the Indenture authorizes the MSF and the Trustee, with the consent of the holders of not less than a majority of the aggregate principal amount of the Bonds outstanding, to enter into supplemental indentures to the Indenture for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; and
WHEREAS, the Obligor will obtain the written consent of the Bank Purchaser, as the owner of 100% of the aggregate principal amount of the Bonds outstanding, and will satisfy all additional requirements of Article X of the Indenture.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MSF:

1. The MSF approves of the amendments to the Indenture contained in the Supplemental Indenture in substantially the form on file with the MSF.

2. The MSF acknowledges the amendment to the Guaranty Agreement in substantially in the form on file with the MSF.

3. Upon receipt by staff of the MSF all the documents required by this resolution, any Member or Authorized Officer is authorized to execute and deliver the Supplemental Indenture in substantially the form approved, with any changes as are considered necessary and desirable to carry out the matter of this resolution.

4. This resolution shall become effective upon adoption. If the Supplemental Indenture is not executed and delivered, and the consent of the Bank Purchaser has not been obtained, together with all other documentation executed pursuant to this resolution, by September 23, 2017, the authority granted by this resolution shall lapse.

Adopted.

Ayes: ________________________________

Nays: ________________________________

Recusals: ________________________________

August 22, 2017 Meeting
Lansing, Michigan
MEMORANDUM

Date: August 22, 2017

To: Michigan Strategic Fund

From: Amanda Bright McClanahan, Chief Financial and Procurement Officer

Subject: Approval of Grant for Evergreen Community Development Initiative

Action
Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board 1) award funds received through a memorandum of understanding (“MOU”) with the Michigan Department of Treasury (“Treasury”) in the form of a grant to the Evergreen Community Development Initiative (“ECDI”) for its creating literacy program as an activity to support talent development in Flint, Michigan; 2) authorize the MSF Fund Manager to negotiate and execute a MOU with Treasury for the allocation of funds for this grant; and 3) negotiate and execute all final documents necessary to effectuate the grant to ECDI (collectively, the “Request”).

Background
Under the Michigan Strategic Fund Act, MCL 125.2001(c) and (e), the MSF is tasked with providing funding opportunities and programming, in cooperation with employers and communities, to create jobs to meet employment demands and prevent unemployment. To achieve these purposes, MCL 125.2007 provides the fund with the power to make grants.

The ECDI is a 501(c)3 organization whose mission is to develop public-private partnerships into a centralized service delivery model for community-based programming in the areas of adult education, entrepreneurship and job readiness in addition to a variety of support services for youth and seniors. In Genesee County, the percentage of adults without a high school diploma, between the ages of 18-24, is 19.6%, with over 10% of adults lacking basic literacy skills. In northern Genesee County, less than 25% of individuals over age 25 have a high school diploma. This presents a significant obstacle for job-seekers looking for attainable and sustainable employment. Further, it creates a barrier for employers looking to use local talent resources, but unable to find individuals with the basic skills necessary to undertake the next level of required training to meet business needs.

Treasury, through a MOU, is providing the MSF with $300,000 to support a one-time grant to the ECDI for its literacy center. The center will house a complete virtual library computer laboratory and dedicated literacy coaches with a defined curriculum to increase adult literacy rates and job readiness.

Recommendation
MEDC Staff recommends the MSF Board approve the Request.
WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (the “Act”) to enable the Michigan Strategic Fund (“MSF”) to provide funding opportunities and programming, in cooperation with employers and communities, to create jobs to meet employment demands and prevent unemployment;

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

WHEREAS, pursuant to Section 7(c) of the Act, MCL 125.2007(c), the MSF has, among other things, the power to make grants;

WHEREAS, the MSF wishes to award a grant of $300,000 to the Evergreen Community Development Initiative (“ECDI”) to support its literacy center, which will include a complete virtual library computer laboratory and dedicated literacy coaches with a defined curriculum to increase adult literacy rates and job readiness (the “ECDI Grant”);

WHEREAS, the Michigan Department of Treasury has provided $300,000 to the MSF to fund the ECDI Grant;

WHEREAS, MEDC recommends that the MSF Board 1) accept the $300,000 from the Department of Treasury and enter into a Memorandum of Understanding (“MOU”) to facilitate transfer of those funds to the MSF and 2) approve the ECDI Grant; and

WHEREAS, the MSF wishes to 1) accept the $300,000 from the Department of Treasury and enter into a MOU to facilitate transfer of those funds to the MSF and 2) approve the ECDI Grant.

NOW, THEREFORE, BE IT RESOLVED, the MSF 1) accepts the $300,000 from the Department of Treasury; 2) and authorizes the MSF Fund Manager to negotiate the final terms and conditions of and execute a MOU to facilitate transfer of those funds to the MSF; 3) approves the ECDI Grant; and 4) authorizes the MSF Fund Manager to negotiate the final terms and conditions of the final documents necessary to effectuate the ECDI Grant.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date: August 22, 2017

To: Michigan Strategic Fund

From: Denise Graves, University Relations Director, Entrepreneurship and Innovation

Subject: University Technology and Commercialization Program (UTACP) Request for Proposals

Action
The MEDC requests that the MSF Board approve support for the University Technology and Commercialization Program Request for Proposals (“RFP”) in the amount of $2,800,000.

Background
Since 2011, the Michigan Strategic Fund (MSF) has provided funding to universities to encourage the State’s public universities to collaborate and identify the commercial potential in advanced technologies from individual institutions, facilitate the bundling of inventions into packages that could be of interest to the private sector, encourage business formation efforts and to increase the number of institution of higher education related start-up companies. The purpose of this RFP is to solicit proposals from applicants that have received prior MSF funding and require additional funding to support continuation of the programs.

The MEDC requests that the MSF release the 2017 UTACP Request for Proposals (“RFP”) in the amount of $2,800,000 for 1 year with funding from the FY2018 Entrepreneurship & Innovation Budget, to solicit proposals from organizations that have received prior MSF funding and require additional funding to support continuation of the programs. The MEDC anticipates the following proposed timeline for the execution of this RFP:

- Issue RFP to the Public: August 23, 2017
- Questions due from the Public: September 5, 2017
- Answers posted to the MEDC web page: September 12, 2017
- Applications Deadline: September 19, 2017

The MEDC requests the MSF approve the RFP and the following Joint Evaluation Committee (“JEC”) comprised of MEDC staff and external partners to review the proposals submitted and make award recommendations to the MSF Board:

- Fred Molnar, Vice President Entrepreneurial Services, MEDC
- Denise Graves, University Relations Director, MEDC
- Alain Piette, SBDC Technology Team Manager
- Charlie Moret, President, Invest Michigan
- Patti Glaza, Vice President, Managing Director, Detroit Innovate and First Step Fund
- Vince Nystrom, Vice President of Business Development, Renaissance Ventures

The MEDC requests that the MSF Board approve the scoring and evaluation criteria attached as Exhibit B to the resolution to be used by the JEC members in their review of proposals submitted in response to the RFP.
Recommendation
MEDC Staff recommends the MSF Board approve the following actions:

1) Allocation of $2,800,000 from the 2018 Entrepreneurship and Innovation Budget;
2) Approval of the RFP attached as Exhibit A to the resolution authorizing the RFP;
3) Approval of the Joint Evaluation Committee (JEC) Members;
4) Approval of the scoring and evaluation criteria attached as Exhibit B to the resolution.
MICHIGAN STRATEGIC FUND
RESOLUTION

2017-

UNIVERSITY TECHNOLOGY AND COMMERCIALIZATION PROGRAM
REQUEST FOR PROPOSALS AND FUNDING ALLOCATION


WHEREAS, MCL 125.2088o authorizes the Michigan Strategic Fund (“MSF”) Board to create and operate a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge technologies and bioeconomy technologies;

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

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for awarding grants to institutions of higher education (the “University Technology and Commercialization Program RFP”). A copy of this RFP form is included as Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to initiate the competitive proposal process to award grants to institutions of higher education by issuing of the University Technology and Commercialization Program RFP and allocating $2,800,000 for the RFP (the “University Technology and Commercialization Program RFP Issuance and Funding Request”)

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the joint evaluation committee (“JEC”) for the University Technology and Commercialization Program RFP:

- Fred Molnar, Vice President, Entrepreneurial Services, MEDC
- Denise Graves, University Relations Director, MEDC
- Alain Piette, SBDC Technology Team Manager
- Charlie Moret, President, Invest Michigan
- Patti Glaza, Vice President, Managing Director, Detroit Innovate and First Step Fund
- Vince Nystrom, Vice President of Business Development, Renaissance Ventures

WHEREAS, the MEDC recommends and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the University Technology and Commercialization Program RFP (the “University Technology and Commercialization Program RFP Scoring and Evaluation Criteria”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves 1) the University Technology and Commercialization Program Issuance and Funding Request; 2) approves the JEC as set forth above; and 3) the University Technology and Commercialization Program RFP Scoring and Evaluation Criteria; and
BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the University Technology and Commercialization Program RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
REQUEST FOR PROPOSALS

Michigan Strategic Fund

UNIVERSITY TECHNOLOGY ACCELERATION COMMERCIALIZATION PROGRAM (UTACP)

RFP-CASE-
REMINDER

Please check your proposal to make sure you have included all of the specifications and required documents listed in the Request for Proposals. Please email one document that includes contact page, check list page, and proposal.

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-” with Institution Name.

The MSF will not respond to telephone inquiries, or visitation by Applicants or their representatives. APPLICANTS OR ANY OF THEIR AUTHORIZED REPRESENTATIVES MAY NOT INITIATE CONTACT WITH MEDC OR MSF STAFF OR ANY MEMBER OF THE APPOINTED JOINT EVALUATION COMMITTEE (JEC), OTHER THAN THE CONTACT LISTED BELOW, FOR ANY REASON DURING THE RFP OR PROPOSAL EVALUATION PROCESS. Applicant’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.

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

IMPORTANT DUE DATES

- **September 5, 2017 3:00 p.m.**: Questions from potential Applicants are due via email to contractsandgrants@michigan.org. Please note: The Michigan Strategic Fund (“MSF”) will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.


- **September 19, 2017, at 3:00 p.m.**. Electronic versions of your Proposal due to the MSF via email to contractsandgrants@michigan.org. Proposals will not be accepted via U.S. mail or any other delivery method.
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SECTION I
WORK STATEMENT

A) PURPOSE

Section 88o of the Michigan Strategic Fund Act authorizes the MSF to create and operate a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge technologies and bioeconomy technologies. The program shall:

1. Encourage and work with the State of Michigan public universities to identify commercial potential in advanced technologies from individual institutions of higher education;
2. Facilitate the bundling of inventions from individual institutions of higher education into packages that could be of interest to private sector firms looking for commercialization opportunities;
3. Encourage business formation efforts in institutions of higher education technology transfer offices to increase the number of institutions of higher education related start-up companies;
4. Work with institutions of higher education in encouraging the institutions to provide their faculty with incentives for participating in technology transfer and commercialization activities; and
5. Facilitate the use of the applied research expertise within institutions of higher education by qualified businesses.

Through this 2017 University Technology Acceleration and Commercialization Program (UTACP) Request for Proposals, the MSF Board desires to allocate up to $2,800,000 million (“Award Amount”), disbursed over one to two years, to non-profit organizations and institutions of higher education that fulfill the ELIGIBILITY and QUALIFICATIONS below.
This RFP is focused on providing funding for organizations that have received prior MSF funding and require additional funding to support the continuation of successful university technology acceleration and commercialization programs.

B) BACKGROUND STATEMENT AND OBJECTIVES

Since 2011 the MSF has provided funding to collaborating universities to operate a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge technologies and bioeconomy technologies. The MSF through this RFP continues to encourage this activity.

Funding (in the form of a grant) will be awarded to non-profit organizations/universities through a competitive process in which all submitted proposals will be reviewed by a Joint Evaluation Committee (“JEC”). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

C) ELIGIBILITY

- Only non-profit organizations/universities that FULFILL one of the following criteria are eligible to apply and must be able to provide documented success. DO NOT APPLY IF YOU DO NOT FULFILL ONE OF THE FOLLOWING CRITERIA.

Technology Transfer Talent Network Program — This RFP seeks applications from university programs that have received prior MSF/MEDC funding for Technology Transfer Talent Network Programs. These programs being a collaboration between 2 or more universities with specific plans to continue to license technology or spin-out start-up companies from the universities and/or a specific plan to partner with companies to engage the resources of the universities (including students, grad students, faculty and technology). Examples of programs in this area include but are not limited to:

1. Mentor-in-residence program
2. Tech Transfer Fellows program
3. Post-doc Fellowship program
4. Talent database
5. Technology Transfer Shared Services

Corporate Relations Network Program — This RFP seeks applications from university programs that have received prior MSF/MEDC funding for Corporate Relations Network Programs. These programs being a collaboration between 2 or more universities to continue to work with industry and to focus on startups and small sized businesses in the state to retain student talent and to connect industry to the critical university assets that can enhance their growth and productivity. Examples of programs in this area include but are not limited to:

1. Small company innovation program
2. Small company internship program
3. Faculty database portal
4. Enhancement of business engagement offices on campuses

Success metrics in the programs identified above will result in increase in mentors-in-residence
assisting university projects and startups, licenses to industry, new companies created, jobs created, follow-on funding by the companies created, and organizations/universities leveraging the program funding to receive additional funding in support of technology commercialization activities.

D) QUALIFICATIONS

IF ELIGIBLE, MUST ALSO FULFILL the following criteria:

- Encourage and work with the State’s public universities to identify the commercial potential in advanced technologies from individual institutions of higher education AND;
- Facilitate the bundling of inventions from individual institutions of higher education into packages that could be of interest to private sector firms looking for technology licensing and commercialization opportunities AND;
- Encourage business formation efforts in institutions of higher education technology transfer offices to increase the number of related start-up companies AND;
- Work with institutions of higher education in encouraging the institutions to provide their faculty with incentives for participating in technology transfer and commercialization activities AND;
- Facilitate the use of the applied research expertise within universities by qualified businesses.

- **Technology Sectors**

Proposals submitted **MUST** be to foster the growth of Michigan’s technology based economy by supporting early stage university projects, companies and entrepreneurs to create jobs and commercialize product(s) within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

- **Non-Profit and Institutions of Higher Education**

Only non-profit organizations and Michigan institutions of higher education are eligible to receive funding through this RFP. To be eligible as a non-profit corporation, an applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan. The principal site for the applicant’s management must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the “principal site of the project” requirement for a non-profit corporation, as defined in this section. Eligible non-profit organizations must be authorized to conduct business in the State of Michigan.

- **Leverage and Match**

The MSF Board encourages applicants to leverage other resources as a condition of the award. Each proposal must provide specific financial or in-kind contribution committed to, or available for, the direct support of the proposed plan. Although the proportion or the amount of the leveraged resources is not specified in this RFP, applicants are highly encouraged to maximize the contribution committed for their organization. Cash match is favored. A 1:1 match is preferred. Other State of Michigan grant funds are not eligible for match. Letters of financial commitment and proposal support are not required in the proposal though may be requested during the award process.
• **Award and Grant Agreements**
All grant agreements approved by the MSF Board will contain a provision that the Auditor General has access to the books and records, including financial records and all other information and data relevant to the terms of the grant agreement related to the use of the funds.

Successful proposals approved for funding by the MSF Board are subject to the final execution of a legal grant agreement and successful completion of a due diligence review including, among other things: criminal and civil background checks of the applicant. Background checks will include, without limitation, affiliates, subsidiaries, officers, directors, managerial employees, and any person who directly or indirectly holds a pecuniary interest in that business entity of 20 percent or more.

Insufficient or inappropriate proposals will not be funded.

• **Award Reporting Requirements**
Progress Reports are due every six (6) months, due in October and April throughout the term of the grant agreement. For Progress Reports, grantees must report on Milestones, Budget, and Metrics. The grantee is responsible for timely submission of reports that must be submitted electronically through the MEDC Portal.

Delayed, incomplete, or incorrect reporting filed may result in a loss of funding.

Annual site visits are conducted by the MEDC Grant Manager.

• **Overhead Rates**
The overhead rate (indirect administration costs) for the award recipient is limited to reflect actual overhead, but not greater than 15 percent of the Award Amount over the lifetime of the grant agreement. Preference will be given to proposals that are able to leverage outside funding sources to reduce overhead expenses for the award recipient.

**SECTION II**
**PROPOSAL FORMAT**

To be considered, each Applicant must submit a COMPLETE proposal in response to this RFP using the format specified. APPLICANTS MUST NOT COMMUNICATE REGARDING THIS RFP WITH MEDC PERSONNEL OR JEC MEMBERS DURING THE ENTIRE PROCESSS THROUGH THE APPROVAL OF THE MSF BOARD APPROVAL. Applicant's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required in the RFP or considered by the Applicant to be essential to a complete understanding of the proposal. All proposals must be signed by an individual authorized by the Applicant to submit the application on its behalf. Each section of the proposal should be clearly identified with appropriate headings:

**A) COMPLETE PROPOSAL**

1) **Contact Page** – State the Applicant’s full name, address, and phone and facsimile number. Also included should be contact information, including phone number, email, cell phone number, and fax numbers, as well as the signature of the authorized signor of the applicant organization.

2) **Check List Page** – Include a checklist of the required sections of the proposal, as listed in this Section II-A) 3 a-h and an indication that the section is included in the proposal. In addition,
include as indicated in Section III.O. below the following: “Applicant certifies that it is not an Iran-linked business as defined in MCL 129.312.”

3) **Proposal (up to 10 pages)** – Provide a proposal and include the required elements a-h, as described here. In the Proposal clearly identify the following sections as headers.

   a) **Eligibility**
   The Applicant must clearly identify how they are eligible to apply under one of the following criteria:

   - **Technology Transfer Talent Network Program**—This RFP seeks applications from university programs that have received prior MSF/MEDC funding for Technology Transfer Talent Network Programs. These programs being a collaboration between 2 or more universities with specific plans to continue to license technology and spin-out start-up companies from the universities and/or a specific plan to partner with companies to engage the resources of the universities (including students, grad students, faculty and technology). Examples of programs in this area include but are not limited to:
     i. Mentor-in-residence program
     ii. Tech Transfer Fellows program
     iii. Post-doc Fellowship program
     iv. Talent database
     v. Technology Transfer Shared Services

   - **Corporate Relations Network**—This RFP seeks applications from university programs that have received prior MSF/MEDC funding for Corporate Relations Network Programs. These programs being a collaboration between 2 or more universities to continue to work with industry and to focus on start-up and small sized businesses in the state to retain student talent and to connect industry to the critical university assets that can enhance their growth and productivity. Examples of programs in this area include but are not limited to:
     i. Small company innovation program
     ii. Small company internship program
     iii. Faculty database portal
     iv. Enhancement of business engagement offices on campuses

   Success metrics in the programs identified above will result in increase in mentors-in-residence assisting university projects and startups, new companies created, jobs created, follow-on funding by the companies created, and organizations/universities leveraging the program funding to receive additional funding in support of technology commercialization activities.

   b) **Executive Summary**
   The Executive Summary should summarize the information provided in response to paragraphs (a) above and (c) through (h) below. And specifically indicate:
   - THE NAME OF THE APPLICANT ORGANIZATION
   - THE ELIGIBILITY CRITERIA (See Section a) above) AND PROOF OF SUCCESS
   - THE AMOUNT OF FUNDS REQUESTED
   - THE AMOUNT OF MATCHING FUNDS
   - THE TERM (up to 1-2 years)
   - THE PURPOSE OF THE FUNDING
   - TARGETED NUMBERS FOR:
     o Companies Created
o Licenses with Industry
o Jobs Created
o Interns placed and internships to full time employment
o Increase Investment/Revenue

c) Purpose of Funds
The Applicant must clearly indicate whether the organization is a non-profit or university. The Applicant must clearly describe how the proposed use of funds will be used to foster the growth of Michigan’s technology based economy and support the purpose of this RFP detailed below:

o Encourage and work with the State’s public universities to identify the commercial potential in advanced technologies from individual institutions of higher education AND;

o Facilitate the bundling of inventions from individual institutions of higher education into packages that could be of interest to private sector firms looking for technology licensing and commercialization opportunities AND;

o Encourage business formation efforts in institution of higher education technology transfer offices to increase the number of institution of higher education related start-up companies AND;

o Work with institutions of higher education in encouraging the institutions to provide their faculty with incentives for participating in technology transfer and commercialization activities AND;

o Facilitate the use of the applied research expertise within institutions of higher education by qualified businesses.

d) Past Experience
The Applicant should indicate past experience with university technology acceleration and commercialization, and specifically discuss how the ELIGIBILITY CRITERIA that the Applicant fulfilled and its success will play a role in this project.

e) Team
Summarize key personnel, their time commitment to the project, their specific responsibilities, and their value. Identify collaborative partners, their responsibilities, and value.

f) Milestones/Deliverables
Identify semi-annual milestones/deliverables that the Applicant will commit to as a result of providing the proposed services. If Applicant is awarded funding, Progress Reports are due April 15 and October 15 every year throughout the award, therefore provide milestones/deliverables that will be completed in April and October over the course of the proposal. Identify how milestone completion will result in specific Economic Impact identified in (h).

g) Budget Request
Attach a schedule of all expenses covering each of the services and activities identified in your proposal. Specifically identify THE AMOUNT OF FUNDS REQUESTED, the TERM REQUESTED, PUBLIC AND/OR PRIVATE LEVERAGED FUNDS, and what the Applicant proposes to do with FUNDS APPLIED THROUGH THIS RFP and the TIMING OF THE FUNDS. Progress Reports are due in April and October so proposals should include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, for example, Start of grant—10/1/17-3/31/18, etc. and rows should
include the expense line-items. Preference is that this funding should not overlap other MSF Board approved funding. And if requesting funding that does overlap other MSF approved funding, applicant must provide explicit justification for this overlap.

h) Economic Impact
Identify the targeted number of companies created, licenses with industry, jobs created, interns placed and internships to full time employment, increases in investment/revenue resulting from the services, as well as, number of university projects engaged with industry. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports. Explain how you define success and will deliver a successful program. Identify how you will make an economic development impact.

B) PROPOSAL SUBMITTAL

Submit an electronic version of your proposal (one document that includes contact page, check list page and proposal) to the MSF via email to contractsandgrants@michigan.org not later than 3:00 p.m. on September 19, 2017. The MSF has no obligation to consider any proposal that is not timely received. Proposals will NOT be accepted via U.S. mail or any other delivery method.

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-XXXX” with Applicant Name.

SECTION III
RFP PROCESS AND TERMS AND CONDITIONS

A) QUESTIONS

Questions from Applicants concerning the specifications in this RFP must be received via e-mail no later than 3:00 pm on September 5, 2017. Questions must be submitted to:

Contracts and Grants
corresponds@organizations.org

B) PROPOSALS

To be considered, Applicants must submit a complete response to this RFP, using the format provided in Section II of this RFP, by 3:00 p.m. on September 19, 2017. No other distribution of proposals is to be made by the Applicant.

C) ECONOMY OF PREPARATION

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

D) SELECTION CRITERIA

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

The first step is an evaluation of which proposals satisfactorily meet the requirements of this RFP as stated in Section II. Incomplete proposals will not be accepted or reviewed.

1) Step I – Initial evaluation for compliance

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

      • Timely submission of the proposal
      • Eligibility
      • Executive Summary
      • Purpose
      • Past Experience
      • Team
      • Milestones/deliverables
      • Budget
      • Economic impact – Expected number of companies created, licenses with industry, jobs created, interns placed and internships to full time employment, increase investment/revenue and university projects engaged with industry.
      • Proposal signed physically or electronically by an official of the Applicant authorized to bind the Applicant to its provisions.
      • Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Proposals

   a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee (“JEC”) comprised of individuals selected by the MSF. Only those proposals that satisfy the technical requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Applicant.

   b.) Competence, Experience and Staffing Capacity – The proposal should indicate the ability of the Applicant to meet the requirements of this RFP, especially the time constraints, quality, and recent projects similar to that described in this RFP. The proposal should indicate the competence of the personnel whom the Applicant intends to assign to the project, including education and experience, with particular reference to experience on projects similar to that described in this RFP and qualifications of Applicant’s Project Manager and the Project Manager’s dedicated management time, as well as that of other key personnel working on this project.
c.) During the JEC's review, Applicants may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Applicants to clarify the proposals. The MEDC will schedule these presentations, if required by the JEC. Only those Applicants that score 70 points or higher on the written review will be invited for an oral presentation if the JEC determines that an oral presentation is necessary.

E) TAXES

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

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

F) CONFLICT OF INTEREST

The Applicant must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from an award under this RFP.

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

1. Giving or offering a gratuity, kickback, money, gift, or anything of value to an official, officer, or employee of the MSF or the MEDC with the intent of receiving an award from the MSF or favorable treatment under a contract;

2. Having or acquiring at any point during the RFP process or during the term of the award, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Applicant’s performance of its duties and responsibilities to the MSF under the award or otherwise create the appearance of impropriety with respect to the award or performance of the award; or
3. Currently in possession of or accepting during the RFP process or the term of the award anything of value based on an understanding that the actions of the Applicant or its affiliates or Interests on behalf of the MSF will be influenced.

G) BREACH OF CONTRACT

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

H) FALSE INFORMATION

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

I) DISCLOSURE

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

J) CLARIFICATION/CHANGES IN THE RFP

Any change or update to the acceptance of proposals will be posted on the MEDC website. Such postings shall constitute constructive notice to the general public and to all Applicants of any modifications or alterations of the deadline for proposals. Therefore, Applicants are strongly encouraged to continuously check the MEDC website at http://www.michiganbusiness.org/2014-utacp-rfp.

K) ELECTRONIC RECEIPT OF PROPOSALS

AN ELECTRONIC VERSION OF YOUR PROPOSAL MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE 3:00 p.m. on September 19, 2017. Applicants are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

L) RESERVATION OF MSF DISCRETION

Notwithstanding any other statement in this RFP, the MSF reserves the right to:
1) reject any and all proposals;
2) waive any errors or irregularities in the application process or in any proposal;
3) reissue the RFP;
4) negotiate with any Applicant for a different award amount;
5) reduce the scope of the project, and reissue the RFP or negotiate with any Applicant regarding the revised project
6) extend the term of the project and add additional funding as necessary or appropriate; or
7) defer or abandon the project.

**Decisions by the MSF are final and not subject to appeal.**

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

**M) JURISDICTION**

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

**N) ADDITIONAL CERTIFICATION**

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit an application or proposal to a request for proposal issued by a public entity.

Applicants must include the following certification in the proposal:

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

Failure to submit this certification will result in disqualification from consideration.
## Proposal Evaluation Form

### 2017 University Technology and Commercialization Program (UTACP) RFP

**Name of Applicant:**

**Name of Reviewer:**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Reviewer’s Comments</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td><strong>Eligibility:</strong></td>
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<tr>
<td>- Technology Transfer Talent Network- Received prior funding</td>
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<td>• Mentor-in-residence program</td>
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<td>• Tech Transfer Fellows program</td>
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<td>• Post-doc Fellowship program</td>
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<td>• Talent database</td>
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<td>• Technology Transfer Shared Services</td>
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<td>- Corporate Relations Network Program-Received prior funding</td>
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<td>• Small company innovation program</td>
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<td>• Small company internship program</td>
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<td>• Faculty database portal</td>
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<td>• Enhancement of business engagement office on campuses</td>
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<td>Y/N</td>
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<td><strong>Executive Summary:</strong></td>
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<td>Overview</td>
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<tr>
<td>- NAME OF THE APPLICANT ORGANIZATION</td>
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<td>- ELIGIBILITY CRITERIA</td>
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<td>- AMOUNT OF FUNDS REQUESTED</td>
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<td>- AMOUNT OF MATCHING FUNDS</td>
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<td>- PURPOSE</td>
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<td>• Licenses with Industry</td>
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<td>• Jobs Created</td>
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<td>• Interns placed and internships to full time employment</td>
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<td>• Increase Investment/Revenue</td>
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<td>• University projects engaged with industry</td>
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<td><strong>Purpose:</strong></td>
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<td>The Applicant must clearly indicate that it is a university/non-profit</td>
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<td>The Applicant must clearly describe how the proposed use of funds will:</td>
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<td>• encourage and work with the State’s public universities to identify the</td>
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<td>commercial potential in advanced technologies from individual institutions of</td>
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<td>higher education</td>
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<td>• facilitate the bundling of inventions from individual institutions of higher</td>
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<td>education into packages that could be of interest to private sector firms looking</td>
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<td>for commercialization opportunities</td>
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<td>• encourage business formation efforts in institutions of higher education</td>
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<td>technology transfer offices to increase the number of related start-up</td>
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<td>companies</td>
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<td>• encourage institutions of higher education to provide their faculty with</td>
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<td>incentives for participating in technology transfer and commercialization</td>
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<td>activities</td>
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<td>• facilitate the use of the applied research expertise within universities by</td>
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<td>qualified businesses</td>
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<td><strong>Past Experience:</strong></td>
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<td>The Applicant should indicate past experience with university technology</td>
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<td>commercialization and engaging industry for work with the institutions, as well as,</td>
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<td>specifically discuss how the ELIGIBILITY CRITERIA that the Applicant fulfilled and</td>
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<td>its success will play a role in this project.</td>
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<td>Max. Possible Points: 15</td>
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### Exhibit B

<table>
<thead>
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<th>Identified collaborators</th>
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<tr>
<td><strong>Milestones/Deliverables:</strong></td>
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<td>- Identified meaningful milestones/deliverables</td>
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<tr>
<td>- Achievable and leading to economic impact</td>
<td>Score: ______</td>
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<tr>
<td><strong>Budget:</strong></td>
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<tr>
<td>- Identified meaningful budget for proposal</td>
<td>Score: ______</td>
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<tr>
<td>- Organization budget clearly indicates need for funding</td>
<td>Score: ______</td>
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<tr>
<td>- Demonstrate matching funds</td>
<td>Score: ______</td>
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<tr>
<td><strong>Economic Impact:</strong></td>
<td>Max. Possible Points: 10</td>
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<tr>
<td>- Realistic assumptions and expectations based on industry knowledge and past reported performance</td>
<td>Score: ______</td>
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<tr>
<td>- Identified targeted metrics:</td>
<td>Score: ______</td>
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<tr>
<td>- Companies Created</td>
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<td>- Licenses with Industry</td>
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<td>- University projects engaged with industry</td>
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<td><strong>Total Score:</strong></td>
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MEMORANDUM

Date: August 22, 2017

To: Michigan Strategic Fund Board

From: Nate Scramlin, Senior Community Assistance Team Specialist
      Mary Kramer, Senior MCRP and Brownfield Program Specialist

Subject: Looney Moon, LLC - Request for Approval Michigan Community Revitalization Program Grant

Request
Looney Moon, LLC plans to completely rehabilitate the property located at 204 E. Grand River in the city of Lansing to provide commercial/retail activity on the lower level and first floor with two floors of residential space above. The project is located in the Old Town downtown district of the City of Lansing and qualifies for a Michigan Community Revitalization Program (MCRP) award because it is functionally obsolete.

Looney Moon, LLC (Applicant) is requesting approval of a MCRP incentive in the amount of $300,000 in the form of a performance-based grant.

Rents in the Old Town area of Lansing are depressed as this area is not nearly as hot a rental market as the Stadium District or Downtown. This fact, coupled with the extensive cost to adequately rehabilitate the functionally obsolete structure, has created a gap of roughly $300,000 which the developer is requesting be filled with an MCRP award. Nearly 50% of the project cost is being funded through developer equity and based on financial projections and MEDC staff review, the developer returns on the project are near zero. While the Debt Service Coverage Ratio (DSCR) is stabilized over the 1.2 threshold in the first six years during the local tax abatement period, once the local tax abatement runs out, the DSCR dips below the 1.2 threshold. This is a deviation from the MCRP Incentive Parameters. The developer is hopeful that by this time rents will have increased in the Old Town market enough to stabilize the property but also has proven a significant equity position in the case of hard times.

MCRP detailed structure is provided in Appendix A.

The Applicant anticipates that the project will result in total capital investment in the amount of $1,696,023 along with the creation of approximately 20 permanent full-time equivalent jobs with an average hourly wage of $35.
**Background**
Looney Moon, LLC plans to completely rehabilitate the 1,600 square foot property located at 204 E. Grand River in the city of Lansing. This building is the last to be renovated on the 200 block in Old Town and will complete a very prominent entry point into the center of Old Town as you cross over the Grand River. The 204 East Grand River Avenue project calls for the reuse and rehabilitation of an historic Darius Moon building. The project will convert the presently functionally obsolete three-story structure into commercial space on the lower level, commercial/retail space on the first floor, two micro lofts on the second floor and two, two-story, one-bedroom lofts on the third floor and roof. The building requires a complete renovation, including but not limited to: plumbing and sewer connections, new floor throughout, drywall and insulation, storefront reconstruction, window renovation and replacement, top to bottom new rear wall, HVAC, electrical, new roof and new interior staircases.

Looney Moon, LLC has not received incentives previously from the MSF, however the principal, Tom Arnold, has received MBT credits from the MSF for previous projects in the Lansing area.

**Appendix B** includes programmatic requirements and **Appendix C** includes a project map and renderings.

**Recommendation**
MEDC staff recommends approval of the following:

A.) A MCRP performance-based grant in the amount of $300,000 for Looney Moon, LLC; and
B.) Due to the Debt Service Coverage Ratio (DSCR) projection of 1.14 on the Stabilized Operating Statement, staff is recommending approval of a deviation from the MCRP Incentive Parameters, which requires a minimum DSCR of 1.20 to 1.00.
APPENDIX A – MCRP Summary of Terms

1. Company Name: Looney Moon, LLC
2. Company Address: P.O. Box 15162
   Lansing, Michigan 48901
3. MCRP Incentive Type: Performance Based Grant
4. Maximum Amount of MCRP Incentive: Lesser of 20% of the Eligible Investment, as defined by the Program Guidelines, or $300,000 (“MCRP Incentive Award”)
5. Project Description (“Project”): The project involves the rehabilitation of a vacant, three-story building into commercial/retail space on the lower level and first floor and approximately four residential units on the third floor and roof. The commercial retail space will total approximately 2,640 square feet and the residential space will total approximately 3,360 square feet.
6. Anticipated Minimum Eligible Investment: $1,260,990 The minimum is based on 80% of the total Eligible Investment amount requested on the CRP incentive application. The Eligible Investment on the Project is anticipated to include:
   • Demolition
   • Building Alteration/Rehabilitation/Improvement
   • Site Improvements
   • Addition of Machinery, Equipment or Fixtures to the Project
   • Professional Fees
7. Start Date for Measurement of Eligible Investment: June 1, 2016
8. Project Qualifying As: Functionally Obsolete
9. Progress and Milestones & Disbursement: The final terms and conditions of each of the Progress Milestones shall be included in the final Agreement, including that before any disbursement is made to the Applicant, the Applicant must demonstrate timely completion of all Progress Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement. The MSF Fund Manager, in coordination with Michigan Economic Development Corporation (MEDC) Staff, is
authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF’s behalf in accordance with the Guidelines and are anticipated to include:

a. Pre-improvement Progress Milestone: Written certification from Mercantile Bank, or a copy of the executed loan agreement, note and mortgage, evidencing that the applicant has closed on financing in the minimum amount of $558,000; and documentation of state approval of the OPRA tax abatement.

b. Completion of the Project Progress Milestone: Issuance of a certificate of occupancy on terms and conditions satisfactory to the MSF Fund Manager.

10. Municipality supporting the Project (“Municipal Support”): The city of Lansing is supporting the project with an Obsolete Property Rehabilitation Act (OPRA) tax abatement for seven years with an estimated value of $133,763.

11. Conditions to Close: Prior to closing on the MCRP grant, the Applicant must submit executed contracts with subcontractors and documentation of final approval of a loan from Mercantile Bank in the minimum amount of $558,000.

12. Term of Agreement: From execution of the final Agreement until the date three (3) years after the completion of the final Progress Milestone.

13. Repayment and Penalty Terms: Some repayment and penalty provisions are required by law. The repayment and penalty terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement, and may include any or all of the following: a penalty, reduction of all or a portion of the MCRP Incentive Award, repayment of any portion of any disbursement of the MCRP Incentive Award, or ineligibility of the Applicant and its sponsors for any support or economic assistance from the MSF, as the case may be, if the Applicant fails to comply with the Agreement, any reporting requirements defined in the final Agreement, or otherwise violates the MSF Act.

14. Final Terms and Conditions: The MSF Fund Manager, in coordination with MEDC Staff, is authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF’s behalf in accordance with the Guidelines and is anticipated to include the terms described above.
APPENDIX B – Programmatic Requirements & Screening Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. The total eligible investment for this project is estimated to be $1,576,239.

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

As required under the MCRP, the following statutory criteria is being considered by the MSF:

A. The importance of the project to the community in which it is located:
The Old Town area of Lansing has seen a consistent resurgence from years past thanks to small developers and several local businesses. The property at 204 E. Grand River has sat vacant for over 10 years showing continual decline and diminishing the values of surrounding properties. With this renovation, a prominent building in the Old Town area will be given new life and vibrancy through new local commercial activity on the lower and first floor levels supported by two floors of new residential units. The increased density and commercial activity will help reactivate the street and pedestrian realm while the renovated building stands to lift the property values of its neighbors.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:
The renovation of this building will act as a catalyst for the redevelopment of other obsolete and vacant buildings in the Old Town area. With such a prominent façade and building mass, the property at 204 E. Grand River will provide a focal point of success to future tenants and property owners.

C. The amount of local community and financial support for the project:
The City of Lansing has approved an Obsolete Property Rehabilitation Act tax abatement for the property with a duration of seven years and anticipated value of $133,763.

D. The applicant's financial need for a community revitalization incentive:
Rents in the Old Town area of Lansing are depressed as this area is not nearly as hot a rental market as the Stadium District or Downtown. This fact, coupled with the extensive cost to adequately rehabilitate the functionally obsolete structure, has created a gap of roughly $300,000 which the developer is requesting be filled with an MCRP award. Nearly 50% of the project cost
is being funded through developer equity and based on financial projections and MEDC staff review, the developer returns on the project are near zero. While the DSCR is stabilized over the 1.2 threshold in the first six years during the local tax abatement period, once the local tax abatement runs out, the DSCR dips below the 1.2 threshold. This is a deviation from the MCRP Incentive Parameters. The developer is hopeful that by this time rents will have increased in the Old Town market enough to stabilize the property but also has proven a significant equity position in the case of hard times.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:
The rehabilitation of this property will fuel the complete reuse of a vacant, historic building in the Old Town area. The property at 204 E. Grand River is a contributing building in the North Lansing Historic Commercial District.

F. Creation of jobs:
The developer anticipates the creation of 20 professional jobs via commercial tenants at an approximate $35 average hourly wage.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:
The developer will be providing $838,023 in private equity while the senior lender, Mercantile Bank, will be providing a loan of roughly $558,000.

H. Whether the project is financially and economically sound:
Upon reaching stabilization, it is anticipated the project will have sufficient cash flow to meet its debt service requirements until the OPRA tax abatement expires. The developer has sufficient resources to cover any shortfalls if market rates do not increase.

I. Whether the project increases the density of the area:
With the addition of 4 residential units, Old Town will add an estimated 6 residents to the area as well as 20 full time employees that work in the building.

J. Whether the project promotes mixed-use development and walkable communities:
The completed building will be mixed-use and located within walking distance to several retail stores, restaurants, bars and commercial businesses. With the creation of residential space, there will be an increase in population and foot traffic throughout the neighborhood and thus increase the demand for entertainment, restaurants, retail, as well as other commercial services.

K. Whether the project converts abandoned public buildings to private use:
The project does not involve any abandoned public buildings.

L. Whether the project promotes sustainable development:
The project will remove outdated heating, cooling and electrical systems from the building and replace them with modern, energy-efficient technology.
M. **Whether the project involves the rehabilitation of a historic resource:**
   The building is a contributing building in the North Lansing Historic Commercial District.

N. **Whether the project addresses area-wide redevelopment:**
   This project will be a catalyst for other developments and will continue the growth that has already begun in the area. New renovations have also taken place in the Old Town district that will continue the trend of building rehabilitation and preservation in the historic commercial district.

O. **Whether the project addresses underserved markets of commerce:**
   This project will bring new retail services where there is still room for increased economic activity and new investment.

P. **The level and extent of environmental contamination:**
   Extensive environmental contamination was not found on the property, however lead paint is assumed and will be abated during the renovation process.

Q. **If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):**
   The rehabilitation is not expected to meet the federal standards for rehabilitation and this project will not be using the Federal Historic Tax Credit due to the small nature of the renovation.

R. **Whether the project will compete with or affect existing Michigan businesses within the same industry:**
   This project is not expected to compete with or affect other existing Michigan businesses.

S. **Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:**
   No additional criteria needs to be considered.
APPENDIX C – Project Map and Renderings
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”);

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

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

WHEREAS, Looney Moon, LLC (“Company”) has requested a performance based grant of up to $300,000 (“Award Request”), along with other general terms and conditions;

WHEREAS, it is anticipated that the project will not be able to meet the MCRP Incentive Parameters of a debt service coverage ratio of 1.20 to 1.00 for all years of operation, and staff is recommending a deviation from this requirement;

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request 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 30 days (“MCRP Award Recommendation”); and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
MEMORANDUM

Date:     August 22, 2017
To:       Michigan Strategic Fund Board
From:     Julius Edwards, Manager, Underwriting and Incentive Structuring
Subject: RecoveryPark and RecoveryPark Farms (“Company”) Request to Amend the MSF Performance Based Loan and Grant Agreements

Request
The Company is requesting approval of an amendment of the $1,000,000 Michigan Strategic Fund (MSF) Performance Based Loan Agreement (the “Loan”) and $400,000 Performance Based Grant Agreement (the “Grant”). The amendment request encompasses several changes to the Milestones for the Loan and Grant agreements that are listed on Appendix A, which are reflected with strikethrough and bolded/capitalized fonts. In addition, the Company is requesting the removal of Section 3.24 from the Loan Agreement, which prohibits any use of the loan disbursement to repay any other repayable grant, loan, or indebtedness other than a bridge loan from the Detroit Development Fund.

Background
The Michigan Strategic Fund Board approved a $400,000 Performance Based Grant on March 22, 2016 to the Company to assist in the redevelopment of indoor and climate controlled greenhouse facilities.

The Michigan Strategic Fund Board also approved a $1,000,000 Performance Based Loan on October 25 2016 to the Company as financing for the acquisition of land, build out and working capital needs related to the BETA Phase and furtherance of the overall Recovery Park Farms project. The BETA Phase of the project involves acquisition of land from the city of Detroit, environmental remediation of the land, construction of a greenhouse containing eight (8) high tunnels and purchase of the associated equipment.

On November 22, 2016, the Michigan Strategic Fund Board approved an amendment to the Loan to remove the requirement that additional support for the project come exclusively from the Kresge Foundation and lowered the number of new jobs to be created.

On February 28, 2017, the Michigan Strategic Fund Board approved an amendment to the Loan altering various milestone requirements.

Current Status
The Company has successfully built eight functional and produce yielding high tunnels while employing over twelve staff and farmers. Currently, the Company provides produce to over 50 restaurants and businesses in the Detroit area, with weekly revenues of approximately $5,000. In addition, the Company has engaged Evergreen International, Inc. and MidStates Capital for long term financial support. To date, the Company has completed Milestone One requirements for both the Grant and Loan.
Despite these achievements, the Company has experienced significant setbacks that have prevented them from earning the revenues needed to grow the project as projected. Many of these setbacks are due to an increase in the time required to purchase parcels related to the BETA Farm and slower than anticipated sales growth. The Company’s requested change to various Milestones within the Loan and Grant enable earlier access to the MSF funding, which will provide the Company additional capital to assist in increasing sales and covering operating costs until additional funding can be secured.

The Company is expecting to receive $3,675,000 in additional funding by December 2017 from various funders, which include:

- Ralph C. Wilson Jr. Foundation - $1,500,000 Grant
- Skillman Foundation - $1,000,000 Program Related Investment
- William Davidson Foundation - $1,000,000 Program Related Investment
- McGregor Fund - $175,000 Grant

In an effort to help provide financial stability for the short term, the Company has secured a $50,000 loan from Vesco Oil Corporation. Future disbursements from the MSF Loan and Grant investments will be used to repay the short term debt, as well as provide the support needed until the $3,675,000 is secured. MEDC staff has not verified the sources of the $3,675,000 funding.

**Recommendation**

MEDC staff recommends approval of amendments to the MSF Performance Based Loan and Performance Based Grant Agreements as requested above.
Appendix A

**LOAN FACILITY**

**MSF Incentive:** Performance-Based Direct Loan

**Borrower(s):** RecoveryPark and RecoveryPark Farms

**Loan Amount:** $1,000,000

**Term:** 60 months

**Amortization:** Not applicable

**Interest Rate:** 0%

**Repayment Terms:** Balance due at maturity. MSF will forgive 100% of the loan upon achievement of to be determined milestones.

**Collateral:** Anticipated to be a 1st priority lien on SECURITY INTEREST IN all assets of RecoveryPark Farms, to include but not limited to the Project Area 1 land, and all structures, machinery & equipment related to the BETA project.

**Guarantee:** N/A

**MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF’s award.

**Funding:** The following Milestones, subject to MSF Fund Manager discretion in making appropriate alterations as necessary to effectuate the award.

I. Disbursement Milestone One: Up to $500,000
   A. Due Date: March 30, 2017
   B. Subject to receipt and review of the following
      a. Final budget and construction contract for BETA project
      b. Evidence of adequate insurance for the project plus MSF named as payee
      c. Evidence of taxes being current certain parcels with Area 1
      d. Final loan documents for the Max M. and Marjorie Fisher Foundation Loan
e. Evidence of an executed distribution agreement with Del Bene
f. Evidence of receipt of payment from Paramount Pictures pursuant for use of the Premises
g. Land Contract for the eighteen (18) parcels acquired through private acquisition

II. Disbursement Milestone Two: Up to $250,000
A. Due date: August 31, 2017
B. Subject to evidence of the following:
   a. Completion of construction of the BETA project
   b. Evidence that BEA Due Care Plan was followed (if applicable)
   c. Evidence of creation of 12 jobs
   d. Evidence of clear title for Area 1
   e. Any amendments to the Lease
   f. Delivery of Mortgages on the Area 1 parcels
   g. Evidence of taxes being current on Area 1
   h. Evidence of insurance requirements being current
   i. Evidence of TEMPORARY BETA Farm site plan approval from the City of Detroit
   j. An Alta Survey with a boundary map for Area 1
   k. Other applicable requirements for insuring the MSF’s mortgage on owned property in Area 1

III. Disbursement Milestone Three: Up to $250,000 IN MATCHING FUNDS
A. Due date: December 31, 2017 NOVEMBER 30, 2017
B. Subject to evidence of the following:
   a. Evidence of creation of 6 jobs
   b. Evidence of taxes being current on Area 1
   c. Evidence of long-term (3+ years) distribution contract with Del Bene or another third-party distributor
   d. Borrower Board of Directors includes at least one member of an entity acceptable to the MEDC staff
   e. Borrower has formally engaged collective Community Development Financial Institution
group or other funding source for next round of financing

F. EVIDENCE OF FINANCING FROM AN ENTITY OR ENTITIES ACCEPTABLE TO MEDC STAFF
   g. Evidence that the insurance requirements being current

H. EVIDENCE OF POSITIVE SALES REVENUE GROWTH BETWEEN MARCH 1, 2017 AND THE MONTH THIS MILESTONE IS SUBMITTED

I. EVIDENCE OF CLEAR TITLE FOR THE BETA PARCELS

J. EVIDENCE OF A REDUCTION TO THE MONTHLY PAYROLL EXPENDITURES FOR SENIOR MANAGEMENT STAFF

K. DOCUMENTATION SUPPORTING THE ACTUAL RECEIPT OF FUNDS FROM, OR A COMMITMENT BY, A THIRD PARTY FOR THE PROJECT, IN AN AMOUNT AT LEAST MATCHING THE AMOUNT OF THE LOAN DISBURSEMENT REQUEST, ALL OF WHICH MUST BE ACCEPTABLE TO MEDC STAFF

---

**Grant Agreement**

I. Disbursement Milestone One: Up to $200,000
   A. Due Date: April 29, 2016
   B. Subject to evidence of the following:
      a. Maintain the Base Employment Level

II. Disbursement Milestone Two: Up to $200,000 IN MATCHING FUNDS
   A. Due Date: December 31, 2017
      NOVEMBER 30, 2017
   B. Subject to evidence of the following:
      a. Maintain the Base Employment Level
      b. The creation of twenty-five (25) Qualified New Jobs
      C. EVIDENCE OF POSITIVE REVENUE SALES GROWTH BETWEEN MARCH 1, 2017 AND THE MONTH WHEN THIS MILESTONE IS SUBMITTED
      D. EVIDENCE OF CLEAR TITLE FOR THE BETA PARCELS
E. EVIDENCE OF A REDUCTION TO THE MONTHLY PAYROLL EXPENDITURES FOR SENIOR MANAGEMENT STAFF

F. DOCUMENTATION SUPPORTING THE ACTUAL RECEIPT OF FUNDS FROM, OR A COMMITMENT BY, A THIRD PARTY FOR THE PROJECT, IN AN AMOUNT AT LEAST MATCHING THE AMOUNT OF THE GRANT DISBURSEMENT REQUEST, ALL OF WHICH MUST BE ACCEPTABLE TO MEDC STAFF
MICHIGAN STRATEGIC FUND
RESOLUTION 2017-

APPROVAL OF AMENDMENTS TO
PERFORMANCE BASED LOAN AND GRANT AWARDS TO
RECOVERYPARK AND RECOVERYPARK FARMS, INC.

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to enable the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy, including through blight removal and job creation;

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

WHEREAS, pursuant to MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF act shall be expended or invested for activities authorized under the act, as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to MCL 125.2007(c), the MSF has, among other things, the power to make grants;

WHEREAS, pursuant to 2015 PA 84, Article VIII, Part 1 Section 109, Subsection 3, the legislature appropriated funds for business attraction and community revitalization;

WHEREAS, by resolution 2015-124, the MSF Board allocated the annual appropriation from the 21st Century Job Fund to the CRP and BDP;

WHEREAS, by resolution 2016-031 the MSF awarded to RecoveryPark and RecoveryPark Farms (“Borrower”) under MCL 125.2088b(2)(c) a $400,000 Performance Based Grant to assist in the redevelopment of indoor and climate controlled greenhouse facilities (“Grant”);

WHEREAS, by resolution 2016-217 the MSF awarded to RecoveryPark and RecoveryPark Farms (“Borrower”) under MCL 125.2088b(2)(c) a $1,000,000 Performance Based Loan for developing, financing, building, owning and operating an urban agriculture farm for specialty produce, consisting of “high tunnel” and greenhouse facilities in Detroit, MI (“Loan”);

WHEREAS, by resolution 2016-224 on November 22, 2016 the MSF Board approved an amendment request to remove the requirement that additional support for the project come exclusively from the Kresge Foundation, and lowered the number of new jobs created.

WHEREAS, by resolution 2017-028 on February 28, 2017 the MSF Board approved an amendment request to the Performance Based Loan altering various terms and conditions to Milestone requirements

WHEREAS, the Borrower is requesting an amendment to the Grant and Loan agreements;
WHEREAS, the MEDC is recommending the MSF approve the amendment recommendation in accordance with Appendix A ("Term Sheet") with all other terms of the Original Approval remaining in place;

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment Recommendation and authorizes the MSF Fund Manager to take all action necessary to effectuate the Award, consistent with the terms and conditions of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
### APPENDIX A
“Term Sheet”

<table>
<thead>
<tr>
<th><strong>Loan Facility</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MSF Incentive:</strong></td>
<td>Performance-Based Direct Loan</td>
</tr>
<tr>
<td><strong>Borrower(s):</strong></td>
<td>RecoveryPark and RecoveryPark Farms</td>
</tr>
<tr>
<td><strong>Loan Amount:</strong></td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>Term:</strong></td>
<td>60 months</td>
</tr>
<tr>
<td><strong>Amortization:</strong></td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Interest Rate:</strong></td>
<td>0%</td>
</tr>
<tr>
<td><strong>Repayment Terms:</strong></td>
<td>Balance due at maturity. MSF will forgive 100% of the loan upon achievement of to be determined milestones.</td>
</tr>
</tbody>
</table>

**Collateral:**

Anticipated to be a 1st priority lien on **SECURITY INTEREST IN** all assets of RecoveryPark Farms, to include but not limited to the Project Area 1 land, and all structures, machinery & equipment related to the BETA project.

**Guarantee:**

N/A

**MSF Fees:**

The MSF shall be paid a one-time fee equal to one percent of the MSF’s award.

**Funding:**

The following Milestones, subject to MSF Fund Manager discretion in making appropriate alterations as necessary to effectuate the award.

I. Disbursement Milestone One: Up to $500,000
   a. Due Date: March 30, 2017
   b. Subject to receipt and review of the following
      i. Final budget and construction contract for BETA project
      ii. Evidence of adequate insurance for the project plus MSF named as payee
      iii. Evidence of taxes being current certain parcels with Area 1
      iv. Final loan documents for the Max M. and Marjorie Fisher Foundation Loan
      v. Evidence of an executed distribution agreement with Del Bene
      vi. Evidence of receipt of payment from Paramount Pictures pursuant for use of the Premises
vii. Land Contract for the eighteen (18) parcels acquired through private acquisition

II. Disbursement Milestone Two: Up to $250,000
   A. Due date: August 31, 2017
   B. Subject to evidence of the following:
      a. Completion of construction of the BETA project
      b. Evidence that BEA Due Care Plan was followed (if applicable)
      c. Evidence of creation of 12 jobs
      d. Evidence of clear title for Area 1
      e. Submission of the Quit Claim Deeds for the BETA Farm Parcels
      f. Delivery of Mortgages on the Area 1 parcels
      g. Evidence of taxes being current on Area 1
      h. Evidence of insurance requirements being current
      i. Evidence of TEMPORARY BETA Farm site plan approval from the City of Detroit
      j. An Alta Survey with a boundary map for Area 1
      k. Other applicable requirements for insuring the MSF’s mortgage on owned property in Area 1

III. Disbursement Milestone Three: Up to $250,000
    a. Due date: December 31, 2017
    B. Subject to evidence of the following:
       a. Evidence of creation of 6 jobs
       b. Evidence of taxes being current on Area 1
       c. Evidence of long-term (3+ years) distribution contract with Del Bene or another third-party distributor
       d. Borrower Board of Directors includes at least one member of an entity acceptable to the MEDC staff
       e. Borrower has formally engaged collective Community Development Financial Institution group or other funding source for next round of financing
    F. EVIDENCE OF FINANCING FROM AN ENTITY OR ENTITIES ACCEPTABLE TO MEDC STAFF
    g. Evidence that the insurance requirements being current
    H. EVIDENCE OF POSITIVE SALES REVENUE GROWTH BETWEEN MARCH 1, 2017 AND THE MONTH THIS MILESTONE IS SUBMITTED
I. EVIDENCE OF A REDUCTION TO THE MONTHLY PAYROLL EXPENDITURES

Grant Agreement

I. Disbursement Milestone One: Up to $200,000
   A. Due Date: April 29, 2016
   B. Subject to evidence of the following:
      a. Maintain the Base Employment Level

II. Disbursement Milestone Two: Up to $200,000
    A. Due Date: December 31, 2017 NOVEMBER 30, 2017
    B. Subject to evidence of the following:
       a. Maintain the Base Employment Level
       b. The creation of twenty five (25) Qualified New Jobs

C. EVIDENCE OF POSITIVE REVENUE SALES GROWTH BETWEEN MARCH 1, 2017 AND THE MONTH WHEN THIS MILESTONE IS SUBMITTED

D. EVIDENCE OF A REDUCTION TO THE MONTHLY PAYROLL EXPENDITURES.
MEMORANDUM

Date: August 22, 2017
To: MSF Board Members
From: David Lorenz, Vice President Travel Michigan
Subject: Brand USA International Travel Marketing Letter of Agreement

REQUEST
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 up to $1,490,000 for the period of October 1, 2017 to September 30, 2018.

BACKGROUND
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. Our agreement with Brand USA allows us to use their national leveraged advertising buying services in Ontario, Canada, which in turn, provides Travel Michigan 15% more exposure than we would be able to negotiate on our own. Brand USA is the only entity that can provide this service and level of exposure.

RECOMMENDATION
The MEDC recommends that the MSF Board allocate up to $1,490,000 Pure Michigan appropriations monies and approve the Letter of Agreement with Brand USA for the purpose of establishing a co-branding campaign in accordance with the federal Travel Promotion Act of 2009.
WHEREAS, the State of Michigan initiated a travel marketing campaign to accelerate efforts to promote the State’s tourism industry;

WHEREAS, under Section 109 of 2017 PA 817, the Legislature made an appropriation of $33,000,000 to the Pure Michigan program under the 21st Century Jobs Fund;

WHEREAS, as a result of an extension of an existing partnership to market the states in the Great Lakes region, the MSF desires to allocate $1,490,000 to Brand USA to support additional international travel marketing activities;

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; and

WHEREAS, the MSF desires to authorize the allocation of $1,490,000 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.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the allocation of $1,490,000 to Brand USA and authorizes the Fund Manager, in consultation with the Office of the Attorney General, to enter into an agreement for the international marketing activities in accordance with the federal Travel Promotion Act of 2009;

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2017
August 1, 2017

Dave Lorenz  
Vice President  
Travel Michigan  
300 N. Washington Square  
Lansing, MI 48913

Dear Dave,

This letter is intended to memorialize the commitment of Travel Michigan (“Partner”) to the Corporation for Travel Promotion d/b/a Brand USA.

Brand USA is a District of Columbia nonprofit corporation organized and operated to grow incrementally international visitation to the United States, increasing America’s share of the global travel market. Brand USA will engage in international marketing of travel to the United States by, among other things:

a. Promoting travel on the Brand USA website,
b. Public relations – messaging through Brand USA global PR network, including in market representation firms,
c. Participating in international trade shows to promote travel to U.S. destinations and to encourage traffic to the Brand USA website,
d. Undertaking consumer and trade advertising,
e. Developing publications, websites, and other media for use in priority feeder markets,
f. Undertaking strategic partnerships with companies in the travel business, trade associations representing companies in the travel industry, U.S. travel destinations for marketing activities to drive inbound business from international feeder markets to the USA, including participating in joint trade missions and other events to target potential travelers, travel agents and other travel companies.
g. Sponsoring of trade events or activities conducted or managed by companies in the travel business, trade associations representing companies in the travel industry and/or travel destinations, and by government offices or sponsored entities operated to promote travel to a U.S. destination.

Partner agrees to contribute One Million Four Hundred and Ninety Thousand Dollars ($1,490,000) to Brand USA to support the international marketing activities of Brand USA. Brand USA agrees that the contribution will be used for the benefit of the parties to this agreement in a variety of advertising mediums, targeting travelers in Canada, the UK, China, and Germany in 2018 (“general limitations”).

Any limitations on cash contributions must be consistent with the Travel Promotion Act of 2009 (P.L. 111-145), as amended, and any other applicable Federal statute. Brand USA will
consult with Partner regarding these recommendations, but Brand USA may, at its sole discretion, elect to not use the contribution in accordance with these recommendations.

The contributed funds are nonrefundable, unless they cannot be used for their intended purpose. Contributions to Brand USA are not tax deductible as charitable contributions. The Partner may provide additional funds in the future, but is not obligated to do so.

By signing below the Partner grants a limited, nonexclusive, nontransferable, nonassignable, and nonsublicensable license to Brand USA to use the Partner logos, trademarks, and service marks (collectively the "Marks") in the Sponsored Marketing Program pursuant to the brand guidelines to be provided by Partner.

Brand USA acknowledges that it shall have no rights or interest in the Marks except as described in this letter. Brand USA may not use the Marks in any manner that is disparaging or that otherwise could reasonably be expected to have an adverse impact on the Partner goodwill, diminish its value, or the corporate image, business or reputation of the Partner. Brand USA will use the Marks in its international marketing of travel to the United States. The Partner shall have the right to terminate the license for violation of the brand guidelines.

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

Pursuant to 1980 PA 278, MCL 423.321 et seq., the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled by the United States National Labor Relations Board. Brand USA, in relation to this commitment, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears on this register.

This letter agreement is intended to constitute a binding agreement between the Partner and Brand USA. By signing below, the Partner affirms that, with regard to this contribution to the Corporation for Travel Promotion, there are no restrictions on how the Corporation may use the contribution, or any agreement or expectation of a specific benefit in return, except as stated herein.
Sincerely,

_________________________                      Date: _________________
Christopher L. Thompson
President & CEO
Brand USA

ACKNOWLEDGED AND AGREED PARTNER

By____________________________
Travel Michigan

_____________________________ Date: _______