Call to Order
A. Adoption of June 27, 2012 Minutes [Action Item]
Public Comment [Please limit public comment to three (3) minutes]
Communication [Information – Ellen Graham]

B. Renaissance Zone – Alro Steel Corporation - Amendment [Action Item – Karla Campbell]

C. Tool & Die Recovery Zone Program [Action Items – Jeremy Webb]
   1. LaGrow Corporation - Revocation
   2. R&G Mold & Engineering - Revocation

D. IDRB – The Gilbert Residence [Action Item – Diane Cranmer]

E. 21st Century Jobs Fund Program
   1. Michigan Business Development Program
      a. Cherry Growers, Inc. [Action Item – Josh Hundt]
      b. Materne North America Corporation [Action Item – Josh Hundt]
   3. Pure Michigan Urban Investment Fund [Action Item – Mike Flanagan]
   4. Centers of Innovation Program [Action Item – Martin Dober/Paula Sorrell]
   5. Entrepreneurial Services Provider Program RFP [Action Item – Martin Dober/Paula Sorrell]

F. Quarterly Report of Delegated Approvals
   2. MSDF-SSBCI Delegated Authority Quarterly Update [Information item – Elisabeth Alexandrian]
   3. MSF Delegated Authority Quarterly Update for 21 Century Jobs Fund Loan/Grant Portfolio April 17, 2012 and July 9, 2012 [Information Item – Mike Psarouthakis]

G. Administrative
   1. Fund Manager Resolution [Action Item – Mark Morante]
   2. Tribal Gaming Memorandum of Understanding [Action Item – Mark Morante]
   3. WDA Delegation Resolution [Action Item – Mark Morante]
   4. MEGA Transition [Information – Karla Campbell]
   5. Memorandum of Understanding Covering AG Representation of the MSF [Action Item – Mark Morante]

Special Assistance: The location of this meeting is accessible to mobility-challenged individuals. Persons with disabilities needing accommodations for effective participation in the meeting should contact Ellen Graham at 517.241.2244 one week in advance to request mobility, visual and hearing or other assistance.
MICHIGAN STRATEGIC FUND BOARD MEETING  
June 27, 2012

PROPOSED MEETING MINUTES

A meeting of the Michigan Strategic Fund [MSF] Board was held on Wednesday, June 27, 2012 at the Lansing Center, 333 E. Michigan Avenue, Room 201, Lansing, Michigan.

MEMBERS Present: Michael Finney, Steve Hilfinger, Paul Hodges, Mike Jackson, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, Howard Morris, Richard Rassel, Shaun Wilson

MEMBERS ABSENT: Jim Petcoff

Call to Order: 1:30 p.m.

CLOSED SESSION – THE MSF BOARD VOTED FOR A CLOSED SESSION TO DISCUSS A MEMORANDUM OF LEGAL ADVICE FROM THE DEPARTMENT OF ATTORNEY GENERAL.

Mr. Martin motioned approval for the closed meeting. Mr. Jackson seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.

The Board members returned at 2:00 p.m. and the MSF Board meeting resumed.

APPROVAL OF THE MAY 23, 2012 MEETING MINUTES: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Morris motioned approval of the May 23, 2012 MSF Board meeting minutes. Mr. Hodges seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.

PUBLIC COMMENT: Mr. Finney asked if there was any public comment. [Mr. Finney advised the audience that a second public comment would be held prior to and specifically for the New International Trade Crossing discussion.] There was no public comment at this time.

COMMUNICATION: Ellen Graham, Board Relations Liaison, advised the Board of the following:

- A recusal letter was received from Michael Finney for Item B.1. – Michigan Business Development Program – Barracuda Networks, Inc.
- The Tribal Gaming Memorandum of Understanding review was postponed.
- Revisions to the Agenda included adding a Public Comment session specific to the new International Trade Crossing item.
- A revised memorandum and resolution for the New International Trade Crossing Agreement was placed in the individual board packets at the table.
- Several handouts were distributed regarding the New International Trade Crossing from interested parties.
MICHIGAN BUSINESS DEVELOPMENT PROGRAM

[Mr. Finney recused.]
[Mr. Lockwood assumes chair.]

Resolution 2012-59 - Barracuda Networks, Inc.
Marcia Gebarowski, Regional Project Manager, provided the Board with information about this action item and introduced guests: Paul Krapto, CEO, Ann Arbor SPARK; Luke Bonmeer, Vice President, Ann Arbor SPARK; Valerie Christoferson, Business Manager, Ann Arbor SPARK; Steve Powers, Ann Arbor City Administrator; Lindsay Snider, Barracuda Networks; Shaun Heiney, Barracuda Networks.
Mr. Heiney advised the Board the Company plans to expand their footprint in the City of Ann Arbor to enable their Michigan office to capture future growth in employment versus headquarter space in California. The Company plans on making investments and creating jobs related to computer engineering and innovation. Mr. Powers further explained the expansion of the Company in downtown Ann Arbor will continue to revitalize their community. Mr. Krapto discussed Barracuda’s decision to expand their business in Ann Arbor validates the strong partnership with local groups and this Company. Ms. Gebarowski summarized this project involving the creation of 174 Qualified New Jobs; however, the Company anticipates the project will create a total of 184 new jobs, and a capital investment of up to $6.2 million in the City of Ann Arbor. The requested incentive amount from the MSF is $1.2 million in the form of a performance-based grant.
Recommendation: Staff recommends approval of the Michigan Business Development Program (MBDP) proposal as outlined in the Company term sheet. Finalization of the MBDP proposal is subject to available funding under the MBDP at the time of closing, satisfactory completion of due diligence, finalization of the MBDP transaction and the commitment will remain valid for 90 days with approval for the MSF Fund Manager to extend the commitment an additional 30 days.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, Mr. Rassel motioned approval for Resolution 2012-59. Ms. Keeley seconded the motion. The motion carried – 9 ayes; 0 nays; 1 recused; 1 absent.

[Mr. Finney returns.]

Resolution 2012-60 – Brose New Boston, Inc.
Joseph Martin, Regional Project Manager, provided the Board with information about this action item and introduced guests: Scott Trujillo, Vice President of Finance; Brose North America; Lisa Berden, Attorney, Miller Canfield; Tim Anderson, Attorney, Miller Canfield; Martina Schlagwein, MEDC.
Ms. Schlagwein advised the Board that the Company is headquartered in Germany and introduced Scott Trujillo. Mr. Trujillo explained to the Board the Company is one of seven entities under the larger Brose North America Group, and is a leading manufacturer of mechatronic components for vehicle bodies and interior. The Company currently has two facilities in Michigan – one located in Auburn Hills and the other in Warren. Brose International GMBH, the parent to the North American Group, is an international supplier to automotive markets worldwide. Mr. Martin summarized the Company’s plans to open a new facility to expand its existing operations in Michigan, make investments and create jobs related to the manufacturing of high-technology mechatronic systems for automobiles. The project will supply Ford Motor Company and Chrysler with systems that include door modules that include power locks and latches and window regulators.

Michigan Strategic Fund Board Meeting
June 27, 2012
Recommendation: Staff recommends approval of the Michigan Business Development Program (MBDP) proposal as outlined in the Company term sheet. Finalizing the MBDP proposal is subject to available funding under the MBDP at the time of closing, satisfactory completion of due diligence, finalization of MBDP transaction and the commitment will remain valid for 90 days with approval for the MSF Fund Manager to extend the commitment an additional 30 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Lockwood motioned approval for Resolution 2012-60. Mr. Martin seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.

21ST CENTURY JOBS FUND PROGRAM

Resolution 2012-61 – Approval of Pure Michigan Venture Development Fund
Resolution 2012-62 – Allocation for Pure Michigan Venture Development Fund
Resolution 2012-63 – Delegation of Authority to Joint Evaluation Committee, Application and Evaluation Process and Scoring Criteria
Resolution 2012-64 – Approval of the Decision Document for the Pure Michigan Venture Development Fund

Mike Flanagan, Manager, Equity Capital Program, provided the Board with information about this action item.

Mr. Flanagan explained that staff is proposing to launch the Pure Michigan Venture Development Fund, which is modeled after the successful programs that were administratively served by the MEDC in early 2000. The goal of the former programs was to assist young venture firms to grow the industry in the state. The new program hopes to seed similar young funds that will grow into larger funds in subsequent years. A Public Hearing was held on May 9, 2012. Staff received positive support and provided program viability. Mr. Flanagan further explained the approval of funds, application process and peer review criteria.

Recommendation: Staff recommends approval of the Pure Michigan Venture Development Fund Guidelines; allocation of funding in the amount of $5,000,000 from the Investment Fund to the Pure Michigan Venture Development Fund; selection of Credit Suisse as a peer reviewer; delegation to the MSF Fund Manager of the authority to develop and approve the scoring and evaluation criteria process; MSF authorizes the Fund Manager to appoint members to the Joint Evaluation Committee for the purpose of reviewing the results of the peer review and make final recommendations; delegation to the MSF Fund Manager of authority to negotiate and finalize all terms, conditions, investment agreements and all other related agreements; and authorizes the Fund Manager in consultation with the Department of Attorney General to revise the guidelines of the program after consulting with and receiving recommendations from the MSF Investment Subcommittee.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Hilfinger stated this fund is a good way to seed several new funds. Mr. Finney added the summary of the programs from 2001-2012 shows how access to capital assists in having equity capital for start-ups. There being no further comments, Mr. Lockwood motioned approval for Resolution 2012-61 through 2012-64. Mr. Hodges seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.
MARKETING

Resolution 2012-65 – Official Pure Michigan Travel Guide Recommendation
George Zimmerman, Vice President, Travel Michigan, provided the Board with information about this action item.

Mr. Zimmerman explained that the MSF Fund Manager appointed a Joint Evaluation Committee [JEC] to review proposals for the State of Michigan Travel Guide. Three proposals were received. The JEC evaluated all proposals and ranked the proposal received from Meredith Corporation for Midwest Living the highest among the three proposals. Meredith Corporation has 282 employees based in Michigan. Starting in 2013, the Travel Guide will be printed in Michigan.

Recommendation: Staff recommends the MSF award and execute a contract for the Travel Guide to Meredith Corporation for Midwest Living for the period of approximately August 1, 2012 to July 2015, with an initial amount of $1,598,500 and two one-year additional extensions.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Morris motioned approval for Resolution 2012-65. Mr. Lockwood seconded the motion. The motioned carried – 10 ayes; 0 nays; 0 recused; 1 absent.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Resolution 2012-66 – Downtown Infrastructure Grant [DIG] Projects
Deborah Stuart, Manager, Community Development Block Grant Program provided the Board with information about this action item.

Ms. Stuart explained that the purpose of the DIG program is to assist low and moderate income communities seeking to improve the infrastructure quality of their downtown district. The program is restricted to providing funding for public infrastructure improvements for low and moderate income communities in areas located in a traditional downtown. The MSF received 48 pre-application forms requesting a total of $19,688,475, with a total of $6,168,976 in matching funds identified.

Recommendation: Staff recommends that grant agreements totaling $3,340,614 be authorized for eight projects – City of Albion, City of Boyne City, City of Ishpeming, City of Ithaca, City of Manistique, City of Mt. Pleasant, City of Norway and City of Three Rivers. Grant agreements will be signed after July 1, 2012 and will be contingent on funding from HUD for the 2012 Program Year.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Wilson motioned approval for Resolution 2012-66. Mr. Lockwood seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.

Ms. Stuart advised the Board the US Department of Housing and Urban Development [HUD] allocates Community Development Block Grant [CDBG] funding to the State of Michigan, through the Michigan Strategic Fund for further distribution to eligible units of general local government to carry out State approved activities. The State's responsibilities include ensuring the compliance by the State and the Grantee with the statute, HUD regulations and the Consolidated Plan. The Application Guide and Policies for potential applicants is based on the requirements within the Consolidated Plan, Federal regulations and policies developed by staff to ensure consistency with grantees.

Recommendation: Staff recommends approval of the Application Guide and Policies for Program Year 2012.
Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Martin motioned approval for Resolution 2012-67. Mr. Wilson seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.

NEW INTERNATIONAL TRADE CROSSING AGREEMENT

Mr. Finney introduced State of Michigan Lt. Governor Brian Calley and Canadian General Consul, Roy Norton.

Lt. Governor Brian Calley provided the Board with an overview of the New International Trade Crossing Agreement via a PowerPoint presentation. The inter-local agreement was signed by Canada’s Transport Minister Lebel and Governor Snyder on June 15, 2012. The agreement is the result of collaboration with our international neighbor, all levels of government, and the private sector and labor. It shows what we can do when we work together to achieve common goals. Lt. Governor Calley further stated Michigan and Canada shared $70 billion in two-way trade in 2011. More than 237,000 Michigan jobs are directly tied to trade with Canada, including 1 in 8 jobs in Southeast Michigan and 1 in 7 jobs in West Michigan. The monthly truck traffic at the Michigan border grows approximately 12% per year. US/Canada trade volume averages 18% growth/year. The Michigan/Canada trade volume averages 21.6%/year. The new bridge will provide a direct connection between I-75 in Michigan and Highway 401 in Canada, reducing costs to job providers. It will also open new global markets for farmers, entrepreneurs and manufacturers across our state as well as attracting new investment in Michigan. Southeast Michigan will be established as a global transportation hub. The new bridge will create capacity to meet long-term demands as our economy continues to grow and allows Michigan to maximize federal matching funds for use on highway projects across the State. It is expected that 10,000 jobs will be created in building this bridge.

Mr. Roy Norton, Canada General Consul, viewed the bridge as the most important infrastructure project in North America. Canada buys 1/3 of what Michigan produces for the world. Ohio and Indiana had previously passed resolutions in their states supporting Michigan to move forward on this project. Canada will pay all costs for the project, including Michigan’s share and Michigan citizens will not be obligated to pay for any project costs under the agreement. After Canada has recouped its costs from crossing tolls, Michigan will receive one-half of the revenues generated by the Bridge which is expected to be approximately $50 million per year. Mr. Norton further stated the Ambassador Bridge twinning project was rejected as it does not provide appropriate redundancy. Windsor does not want the Ambassador Bridge twinning for a number of reasons including likely increased traffic congestion in downtown Windsor. NITC will provide additional and alternative transportation routes to and from Canada for export and other purposes. Mr. Norton expressed concern regarding the age of the Ambassador Bridge and how closing the bridge down for repairs could result in disruption of transporting goods to and from Canada.

Mr. Rassel asked if it was thought that both bridges could economically survive. Mr. Norton responded it is possible. He further stated the NITC would be profitable and not just “monopoly” profitable.

Mr. Hodges asked how tolls were to be determined. Mr. Norton explained the tolls would be determined by both countries and would need to be competitive.
New International Trade Crossing Agreement Public Comment

A number of supporters of the NITC spoke to the Board and advocated proceeding forward with this project. Supporters included legislators, business owners and citizens. Most speakers pointed to the creation of Michigan jobs and growing the Michigan economy as rationale for their views. Safety and security needs were also expressed along with lessening the congestion of current traffic to and from Canada.

Residents of the Delray neighborhood, where the NITC would be built, offered conditional support for the project concurring with business advocates that it will provide needed economic development, but also asking for consideration of its effects on residents and local businesses. These citizens want to be sure the NITC benefits not only economics, but also the communities. Other residents of southwest Detroit said they are concerned that the agreement does not guarantee that potential harm to the community is minimized. A local business owner asked about the timeline of construction, which remains unclear, and whether relocation will be required. The director of Americans for Prosperity – Michigan questioned if the Board had done an in-depth evaluation of the project and criticized seizing private property with money from a foreign country for the benefit of a private company.

Mr. Finney introduced Bill Danhoff, Miller Canfield.

Recommendation: Mr. Danhoff explained to the Board that Miller Canfield had prepared the Resolution for the New International Trade Crossing Agreement (NITC). He reiterated Michigan will not be obligated for any costs. He explained that the role of the MSF is intended to be similar to the role the MSF has played in many other projects where it acts as a pass through entity for qualified projects under the MSF Act. To accomplish this purpose, the MSF issues debt, which will be entirely repaid with Crossing Authority revenues credited to the MSF under the Crossing Agreement. The State of Michigan is not assuming any responsibility or obligation to contribute any costs associated with the NITC project. Responsibilities among the Michigan parties under the Crossing Agreement will be determined among the parties themselves, consistent with state law. Lands acquired with respect to the NITC for the Michigan portion of the project will be owned in the name of the State of Michigan and not the MSF as is the normal process for land acquired by the Michigan Department of Transportation [MDOT]. He further explained the NITC agreement creates an International Authority which will consist of three members from Michigan and three members from Canada. An application for a Presidential Permit has been made and must be approved prior to moving forward with this project. He indicated that the board had been provided with a copy of a Miller Canfield memorandum addressing the resolution under consideration.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Rassel requested a copy of the legal opinion by Miller Canfield and the Attorney General regarding the NITC. Assistant Attorney General Perrelli explained that the term “Opinion” denotes a formal written opinion from the Department of Attorney General pursuant to a request from the Legislature or a department head. He stated he was not aware that any formal Attorney General Opinion had been requested or issued regarding the NITC agreement. He indicated that the Department of Attorney General had provided informal advice and consultation to staff at various levels of state government including the Governor’s office regarding the NITC agreement. Mr. Rassel asked for a copy of correspondence to the Governor’s office. Mr. Hilfinger inquired if any assets from the MSF were being used. Mr. Danhoff responded there was none. Mr. Martin asked what impact the NITC would have on the Delray property owners and business owners. Mr. Danhoff responded a process would be determined to purchase land. There being no further questions, Mr. Jackson motioned approval for Resolution 2012-68. Mr. Martin seconded the
motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent. Ellen Graham, MEDC, took a Roll Call Vote:

**ROLL CALL:**

Ayes: Mike Finney, Steve Hilfinger, Paul Hodges, Mike Jackson, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, Howard Morris, Richard Rassel, Shaun Wilson

Nays: None

Recused: None

Motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2012-69 – Approval to Purchase D&O Insurance**

Mr. Finney provided the Board with an opportunity to approve the purchase of appropriate insurance for MSF Board activities.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Ms. Keeley motioned approval for Resolution 2012-69. Mr. Hodges seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 1 absent.

Meeting adjourned 4:15 p.m.
June 21, 2012

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

Dear Ms. Graham:

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

Sincerely,

[Signature]
Andy Dillon
State Treasurer

cc: Andrew Dillon
MEMORANDUM

Date: July 25, 2012
To: Michigan Strategic Fund Board Members
From: Karla Campbell, State Tax Incentives Manager
Subject: Subzone Amendment Request – Transfer of Property
City/County of Jackson Renaissance Zone
Alro Steel Corporation Project

COMPANY BACKGROUND
Alro Steel Corporation, a Michigan corporation, is a distributor and processor of steel, metals, plastics and industrial supplies. The company warehouses a diversified line of these products and processes these materials by sawing, plate burning, bending, shearing and drilling operations. Alro also owns a 70,000 sf warehouse in Summit Township, Jackson County Michigan and Grass Lake, Jackson County Michigan. Both of these sites have been considered for this project expansion. In the last 12 months Alro has added 117 new full time jobs in the State of Michigan. Alro closed a location outside of Michigan and moved into a facility in Charlotte, Michigan. This move created 30 of the new full time jobs; 10 or more new full time jobs were created in each of 4 other Alro locations in Michigan in the last year. Alro now has 1,096 full time jobs in the State with 10 of the newly created jobs in the City of Jackson, for a total of 274 full-time jobs in the City of Jackson.

PROJECT BACKGROUND
On June 25, 2008, the Michigan Strategic Fund (MSF) approved a new subzone for the City/County of Jackson Renaissance Zone for a project for Production Engineering, Inc. The Production Engineering, Inc. subzone included the designation of two parcels. Alro is interested in purchasing approximately 6.34 acres of this designated subzone directly east of its current facility located in the City of Jackson at 2218 Enterprise. The land to be purchased is already located in a Renaissance Zone and is currently undeveloped.

Alro states that the land purchase is necessary to expand its current 40,700 sf facility. Alro plans to add approximately 15,500 square feet of warehouse and 1,800 square feet of office space. This expansion will allow Alro to better service its existing customers with additional products and industrial processing value added services, as well as offer an opportunity to grow its customer base. Alro Steel anticipates beginning the project in 2012 and completing it by the following winter.

The City/County of Jackson has requested approval of a transfer of a portion of the Renaissance Zone for this project.

PROJECT DESCRIPTION
The City/County of Jackson is requesting a modification to the City/County of Jackson Renaissance Zone to transfer a portion of the Production Engineering Subzone to Alro Steel Corporation. This subzone is 6.34 acres, privately owned, and consists of property parcel number 6-1843.7. The subzone designation was for 14 years, beginning January 1, 2009, and ending December 31, 2022. Beginning in the year 2020 the company will pay twenty-five percent of the taxes due, fifty percent in the year 2021, and seventy-five percent in the year 2022.
PROJECT EVALUATION

Job Creation:
Create 10 New Full-Time Jobs

Employment Information:
Average weekly wage for new hires is $726, exclusive of benefits. Fringe benefits include health insurance; 401(k) savings plan matches, vacation, and a tuition reimbursement program.

Private Investment:
$2 Million

Number of Acres:
6.34 Acres

Tax Information:
The property is currently located in a Renaissance Zone in which tax revenues are already being abated.

Period of Designation:
14 Years (Alro Steel, if designated, will receive an 11 year benefit)

Additional State & Local Assistance:
The City of Jackson will provide a PA 198 Industrial Property Tax abatement to overlay the Renaissance Zone.

ADDITIONAL INFORMATION

Development Agreement:
A development agreement will be entered into between Alro Steel Corporation and the Michigan Strategic Fund.

Legislative Information:
Senator: Mike Nofs – District 19
Representative: Earl Poleski - District 64

RECOMMENDATION

The Michigan Economic Development Corporation recommends for approval the transfer of a portion of the existing Production Engineering Subzone to Alro Steel Corporation for development. If approved for the Renaissance Zone the lost revenue would be approximately $100,000.
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

TRANSFER OF A PORTION OF THE “PRODUCTION ENGINEERING, INC. SUBZONE”

WHEREAS, Public Act 116 of 2008 amended the Section 4(4) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, to authorize the Michigan Strategic Fund to designate up to ten additional geographic areas for existing urban or rural renaissance zones (“subzones”) for up to 15 years, provided that the additional geographic areas are located in an eligible distressed area, as defined in section 11 of the State Housing Development Authority Act of 1966, 1966 PA 346, as amended, or are contiguous to an eligible distressed area, and the designation will increase capital investment or job creation;

WHEREAS, at its June 25, 2008 meeting, the Michigan Strategic Fund (“MSF”) Board approved the City of Jackson and County of Jackson’s application for a new subzone known as the “Production Engineering, Inc. Subzone” (the “Subzone”), Resolution 2008-090, as amended by Resolution 2011-087, for property parcel numbers 6-1843.5 and 6-1843.6 (the “Property”);

WHEREAS, after the MSF Board’s approval of the Production Engineering, Inc. Subzone, Production Engineering, Inc.’s principals co-established a holding company, Equestor Partners, LLC, to purchase the Property for lease to Production Engineering, Inc.;

WHEREAS, Equestor Partners, LLC purchased the Property and is a party to the development agreement between the MSF and Production Engineering, Inc.;

WHEREAS, Equestor Partners, LLC has sold a portion of the Property to Alro Steel Corporation;

WHEREAS, Alro Steel Corporation intends to increase capital investment and/or job creation on approximately 6.34 acres of land, more particularly described below, in the existing Production Engineering, Inc. Subzone;

WHEREAS, Alro Steel Corporation’s acquisition of the Property is necessary to expand business and employment opportunities in the City of Jackson and the surrounding community for years to come; and

WHEREAS, the MEDC recommends that the MSF approve the transfer of a portion of the Subzone, parcel number 6-1843.7, to Alro Steel Corporation for the project described in Alro Steel Corporation’s application, and located in the Production Engineering, Inc. Subzone, in the City/County of Jackson’s Renaissance Zone subject to the following condition:
1. A development agreement is negotiated and signed between the Michigan Strategic Fund and Alro Steel Corporation by December 31, 2012.

**NOW, THEREFORE, BE IT RESOLVED,** that the MSF Board approves the transfer of a portion of the Subzone, parcel number 6-1843.7, to Alro Steel Corporation for the project described in Alro Steel Corporation’s application, and located in the Production Engineering, Inc. Subzone, in the City/County of Jackson’s Renaissance Zone subject to the following condition:

1. A development agreement is negotiated and signed between the Michigan Strategic Fund and Alro Steel Corporation by December 31, 2012;

**BE IT FURTHER RESOLVED,** that the MSF Board authorizes the Fund Manager of the MSF to negotiate and sign a development agreement with Alro Steel Corporation; and

**BE IT FURTHER RESOLVED,** that the MSF Board authorizes the President of the MSF, in consultation with the Office of the Attorney General, to take steps necessary to implement the terms of this Resolution.

**Ayes:**

**Nays:**

**Recused:**

Lansing, Michigan
July 25, 2012
MEMORANDUM

Date: July 25, 2012

To: Michigan Strategic Fund Board Members

From: Jeremy Webb, Tool and Die Recovery Zones

Subject: Revocation of an Existing Tool & Die Recovery Zone
Company: LaGrow Corporation
Local Unit: Coloma Township, Berrien County
Collaborative: Berrien Tooling Coalition

COMPANY BACKGROUND
LaGrow Corporation (the Company), dba Maximum Mold, Inc., was designated as a Tool and Die Recovery Zone under the Berrien Tooling Coalition by the Michigan Strategic Fund (MSF) on December 21, 2005, for a 15-year period with an expiration date of December 31, 2020. A second location was designated as a Tool and Die Recovery Zone for the Company under the Berrien Tooling Coalition by the MSF on June 23, 2010, for a 10-year period with an expiration date of December 31, 2020.

PROJECT BACKGROUND
The Michigan Economic Development Corporation (MEDC) received notification from Coloma Township that LaGrow Corporation has closed and ceased qualified operations at 103 Clements Court, Coloma in Berrien County (the Property) as of October 2011. To the best of the MEDC’s knowledge, operations at the second location located at 1440 Territorial Road, Benton Harbor (the “Second Property”) are continuing. Under MCL 125.2688d(3), in the Renaissance Zone Act, the MSF may revoke the designation of a Recovery Zone for a qualified tool and die business if the qualified tool and die business fails or ceases to participate in or comply with a qualified collaborative agreement. Staff confirmed that the Company ceased tool and die business operations at the designated Recovery Zone Property as of October 2011. Staff then notified the Berrien Tooling Coalition that a recommendation would be made to the MSF at an upcoming Board meeting to formally revoke the Company’s Recovery Zone designation for the Property.

RECOMMENDATION
The MEDC recommends the MSF revoke the designation for the existing Recovery Zone Property for LaGrow Corporation, located at 103 Clements Court, Coloma, effective December 31, 2011 and that the Company shall be responsible for all tax payments for the 2012 and subsequent tax years related to the Property and operations at the Property. Further, the MEDC recommends that if 2012 taxes related to operations at the Property are not recovered, then the MSF consider revoking the Company’s Recovery Zone located at the Second Property.
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE RECOVERY ZONE
DESIGNATION: LaGrow Corporation

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

WHEREAS, on December 21, 2005, the MSF Board designated a Recovery Zone for the Berrien Tooling Coalition, effective January 1, 2006;

WHEREAS, the Berrien Tooling Coalition includes LaGrow Corporation (the “Company”), a qualified tool and die business under the Act, located at 103 Clements Court, Coloma, Michigan on parcel number 11-08-0021-0034-03-1 (the “Property”) and at a second location located at 1440 Territorial Road, Benton Harbor, Michigan on parcel number 11-03-0017-0011-13-8 (the “Second Property”);

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

WHEREAS, the Company has ceased qualified operations at the Property;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and received notification from Coloma Township that the Company has ceased qualified operations at the Property;

WHEREAS, the Company has confirmed its cessation of qualified operations at the Property;

WHEREAS, the Company is no longer participating in, with respect to the Property, the collaborative agreement with the members of the Berrien Tooling Coalition;

WHEREAS, the MEDC recommends that the Company pay all its applicable taxes for the 2012 and subsequent tax years related to operations at the Property;

WHEREAS, the MEDC recommends that if 2012 taxes related to operations at the Property are not recovered, then the MSF consider revoking the Company’s Recovery Zone located at the Second Property; and

WHEREAS, the MEDC fully considered and investigated the notification submitted by Coloma Township and recommends revocation of the Tool & Die Renaissance Recovery Zone for the Property effective December 31, 2011.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for LaGrow Corporation for the Property located at 103 Clements Court, Coloma, Michigan on parcel number 11-08-0021-0034-03-1 effective December 31, 2011 and the Company shall pay all applicable taxes for the 2012 and subsequent tax years;
BE IT FURTHER RESOLVED, that the MEDC may move to revoke the Company’s Recovery Zone located at the Second Property if 2012 taxes related to operations at the Property are not recovered; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
MEMORANDUM

Date: July 25, 2012
To: Michigan Strategic Fund Board Members
From: Jeremy Webb, Tool and Die Recovery Zones
Subject: Revocation of an Existing Tool & Die Recovery Zone
Company: R&G Mold & Engineering, Inc.
Local Unit: City of Grandville, Kent County
Collaborative: Michigan Tooling Group

COMPANY BACKGROUND
R&G Mold & Engineering, Inc. (the Company), was designated as a Tool and Die Recovery Zone under the Michigan Tooling Group by the Michigan Strategic Fund (MSF) on December 21, 2005, for a 15-year period with an expiration date of December 31, 2020.

PROJECT BACKGROUND
The Michigan Economic Development Corporation (MEDC) received notification from the Michigan Tooling Group that R&G Mold & Engineering, Inc. at 2851 Prairie Street SW, Suite B, Grandville in Kent County (the Property) has closed their operations. The Company is no longer participating in the collaborative agreement with the members of the Michigan Tooling Group as of April 15, 2010. Under MCL 125.2688d(3), the Renaissance Zone Act, the MSF may revoke the designation of a Recovery Zone for a qualified tool and die business if the qualified tool and die business fails or ceases to participate in or comply with a qualified collaborative agreement. The MEDC confirmed that the Company ceased tool and die business operations at the Property as of April 15, 2010. Staff then notified the Michigan Tooling Group that a recommendation would be made to the MSF at an upcoming Board meeting to formally revoke the Company’s Recovery Zone designation.

RECOMMENDATION
The MEDC recommends the MSF revoke the designation for the existing Recovery Zone Property for R&G Mold & Engineering, Inc., located at 2851 Prairie Street SW, Suite B, Grandville, effective December 31, 2010 and that the Company shall be responsible for all tax payments for the 2011, 2012 and subsequent tax years.
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

REVOCATION OF AN EXISTING TOOL AND DIE RENAISSANCE RECOVERY ZONE DESIGNATION: R&G Mold & Engineering, Inc.

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

WHEREAS, on December 21, 2005, the MSF Board designated a Recovery Zone for the Michigan Tooling Group beginning January 1, 2006;

WHEREAS, the Michigan Tooling Group includes R&G Mold & Engineering, Inc. (the “Company”), a qualified tool and die business under the Act, located at 2851 Prairie Street SW, Suite B, Grandville, Michigan on parcel number 41-17-16-195-601 (the “Property”);

WHEREAS, Section 8d(3) of the Act allows the MSF to revoke the designation of all or a portion of a Recovery Zone with respect to one (1) or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement;

WHEREAS, the Company has closed its business and ceased qualified operations at the Property;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and received notification from the Michigan Tooling Group that the Company has closed and ceased qualified operations at the Property;

WHEREAS, the Company has confirmed its closure;

WHEREAS, the Company is no longer a member and participating in the collaborative agreement with the members of the Michigan Tooling Group;

WHEREAS, the MEDC recommends that the Company pay all its applicable taxes for the 2011, 2012 and subsequent tax years; and

WHEREAS, the MEDC fully considered and investigated the notification submitted by the Michigan Tooling Group and recommends revocation effective December 31, 2010.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for R&G Mold & Engineering, Inc. for Property located at 2851 Prairie Street SW, Grandville, Michigan on parcel number 41-17-16-195-601 effective December 31, 2010, and the Company shall pay all applicable taxes for the 2011, 2012 and subsequent tax years; and

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

Ayes:
Nays:
Recused:

Lansing, Michigan
July 25, 2012
MEMORANDUM

Date: July 25, 2012
To: MSF Board Members
From: Diane Cramer, Private Activity Bond Specialist
Subject: Private Activity Bond – Bond Authorizing
The Gilbert Residence – NTE $10,000,000 – New Financing/Refinancing/Non-Profit – Ypsilanti, Washtenaw County

COMPANY BACKGROUND
The Gilbert Residence is a Michigan not-for-profit senior living community that opened in 1960 in Ypsilanti. The Gilbert Residence indicates it consists of 72 units that include a 32 bed nursing unit, a 30 bed assisted living unit, and a 10 bed assisted living memory care specific unit. The nursing beds are funded by private pay and Medicaid. The nursing unit is comprised of 15 semi-private and 2 private rooms. The assisted living unit is entirely private pay. All 30 beds are licensed as Home for the Aged. It is comprised of 27 private rooms and 2 dual-occupancy rooms. The Memory Care “Grace Hall” unit is entirely private pay. All 10 beds are licensed Home for the Aged. It is comprised of 8 private rooms and one semi-private room. The Gilbert Residence currently employs 88 individuals.

PROJECT DESCRIPTION
The Gilbert Residence indicates phase one of the project will include the refurbishing of the 29 assisted living units of the existing building. Phase two is the expansion of the New Memory Care “Grace Hall” unit. It will replace the existing 10 bed unit with a new 28 bed unit. The unit will be a licensed Home for the Aged, and will consist of 28 private rooms and will be entirely funded by private pay. The Gilbert Residence indicates this phase will add an additional 14,500 square feet as well as an independent HVAC system and residential kitchen. Phase three will convert the existing Memory Care unit into a “main street” area with common spaces in providing new amenities for residents that will include a library, lounge, movie theatre, game room, wellness center and bistro-style dining. Phase four will include refinancing an existing debt of approximately $726,000. The location of the project will take place within the City of Ypsilanti on parcels commonly known as 203 S. Huron Street and 117 S. Huron Street. The parcels identified are adjacent to each other on the north side of the 203 parcel and the south side of the 117 parcel.

ADDITIONAL INFORMATION

Job Creation
The Gilbert Residence anticipates creating 12.2 additional full time equivalents. It is anticipated that 10.7 of the full time equivalents will be clinical/patient staff while 1.5 of the staff will be ancillary.

Legislative Information
Senator: Rebekah Warren – District 18
Representative: David Rutledge – District 54

Bond Counsel
Clark Hill PLC
Proposed Placement of the Bond Issue
Bank of Ann Arbor will directly purchase the bonds.

RECOMMENDATION
After reviewing the Private Activity Bond Authorizing Resolution for The Gilbert Residence and based upon a
determination by Clark Hill PLC and the State of Michigan Attorney General’s Office that this project meets
state and federal law requirements for tax exempt financing, staff recommends the adoption of a Bond
Authorizing Resolution for an amount not to exceed $10,000,000.
MEMORANDUM

DATE: July 25, 2012

TO: Michigan Strategic Fund ("MSF") Board Members

FROM: Joshua Hundt, Senior Regional Project Manager

SUBJECT: Approval of Michigan Business Development Request for $2,500,000 Performance-based Grant to:

Cherry Growers, Inc. ("Applicant" or "Company")
6331 South US 31
Grawn, Michigan 49637
www.Cherrygrowers.net

MBDP PROGRAM AND ITS GUIDELINES
On December 21, 2011, the MSF Board approved the Michigan Business Development Program ("MBDP") and its guidelines. The primary intended objective of the MBDP is to provide incentives to businesses that create qualified jobs, make qualified investments, or a combination of both, in Michigan.

SOURCE OF INFORMATION
It is the role of the Project Management staff ("MEDC Staff") to review for eligibility, completeness, and adherence to MBDP 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 MEDC staff.

HISTORY OF THE APPLICANT
Cherry Growers, Inc. ("CGI") is a grower owned cooperative whose members provide apples and cherries from orchards throughout Michigan. CGI is a cooperative that is taxed as a Michigan C-corporation. CGI has three major lines of business: food service, which includes applesauce, pie fillings, and shelf stable juices; retail products, which includes single serve assortments of applesauce and shelf stable juices; and industrial products, which includes frozen cherries and apples.

The MSF has previously supported CGI with $4.2 million through Michigan’s loan participation programs.

PROJECT DESCRIPTION
The Applicant plans to expand an existing operation in Michigan, make investments and create jobs related to the construction of a food grade manufacturing facility and implementation of receiving, warehousing, and apple sauce cooking machinery necessary to facilitate the
manufacture of individual serving Pouch Style 100% fruit based snack products. The company plans to enter into a fifteen year supply agreement for infrastructure, services, and apples with Materne North America, Corp. for the manufacture of Materne North America Corp.’s GoGosqueez product line.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
b) The project will be located in Green Lake Township. Green Lake Township has offered a “staff, financial, or economic commitment to the project” in the form of Property tax abatement under PA 198 of 1974. The estimated value of this abatement is not known at this time.
c) The Applicant has demonstrated a need for the funding based on the need to partially offset the less competitive market conditions for apple sourcing in Michigan compared to Washington.
d) The Applicant plans to create 72 Qualified New Jobs above a statewide base employment level of 137.
e) The project meets the program guidelines as follows: the company has indicated that they will make capital investment and create jobs in 2012 and this project has a positive projected return-on-investment for the State of Michigan.

INCENTIVE OPPORTUNITY
This project involves the creation of 72 Qualified New Jobs and a capital investment of up to $12,499,760 in Green Lake Township. The requested incentive amount from the MSF is $2,500,000 in the form of a performance-based grant. In addition to the performance based grant, there will be a profit participation agreement equal to at least 5% of the Company’s total net income per year, based on an acceptable net income formula, beginning with the fiscal year ending May 31, 2015, and continuing until such time as the Company has repaid all the disbursements made to the Company by the MSF. Please see below for more information on the recommended action.

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

a) Approval of the MBDP Proposal as outlined in the term sheet attached to the proposed Resolution (collectively, “MBDP Proposal”);
b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
   a. Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.

The MSF Incentive Subcommittee has indicated its support of the Recommendation.
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
CHERRY GROWERS, INC.

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

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

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

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

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

WHEREAS, Cherry Growers, Inc. (“Company”) has requested a performance based MBDP grant of up to $2.5 million (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended to the MSF Incentive Subcommittee 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 90 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 (“MBDP Award Recommendation”); and

WHEREAS, the MSF Incentive Subcommittee has indicated its support of the MBDP Award Recommendation.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
EXHIBIT A

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet

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

Date: 7/11/2012 (Replaces Terms Sheet dated June 16, 2012)

1. Company Name: Cherry Growers, Inc. ("Company" or "Applicant")

2. Company Address ("Project"): 6331 South US 31
Grawn, Michigan 49637

3. MBDP Incentive Type: Performance Based Incentive

4. Maximum Amount of MBDP Incentive: Up to $2,500,000 ("MBDP Incentive Award")

5. Base Employment Level 137

The net number of jobs maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's current 196 employees in Michigan prior to the proposed Project less the 59 current employees of the Company proposed to be transferred from the Company to employment within Michigan by Materne North America, Corp. ("59 Employees"). The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

6. Total Qualified New Job Creation: 72
(above Base Employment Level)

The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to retain the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required),
and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursement of the MBDP Incentive Award, shall be included in the final Agreement.

a. Start Date for Measurement of Creation of Qualified New Jobs: April 20, 2012

7. Company Investment: Up to $12,499,760 in land costs, new construction, building renovations, machinery and equipment, computers, pollution control equipment, or any combination thereof, for the Project.

8. Municipality supporting the Project: Green Lake Township

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

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

a. Disbursement Milestone 1: Up to $2,500,000

Upon demonstrated verification that Cherry Growers, Inc. has entered into a supply agreement for infrastructure, services and apples with Materne North America, Corp. for the manufacture of Materne North America, Corp’s GoGosqueeZ® product line at the Project, verification that the 59 Employees were transferred from employment by Cherry Growers, Inc. to employment in Michigan by Materne North America, Corp., verification that the Company has requested to enter into a licensing agreement with the MEDC to include the MEDC’s Pure Michigan® logo on its Reddi Mald product line produced at the Project site with its machinery, as well as requesting to include the Pure Michigan® logo on its website or on its marketing
b. **Milestone 2:**

Upon completion of Disbursement Milestone 1, upon demonstrated creation of 72 Qualified New Jobs above the Base Employment Level, and submission of an updated five year business plan for the Company, including financial projections, diversification Project opportunity evaluations and a long term capital plan by no later than December 31, 2014.

10. **Term of Agreement:**

Execution of Agreement to December 31, 2016. Provided however, certain terms of the Agreement may be effective through a different end date, including the profit participation terms and conditions (discussed below) which shall be effective through the date the MSF has received repayment of all of the disbursements made to the Company by the MSF (plus any applicable interest, fees and costs if such payments are not timely made).

11. **Repayment Provisions:**

Repayment provisions are required by law. The Repayment terms and conditions will be defined in the final Agreement, and shall include terms and conditions to repay the MSF. Such repayment terms will include repayment to the MSF up to the full amount of the disbursements made by the MSF to the Company (plus any applicable interest, fees and costs if payments are not timely made), under at least the following parameters:

a. **Profit Participation.** The final Agreement will include profit participation terms and conditions which will require the Company to make payments to the MSF in an amount equal to at least 5% of the Company’s total net income per year, based on an acceptable net income formula. The payments shall be due no later than October 31, 2015 based on net Income for the fiscal year ending May 31, 2015, and continue to be due October 31st following the end of each subsequent fiscal year thereafter, until such time as the Company has repaid all of disbursements made by the MSF to the Company (plus any applicable interest, fees and costs if such payments are not timely made).

b. **Other Repayment Terms.** In addition to the profit participation terms, the final repayment provisions will also require repayment of some, or up to all, of the disbursements made by the MSF (plus any applicable interest, fees and costs if such payments are not timely made), including if the Company moves 25% or more of their employees out of Michigan, if, through December 31, 2016, the Company fails to maintain the Base Employment Level in Michigan, and if the Company fails to create and maintain the Qualified New Jobs incented by this Award.

Provided however, in no event shall the Company be required to repay the MSF more than the full amount of all of the disbursements made to the Company by the MSF (plus any applicable Interest, fees and costs if payments are not timely made).

12. **Reporting Requirements:**

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

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

14. Closing:
The closing of the final Agreement will require a coincidental closing of a final agreement for an MSF incentive award under the MBDP with Materne North America, Corp.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by July 11, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Cherry Growers, Inc.
By: [Signature]
Its: [Position]
Dated: 7/11/2014

Acknowledged as received by:

Michigan Economic Development Corporation
By: [Signature]
Its: [Position]
Dated: 7/11/12
MEMORANDUM

DATE: July 25, 2012

TO: Michigan Strategic Fund ("MSF") Board Members

FROM: Joshua Hundt, Senior Regional Project Manager

SUBJECT: Approval of Michigan Business Development Request for $3,000,000 Performance-based Grant to:

Materne North America, Corp. ("Applicant" or "Company")
20 West 22nd Street, Suite 1604
New York, New York 10010
www.gogosqueez.com

MBDP PROGRAM AND ITS GUIDELINES
On December 21, 2011, the MSF Board approved the Michigan Business Development Program ("MBDP") and its guidelines. The primary intended objective of the MBDP is to provide incentives to businesses that create qualified jobs, make qualified investments, or a combination of both, in Michigan.

SOURCE OF INFORMATION
It is the role of the Project Management staff ("MEDC Staff") to review for eligibility, completeness, and adherence to MBDP 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 MEDC staff.

HISTORY OF THE APPLICANT
Materne North America, Corp. is the North American subsidiary of Materne Mont Blanc, which is headquartered in Paris France. Materne Mont Blanc and its subsidiaries provide many brands with leading positions in the healthy snacking and ambient desserts markets. Materne North America, Corp. was created in 2008 to launch its GoGosqueez product line in the United States.

The Applicant has not received any incentives from the MSF previously.

PROJECT DESCRIPTION
The Applicant plans to open a new operation in Michigan, make investments and create jobs related to the manufacturing of its GoGosqueez product line. The Company plans to enter into a fifteen year supply agreement for infrastructure, services, and apples with Cherry Growers, Inc. for the manufacture of its GoGosqueez product line.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088(9)(b), that will locate and operate in Michigan.

b) The project will be located in Green Lake Township. Green Lake Township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 198 of 1974. The estimated value of this abatement is not known at this time.
c) The Applicant has demonstrated a need for the funding based on the need to partially offset the less competitive market conditions for apple sourcing in Michigan compared to Washington.

d) The Applicant plans to create 65 Qualified New Jobs above a statewide base employment level of 68.


e) The project meets the program guidelines as follows: the proposed project involves The company plans to make capital investment and create jobs in 2012. Additionally, the project results in a projected positive return-on-investment for the State of Michigan.

**INCENTIVE OPPORTUNITY**

This project involves the creation of 65 Qualified New Jobs and a capital investment of up to $23,472,500 in Green Lake Township. The requested incentive amount from the MSF is $3,000,000 in the form of a performance-based grant. In addition to the performance based grant, there will be a profit participation agreement equal to at least 1% of the Company’s net income per year attributable to the sale of the GoGosqueez product, which is produced at the project site, based on an acceptable net income formula beginning with the year ending December 31, 2014 and ending December 31, 2027. At such time the Company has repaid all disbursement made by the MSF to the Company, the Profit Sharing Payments due will be no more than $10,000 per year through December 31, 2027. Please see below for more information on the recommended action.

**RECOMMENDATIONS**

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

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

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

   a. Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.

The MSF Incentive Subcommittee has indicated its support of the Recommendation.
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO MATERNE NORTH AMERICA CORP.

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

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

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

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

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

WHEREAS, Materne North America Corp. ("Company") has requested a performance based MBDP grant of up to $3.0 million ("Grant Request"), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A ("Term Sheet");

WHEREAS, the MEDC has recommended to the MSF Incentive Subcommittee 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 90 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 ("MBDP Award Recommendation"); and

WHEREAS, the MSF Incentive Subcommittee has indicated its support of the MBDP Award Recommendation.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
**EXHIBIT A**

**PURE MICHIGAN**

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

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

**Date:** 6/16/2012

1. **Company Name:** Materne North America, Corp. ("Company" or "Applicant")

2. **Company Address:**
   - 20 West 22nd Street
   - Suite 1604
   - New York, New York 10010

3. **Project Address ("Project"):**
   - GoGosqueeZ® Pouches Production Lines P04 through P08
   - 6331 South US 31
   - Grawn, Michigan 49637

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

5. **Maximum Amount of MBDP Incentive:** Up to $3,000,000 ("MBDP Incentive Award")

6. **Base Employment Level**
   - 68
   - The net number of jobs which will be required to be maintained in Michigan by the Company (not including the Qualified New Jobs (discussed below) that must be created and maintained) based on data submitted by the Company to the MEDC reflecting the Company's current 9 employees in Michigan prior to the proposed Project plus the 59 current employees of Cherry Growers, Inc. proposed to be transferred from Cherry Growers, Inc. to employment within Michigan by the Company. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

7. **Total Qualified New Job Creation:**
   - 65
   - (above Base Employment Level)
   - The minimum number of total Qualified New Jobs the Company shall be required to create in
a. Start Date for Measurement of Creation of Qualified New Jobs: April 18, 2012

8. Company Investment: Up to $23,472,500 in machinery and equipment, computers, or any combination thereof, for the Project.

9. Municipality supporting the Project: Green Lake Township

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

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

a. Disbursement Milestone 1: Up to $1,500,000

   Upon demonstrated creation of 29 Qualified New Jobs above the Base Employment Level, verification that the company has requested to enter into a licensing agreement with the MEDC to include the Pure Michigan® logo on its GoGosqueez® product line at the Project site, as well as requesting to include the Pure Michigan® logo on its website, or on its marketing material, and verification of final approval of municipality support by no later than May 31, 2013.
b. Disbursement Milestone 2: Up to $1,500,000. Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 36 additional Qualified New Jobs above the Base Employment Level, by no later than May 31, 2014.

11. Term of Agreement:
Execution of Agreement to May 31, 2016. Provided however, certain terms of the Agreement may be effective through a different end date, including the terms requiring Profit Sharing Payments and a possible Cessation of Production Payment (each discussed below), each of which shall include terms that are effective through payment to the MSF of the applicable required payments.

12. Repayment Provisions:
Repayment provisions are required by law. The Repayment terms and conditions will be defined in the final Agreement, and shall include terms and conditions to repay the MSP. Such terms will include repayment under at least the following parameters:

a. Profit Participation. The final Agreement will include profit participation terms and conditions which will require the Company to make payments to the MSF in an amount equal to at least 1% of the Company’s net income per year attributable to the sale of the GoGoSqueeZ® product which is produced at the Project, based on an acceptable net income formula (plus any applicable interest, fees and costs if such payments are not timely made). The payments shall be due no later than May 31, 2015 based on net income for the year ending December 31, 2014, and continue to be due May 31 following the end of each year thereafter, through the year ending December 31, 2027 (the foregoing, collectively, “Profit Sharing Payments”). At such time the Company has repaid all of the disbursements made by the MSF to the Company, the Profit Sharing Payments due will be no more than $10,000 per year through December 31, 2027;

b. Cessation of Production of GoGoSqueeZ at Project. The final Agreement will require that the Company continue production of the GoGoSqueeZ product at the Project site through April 30, 2027, or upon the earlier cessation of such operations, the Company shall immediately pay the MSF the full amount of the disbursements then made to the Company by the MSF, plus a 15% penalty, less any Profit Sharing Payments then made (plus any applicable interest, fees and costs if such payments are not timely made), (the foregoing, collectively, “Cessation of Production Payment”). Further, upon the occurrence of an event requiring the Cessation of Production Payment, the Profit Sharing Payments shall no longer be required;

c. Other Repayment Terms. In addition to the terms and conditions requiring Profit Sharing Payments, and the Cessation of Production Payment, the final repayment provisions will also require repayment of some, or up to all, of the disbursements made by the MSF (plus any applicable interest, fees and costs if such payments are not timely made), including if, through December 31, 2016, the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, or if the Company fails to create and maintain the Qualified New Jobs Incented by this Award.

It is possible that the Company may pay the MSF more than the full amount of the disbursements made to the Company by the MSF, subject to limitations as indicated in 12a above.
13. Reporting Requirements:
   Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project; the educational attainment of the employees hired; the number of new patents, copyrights, or trademarks applied for and issued to the Company, the number of licensing agreements by the Company, and the number of such licensing agreements entered into by the Company with Michigan based firms; and any products commercialized by the Company.

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by July 13, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Materne North America, Corp.

By:  

Acknowledged as received by:

Michigan Economic Development Corporation

By:  

Dated:  

Materne North America, Corp.
MEMORANDUM

DATE: July 25, 2012
TO: MSF Board
FROM: Mike Flanagan – Manager, Equity Capital Programs
SUBJECT: New Program Proposal: Pure Michigan Urban Investment Program

BACKGROUND
The MEDC has been focused on growing Michigan’s urban areas as a key component of the Governor’s overall growth strategy. The success of Michigan’s urban areas is critical to the success of the state as a whole, a view shared almost universally and clearly articulated in a recent Brookings Institution report. Our cities are the centers of commerce and culture, and are the face we present to the world. And yet, many businesses in our urban cores continue to struggle compared with their suburban counterparts. There are several impediments to the growth of urban businesses, possibly the greatest being access to capital.

Urban areas in Michigan are in effect “capital deserts”. According to a recent study, 71% of inner city businesses are undercapitalized, and have on average only one quarter of the capital needed to compete in their industries. More than half of these businesses are minority-owned. The lack of supply comes from all sources of capital, from senior and subordinated debt to private equity and venture capital.

There are various possible explanations for the capital deficiency in urban areas. It can be reasonably postulated that doing business and therefore investing in urban businesses is more risky. Several factors, including higher tax and insurance rates, higher employee recidivism and turnover, and crime, can lead to a higher cost of doing business, lower margins, and therefore higher investor loss rates. This problem becomes especially difficult for banks and credit unions which are constrained, by regulations, to a relatively narrow risk profile and pricing structure.

Urban areas also likely suffer from market prejudice by capital providers. In fairness, this may often result from historical geographic pre-judgments that rely on short-hand explanations in order to avoid the higher information costs associated with individual resource allocation decisions. Less generously, market prejudice is sometimes the result of simple racial and ethnic prejudices toward minority groups that make up the largest percentage of urban populations.

Several efforts have been made to correct this deficiency in urban access to capital including the Community Reinvestment Act (“CRA”). While an exact measure of success for the CRA program is difficult to ascertain, it has likely had at least some impact on urban lending rates, which might otherwise be non-existent. However, it is clear that the problem persists, and is one that any effective urban policy must adequately address.

---

APPROACH TO THE CAPITAL MARKETS
The MEDC and its Capital Markets team has developed and pursued a unique approach to dealing with inefficiencies in the capital markets. This approach utilizes three decision points to determine both the validity of individual investment decisions within existing programs, as well as proper justification for and structuring of future programs. The following offers a brief analysis of the problem within this framework.

1. Is there a clear inefficiency in the market and a public benefit in addressing the need?
   - There is strong evidence that a capital gap exists for urban businesses and a clear benefit to the state’s economy in addressing the need.

2. Can a small amount of properly structured state dollars create enough leverage to have a meaningful impact on the problem?
   - To have a meaningful impact, with limited state resources, any possible solution must target opportunities with the highest possible economic impact. The consensus in the economic development research is that second-stage small businesses offer the greatest potential in terms of job creation and investment leverage.

3. Can the state’s capital be deployed by expert, private sector decision-makers whose interests are perfectly aligned with the state?
   - Staff has developed a program structure that will attract private capital and expertise in order to address the capital deficiency in urban markets in a responsible and profitable way.

PROGRAM PROPOSAL: PURE MICHIGAN URBAN INVESTMENT PROGRAM
Staff proposes, under section 88d of the MSF Act, the creation of a new window within the Michigan Supplier Diversification Fund ("MSDF") devoted to urban investments. Staff further proposes, under the new MSDF urban investment window, the creation of the Pure Michigan Urban Investment Program ("the Program"), which will invest in one or more Urban Investment Funds ("Fund" or "Funds") which will then target investments/loans into growth-oriented businesses in Michigan’s urban core areas.

Program Target
The Program will seek to address the significant capital gap for urban businesses with the highest potential for growth and economic impact. The Program will invest in Fund(s) that will target investments in lower middle-market companies in urban markets, with revenues of $1.5 - $20 million and capital needs below $5 million that are underserved by both commercial banks and most private investment funds. These target businesses face two primary obstacles to traditional financing:

1. They are typically above the credit risk threshold for commercial bank loans; and
2. They are typically below the size and return threshold of typical mezzanine funds. 4

4 Typical mezzanine funds target larger opportunities (transaction size > $5 million; company revenue > $15 million), which decreases the required rate of return ("hurdle rate") on investments. Smaller investments have higher relative administration costs, and thus higher hurdle rates, making them unprofitable.
Staff estimates there are over 7,500 small businesses in Michigan’s urban core areas that fall in this category, where access to capital would precipitate an immediate economic impact.

Program Mechanism
The critical factor in attracting risk capital to urban businesses that are both too small in size and too high risk (i.e.: low collateral value) for existing sources of private capital is to provide lower cost capital to a Fund in order to lower the hurdle rate on investments. In order to accomplish this, the Program will invest in Fund(s) that pool private, non-profit, and public capital in order to achieve a lower blended cost of capital than an exclusively private fund. The MSF would lead this effort by sponsoring the creation of one or more Funds and making an investment as a limited partner in the Fund(s) to attract additional institutional investors. The MSF investment may have unique terms designed to induce private investment in the Fund.

The primary source of low cost capital may come from the Small Business Investment Company program (“SBIC”) administered by the Small Business Administration (“SBA”). The SBIC program can provide leverage of up to 2x committed capital in the form of 10-year debentures with a maximum of $150 million per approved fund. The current all-in cost of capital for SBIC debentures is approximately 6%, far below the required rate of return by private investors for the target market. Following MSF approval of the Program, Staff would engage with and recommend a fund manager (general partner) with a high likelihood of qualifying for an SBIC license, in order to apply for and acquire this low cost leverage for a Fund.

The figure below illustrates the effect of lower cost capital on the hurdle rates and thus the required returns for both large and small investment opportunities:

<table>
<thead>
<tr>
<th>Private Fund</th>
<th>Public/Private Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large Company</strong></td>
<td><strong>Large Company</strong></td>
</tr>
<tr>
<td>- Proposed $10 million Loan</td>
<td>- Proposed $10 million Loan</td>
</tr>
<tr>
<td>- Ave. LP Hurdle Rate = 15%</td>
<td>- Ave. LP Hurdle Rate = 8%</td>
</tr>
<tr>
<td>- Administration Cost = $100,000 (1%)</td>
<td>- Administration Cost = $100,000 (1%)</td>
</tr>
<tr>
<td>- Required Return = 16%</td>
<td>- Required Return = 9%</td>
</tr>
<tr>
<td><strong>Small Company</strong></td>
<td><strong>Small Company</strong></td>
</tr>
<tr>
<td>- Proposed $1 million Loan</td>
<td>- Proposed $1 million Loan</td>
</tr>
<tr>
<td>- Ave. LP Hurdle Rate = 15%</td>
<td>- Ave. LP Hurdle Rate = 8%</td>
</tr>
<tr>
<td>- Administration Cost = $100,000 (10%)</td>
<td>- Administration Cost = $100,000 (10%)</td>
</tr>
<tr>
<td>- Required Return = 25%</td>
<td>- Required Return = 18%</td>
</tr>
</tbody>
</table>

By lowering the hurdle rate, smaller investments become more attractive to private capital sources as the administration cost relative to the transaction size becomes less burdensome. In other words, the lower

---

3 Expected returns of mezzanine funds are approximately 13-25%. (Source: Management Magazine, Bond Capital).
4 While the primary target investments for the Fund are small businesses with capital needs under $5MM, it should be noted that this fund structure could also improve access to capital for larger companies with cash flow shortage which prevents them from attaining traditional mezzanine financing. The lower cost structure of the fund would allow the Fund to charge a lower interest rate on these larger opportunities, thus improving the debt service coverage ratio and making these transaction(s) possible.
blended cost of capital of a Fund will make smaller investments into urban small businesses profitable to
private investors and therefore possible.

**Fund Formation**
The Capital Markets team has been researching and developing the Fund concept and implementation
process for several months, including reaching out to potential partners. Staff has received positive
feedback from multiple industry experts that are supportive of the need for this Program and the viability
of the Fund model. Staff has also been in contact with potential fund managers, leadership at SBA, and
several potential private and non-profit investors interested in contributing to a Fund. A more formalized
structure has been reached as a result of this effort, including the following key developments:

- Several experienced fund management (general partner) candidates have expressed interest in
managing and investing in a Fund

- Strong interest from several potential limited partner investors, including major Michigan
foundations

- Strong interest from a reputable institutional investment advisor representing a consortium of
Michigan foundations that is currently evaluating potential Funds and fund management
candidates

- Positive feedback from SBA/ SBIC leadership, and an indication of a possible fast-track process
for licensing

**Next Steps**

1. Several meetings to present to potential institutional investors have been scheduled. Staff hopes
to gain tentative dollar commitments for a Fund.

2. MSF Board approval of the Program as well as a funding allocation of up to $10 million from the
MSF Investment Fund. MSF would act as the lead LP investor in a Fund.

3. Request for Applications (“RFA”) to formally accept and evaluate applications from potential
fund managers (GPs), and return to the MSF Board in the near future with a final
recommendation.

4. Approved fund manager submits SBIC licensing application.

5. Fund manager and MSF staff obtain additional funding commitments from institutional investors.

6. The Pure Michigan Urban Investment Program is targeting a launch date to award an Urban
Investment Fund within this quarter.

**Potential Fund Structure**
The following provides a draft Fund structure, for illustration purposes, which is subject to modification
(see Appendix A for further details):

**Target Fund Size:** $75 million

- $8 million from the MSF Investment Fund
- $17 million from other private or non-profit sources
- $50 million (2x committed capital) of leverage from SBIC
- Commitment from the GP of 1-2% of total fund size

**Transaction Type:** the Fund would be a hybrid vehicle that can offer a mix of securities depending on the opportunity including senior secured debt, mezzanine and equity with an emphasis on current pay structures

**Transaction Size:** $500,000 - $2 million

**Target Industries:** including but not limited to industrial manufacturing, business services, retail, health care, technology and consumer products

**Target Geography:** Eligible Urban Core Areas in Michigan (more detailed eligibility requirements are provided in Exhibit B to the Urban Mezzanine Fund approval resolution)

**Deal Sourcing:** The fund manager will ultimately be responsible for sourcing transactions. However, the MEDC (on behalf of the MSF) would assist in deal sourcing for the fund, primarily with the help of local partners. In connection with the launch of a Fund, MEDC Staff, along with the awarded fund manager(s), plans to hold regional training sessions for local partners to assist in profiling and referring investment opportunities to the Fund.

**RECOMMENDATIONS**
MEDC Staff recommends all of the following to the MSF Board:

- Approval of the Pure Michigan Urban Investment Program and guidelines and eligibility requirements as set forth in Exhibits A and B to the Urban Mezzanine Fund approval resolution;

- Approval of an allocation of up to $10 million from the MSF Investment Fund to invest as a limited partner in one or more Funds;

- Delegate to the MSF Fund Manager the authority to develop the application and approve the process and scoring criteria for evaluating fund manager applications; and

- Delegation to the MSF Fund Manager of the authority to appoint a Joint Evaluation Committee (“JEC”) to evaluate fund manager applications. Recommendations for awards will be presented to the full MSF Board for approval.

The MSF Investment Subcommittee has indicated its support of these recommendations.
Pure Michigan Urban Investment Program

Program Overview

Appendix A

Capital Markets Team
July 2012

PURE MICHIGAN
Michigan Economic Development Corporation
Executive Summary

The Pure Michigan Urban Investment Program (the “Program”) will invest in one or more Urban Investment Fund ("Fund(s)"") which will then target investments in businesses located in identified urban core areas within the State of Michigan in an effort to provide much needed access to capital to urban businesses most likely to employ minority and chronically unemployed citizens. An awardee Fund may be structured as a Small Business Investment Company ("SBIC") and utilize available leverage from the Small Business Administration ("SBA")

- An awardee Fund would target at least $75 million in commitments (estimate):
  - $8 million from the MSF Investment Fund
  - $17 million from other private or non-profit sources
  - $50 million of leverage from the SBA through the SBIC Debenture Program
  - Commitment from the GP of 1-2% of total fund size

- Staff is currently evaluating potential fund managers (General Partners) for a Fund and has identified two highly qualified candidates
  - Staff recommends approval by the MSF Board to receive applications from potential fund managers for review
  - Pursuant to receipt of applications, staff plans to make a recommendation to the MSF Board in the near future for selection of a fund manager and awardee Fund

- The target portfolio of a Fund will include a mix of securities including senior secured debt, mezzanine and equity with an emphasis on current pay structures
Overview of Proposed Structure
# Program Mechanism

The Program will pool public, private, and non-profit investors in order to lower the blended cost of capital of an awardee Fund, allowing the Fund to profitably invest in opportunities that would otherwise be below the normal size or return threshold, or above the typical credit risk threshold.

<table>
<thead>
<tr>
<th>Private Fund</th>
<th>Public/Private Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large Company</strong></td>
<td><strong>Large Company</strong></td>
</tr>
<tr>
<td>• Proposed $10 million Loan</td>
<td>• Proposed $10 million Loan</td>
</tr>
<tr>
<td>• Ave. LP Hurdle Rate = 15%</td>
<td>• Ave. LP Hurdle Rate = 8%</td>
</tr>
<tr>
<td>• Administration Cost = $100,000 (1%)</td>
<td>• Administration Cost = $100,000 (1%)</td>
</tr>
<tr>
<td>• <strong>Required Return = 16%</strong></td>
<td>• <strong>Required Return = 9%</strong></td>
</tr>
<tr>
<td><strong>Small Company</strong></td>
<td><strong>Small Company</strong></td>
</tr>
<tr>
<td>• Proposed $1 million Loan</td>
<td>• Proposed $1 million Loan</td>
</tr>
<tr>
<td>• Ave. LP Hurdle Rate = 15%</td>
<td>• Ave. LP Hurdle Rate = 8%</td>
</tr>
<tr>
<td>• Administration Cost = $100,000 (10%)</td>
<td>• Administration Cost = $100,000 (10%)</td>
</tr>
<tr>
<td>• <strong>Required Return = 25%</strong></td>
<td>• <strong>Required Return = 18%</strong></td>
</tr>
</tbody>
</table>
The MSF, along with one or more private or non-profit institutions, may provide up to $25 million for an urban SBIC fund. The Fund will be leveraged with up to $50 million from the SBA.
Investment Process

The GP along with possible sub-advisors will act in a coordinated manner to efficiently source new opportunities, perform an initial screen, fully underwrite and reach a final approval vote by the principals of the Fund.
# Proposed Fund Terms

Staff recommends the following terms for the Fund:

**Michigan Urban Investment Fund SBIC**

<table>
<thead>
<tr>
<th>Proposed Fund Size</th>
<th>$75 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment Period</td>
<td>5 years</td>
</tr>
<tr>
<td>Term</td>
<td>1 year from disposition of final investment</td>
</tr>
<tr>
<td>Investment Type</td>
<td>Predominately debt securities with a current pay component. Equity on a selective basis.</td>
</tr>
<tr>
<td>Bite Size</td>
<td>$500K - $2.0 million</td>
</tr>
</tbody>
</table>
Market Opportunity
Improving Access to Capital

Inner city businesses are undercapitalized by 20 to 50% during their growth phase as compared to average businesses. This financing gap significantly limits the ability of inner city businesses to scale up and create jobs in their communities.

- Low to Moderate income level borrowers have historically struggled to access capital throughout the credit cycle

- Access to capital remains a significant barrier to growth for many inner city businesses

Source: Inner City 100 Survey, 2004-2008, ICIC analysis
MEDC Loan Enhancement Deal-flow

The Michigan Economic Development Corporation ("MEDC") is focused on increasing the availability of capital in Michigan. The MEDC, through the loan enhancement programs it administers on behalf of the Michigan Strategic Fund ("MSF"), currently addresses some of the capital needs of small businesses in urban areas.

- MSF loan enhancement programs, with limited funding, have been able to serve a small portion of this urban market. This portfolio of loans provides a strong indication of the quantity and quality of opportunities available in or near the urban core. To date, the MSF has provided loan enhancement to:
  - 99 small businesses in or near urban areas
  - Representing $7.1 million in public support
  - Leveraging $32.8 million in private dollars
  - Creating or retaining 1,118 jobs
  - No defaults or losses in this portfolio to date

- According to our experience, these figures only represent a small fraction of the need. We believe this market is still drastically underserved and requires additional funding through the appropriately structured vehicle.

PURE MICHIGAN
Michigan Economic Development Corporation
Loan Enhancement Programs: Urban Deal-Flow
Loan Enhancement Case Study

**Michigan Pipe & Valve - Saginaw, MI**

- Complete Water & Sewer Suppliers Distributor

- A wholesale distributor of underground piping, valves, and other parts used to support private and municipal water supply, storm and sewer systems.

- Minority owned company located in Saginaw, Michigan.
  - The company was formed in 1998 and is owned by Jim Jaime (member of the Hispanic Business Owners Association). They have increased their labor force by almost 50% in the last several years.

- Michigan Pipe & Valve, despite strong financials and growth opportunities, had not been able to secure financing from any traditional lender. Working with the MEDC and their loan enhancement program, Citizens Bank agreed to provide an $880,000 term loan along with an additional extension of credit in order to support the working capital requirements of the company.
Current Market Opportunity

- Detroit, MI

The MEDC has been working with Edibles Rex since the end of 2010 to help it secure a loan. Despite strong financials and growth opportunities, the company has yet to secure financing from the private market, even with the inclusion of MEDC’s current loan enhancement tools.

- Edibles Rex is a supplier of food and beverage catering and event services in Detroit, offering an extensive array of menus, themes and venues.
  - Women-owned
  - Employs 20 full-time employees
  - Company is seeking $1.5MM in financing, which would allow it to expand operations in Detroit and hire 40 additional people over the next 5 years
Eligible Urban Core Areas

An awardee Fund must target investment opportunities in small businesses located in the urban core areas of Michigan’s 14 Metropolitan Statistical Areas (MSA’s).

Methodology

- To be located in an urban core area: a small business must either have at least 50% of its employees or tangible assets located in that area, or have at least 35% of its full-time employees be primary residents of that area. This definition is consistent with the definition of a Low-to-Moderate Income (“LMI”) Enterprise by the Small Business Administration (“SBA”).

- To be considered an eligible urban core area within an MSA, the area must meet at least one of the following criteria:
  - Unemployment rate greater than 150% of the national average
  - Per capita income less than 75% of national average
  - Portion of the population below the poverty line greater than 150% national average
  - Minority population greater than 50%

- The Fund may also invest in businesses with multiple locations inside and outside an eligible area, so long as the investment proceeds are only invested in those facilities which lie within an eligible area.

Pure Michigan®
Michigan Economic Development Corporation
# Eligible Urban Core Areas

Currently twenty areas within Michigan meet the program criteria of an underserved urban core area.

<table>
<thead>
<tr>
<th>MSA</th>
<th>Eligible Urban Core Area</th>
<th>Unemployment</th>
<th>Per Capita Income</th>
<th>% of Population below the Poverty Line</th>
<th>Minority Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battle Creek</td>
<td>Battle Creek</td>
<td>10.30%</td>
<td>$21,128</td>
<td>20.90%</td>
<td>32.30%</td>
</tr>
<tr>
<td>Bay City</td>
<td>Bay City</td>
<td>10.40%</td>
<td>$18,214</td>
<td>20.90%</td>
<td>17.00%</td>
</tr>
<tr>
<td>Detroit-Warren-Livonia</td>
<td>Oak Park</td>
<td>14.90%</td>
<td>$23,242</td>
<td>15.70%</td>
<td>63.40%</td>
</tr>
<tr>
<td></td>
<td>Warren</td>
<td>13.40%</td>
<td>$22,110</td>
<td>14.20%</td>
<td>23.20%</td>
</tr>
<tr>
<td></td>
<td>Roseville</td>
<td>16.00%</td>
<td>$21,420</td>
<td>13.00%</td>
<td>18.40%</td>
</tr>
<tr>
<td></td>
<td>Port Huron</td>
<td>18.20%</td>
<td>$18,688</td>
<td>26.30%</td>
<td>20.30%</td>
</tr>
<tr>
<td></td>
<td>Inkster</td>
<td>14.20%</td>
<td>$16,439</td>
<td>29.00%</td>
<td>81.40%</td>
</tr>
<tr>
<td></td>
<td>Pontiac</td>
<td>24.70%</td>
<td>$15,957</td>
<td>32.00%</td>
<td>76.00%</td>
</tr>
<tr>
<td></td>
<td>Detroit</td>
<td>19.90%</td>
<td>$15,062</td>
<td>34.50%</td>
<td>93.20%</td>
</tr>
<tr>
<td></td>
<td>Highland park</td>
<td>25.90%</td>
<td>$12,304</td>
<td>43.70%</td>
<td>97.80%</td>
</tr>
<tr>
<td>Flint</td>
<td>Mount Morris</td>
<td>15.40%</td>
<td>$23,242</td>
<td>unavailable</td>
<td>unavailable</td>
</tr>
<tr>
<td></td>
<td>Flint</td>
<td>18.90%</td>
<td>$14,910</td>
<td>36.60%</td>
<td>65.40%</td>
</tr>
<tr>
<td>Grand Rapids-Wyoming</td>
<td>Grand Rapids</td>
<td>11.10%</td>
<td>$19,868</td>
<td>24.30%</td>
<td>43.40%</td>
</tr>
<tr>
<td>Jackson</td>
<td>Jackson</td>
<td>14.30%</td>
<td>$16,697</td>
<td>29.00%</td>
<td>32.30%</td>
</tr>
<tr>
<td>Kalamazoo-Portage</td>
<td>Kalamazoo</td>
<td>11.30%</td>
<td>$18,375</td>
<td>35.40%</td>
<td>35.40%</td>
</tr>
<tr>
<td>Lansing</td>
<td>Lansing</td>
<td>11.70%</td>
<td>$19,673</td>
<td>24.70%</td>
<td>46.90%</td>
</tr>
<tr>
<td>Muskegon-Norton Shores</td>
<td>Muskegon</td>
<td>13.20%</td>
<td>$13,564</td>
<td>31.50%</td>
<td>48.50%</td>
</tr>
<tr>
<td>Niles-Benton Harbor</td>
<td>Niles</td>
<td>11.00%</td>
<td>$17,686</td>
<td>23.10%</td>
<td>23.90%</td>
</tr>
<tr>
<td></td>
<td>Benton Harbor</td>
<td>11.00%</td>
<td>$9,529</td>
<td>48.70%</td>
<td>94.40%</td>
</tr>
<tr>
<td>Saginaw-Saginaw Township North</td>
<td>Saginaw</td>
<td>16.40%</td>
<td>$14,157</td>
<td>37.40%</td>
<td>65.60%</td>
</tr>
</tbody>
</table>

Red: Meets Criteria

**PURE MICHIGAN®**
Michigan Economic Development Corporation
Map of Eligible Urban Core Areas

**MSAs:**
- Battle Creek
- Bay City
- Detroit Metropolitan Area
- Flint Metropolitan Area
- Grand Rapids
- Jackson
- Kalamazoo
- Lansing
- Muskegon
- Niles Metropolitan Area
- Saginaw

PURE MICHIGAN®
Michigan Economic Development Corporation
Investment Strategy

An awardee Fund will provide flexible funding options at highly attractive rates and value added assistance to help small businesses within the identified urban core areas reach their corporate goals. Investments will be made across a broad range of sectors including industrial manufacturing, business services, retail, health care, technology and consumer products.

Transaction Profile

- The Fund will target investments of $500,000 to $2.0 million in cash flow positive or near cash flow positive companies with revenues of at least [$1.5 million]

Operational Profile

- Thorough business plan with a clearly defined growth strategy
- Strong and talented management team
- Defensible market position and sound reputation with customers, suppliers and employees

Transaction Structure

- Senior secured debt with a current cash coupon paid monthly
  - interest rate and required principal amortization determined on a deal-by-deal basis
  - UCC perfected lien on assets
  - financial covenants (e.g. fixed charge coverage and maximum leverage)
- Unsecured, non-amortizing subordinated debt to the extent that cash flow and enterprise value support
  - typically a cash interest component plus additional payment-in-kind interest ("PIK")
  - low total leverage of 1.0x-2.5x
- Equity may be included depending on the risk characteristics of the transaction
  - upside through additional PIK or warrant structure paid on a multiple of cash flow in the event of a refinance, sale or liquidation
  - may also utilize a royalty structure paid on a percentage of incremental revenue or cash flow
Illustrative Portfolio Allocations

Recommended portfolio allocations aimed at minimizing the impact of potential losses while generating an attractive return.

<table>
<thead>
<tr>
<th>Urban SBIC Fund</th>
<th>Investment Pace</th>
<th>Asset Class</th>
<th>Sub-Asset Class</th>
<th>Company Diversification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 20%</td>
<td>Direct / Co-Investments 100%</td>
<td>Equity 15%</td>
<td>45+ companies (approx. 2% of fund capital)</td>
</tr>
<tr>
<td></td>
<td>2016 20%</td>
<td></td>
<td>Structured Debt 85%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015 20%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014 20%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Target Return Profile

Impact investors can be broadly classified into two groups based on their primary objective: “impact first investors”, who seek to optimize social or environmental impact with a floor for financial returns, and “financial first investors”, who seek to optimize financial returns with a floor for social or environmental impact.

- The Fund will utilize an impact first approach to target investment returns.
- Investments underwritten to yield investment level returns of 12-15%, compared with most mezzanine firms in the 18-22% range to companies with lower overall risk profile.

Source: Monitor Institute, “Investing for Social and Environmental Impact: A Design for Catalyzing an Emerging Industry”
Benefits to the Company

• Provides capital in urban areas that are overlooked or avoided by commercial banks and most private investment funds

• Provides commitment size (<$5 million) which is below the threshold for most lower middle market mezzanine firms

• Attractive cost of funds for small, fast growing businesses
  • Gross return rate of 12%-15% is significantly lower than current market providers would target for companies with the proposed criteria and commensurate risk profile
  • Funds that target this segment (below “lower middle market”) typically seek returns in the 25%+ range through higher cash coupon rates and a majority stake in the company

• Ability to provide senior debt through equity creates flexibility to match the company’s growth with revenue and cash flow growth over time

• Interest from debt financing is tax deductible

PURE MICHIGAN
Michigan Economic Development Corporation
SBIC Program
SBIC Program Background

- The U.S. Small Business Investment Company (SBIC) program was created by Congress in 1985 to help small businesses meet their requirements for growth and operating capital not available through banks or other private capital sources.

- SBIC’s are private equity funds that invest in U.S. small businesses that met size and operational criteria set by the federal government.

- SBIC’s are licensed and regulated by the U.S. Small Business Administration, but privately managed by private sector management teams whose qualifications and business plans are approved in advance in a rigorous SBA licensing process.

- Since its beginning in 1958, the SBIC program has provided almost $60 billion of long-term debt and equity capital to more than 107,000 small U.S. companies, with $2.8 billion invested in 1,339 small businesses in FY 2011 alone.
SBIC Program Specifics

- Available leverage generally up to 2x committed capital
  - Family of SBIC’s limited to $225 million total

- Ten-year loan with fixed rate
  - Based on a spread over 10-year treasury
  - Most recent rate was 2.77%

- Commitment fees of approximately 3.5%

- 1.0% paid on commitment
  - Approximately 2.5% paid at the time of draw

- Non-recourse debt; i.e. investors are not liable for repayment of debt beyond their capital contribution
SBIC Investment Requirements

• Entity must be a small business, defined as

  • Net worth less than $18 million and average after-tax income for prior 2 years less than $6 million, or

  • Below certain industry specific employee size standards (e.g. 500 employees)

• At least 25% of investments must be in “smaller enterprises”

• Net worth less than $6 million and average after-tax income for prior 2 years less than $2 million

• Investment size of any one transaction may not exceed 30% of regulatory capital

• SBIC’s may not invest in the following:
  
  Other SBICs
  Finance & investment companies
  Real estate projects
  Single purpose projects
  Companies with less than 51% of their assets and employees in the US

  Passive businesses
  Farm land purchases
  Companies whose primary business is contrary to the public interest
  Any entity that would be considered a "conflict of interest" or "self dealing"
Benefits of Leverage

- The leverage from the SBA can be used to enhance returns, some of which can be passed back in the form of lower rates to borrowers
Questions?

Capital Markets Team
Paul Brown, Vice President
Mike Flanagan, Equity Capital Programs

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

WHEREAS, pursuant to MCL 125.2088d(1) the MSF created the Michigan Supplier Diversification Fund ("MSDF") as a loan enhancement program;

WHEREAS, the MEDC recommends the creation and operation of the Pure Michigan Urban Investment Fund (the "Urban Investment Fund") under the MSDF;

WHEREAS, the MEDC recommends that the attached guidelines be utilized for the Urban Investment Fund ("Guidelines");

WHEREAS, the MSF Board desires to: (i) create and operate the Urban Investment Fund under the MSDF and (ii) adopt the attached Guidelines for the Urban Investment Fund;

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 ("Permanent Fund");

WHEREAS, pursuant to MCL 125.2088h(3) and MCL 125.2088h(7), the MSF Board shall direct the investment and reinvestment of the Permanent Fund as provided under Chapter 8A of the MSF Act ("Chapter 8A");

WHEREAS, pursuant to MCL 125.2088h(5)(b) and (c), the Permanent 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 loans or investments by the MSF under Chapter 8A;

WHEREAS, the MEDC recommends that the MSF fund the Venture Development Fund using $10,000,000 from the Permanent Fund and that repayments to the MSF from awards authorized under the Urban Investment Fund be returned to the MSDF for future use under the MSDF; and

WHEREAS, the MSF Board desires to approve using $10,000,000 from the Permanent Fund and that repayments to the MSF from awards authorized under the Urban Investment Fund be returned to the MSDF for future use under the MSDF.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves: (i) the creation and operation of the Urban Investment Fund under the MSDF, (ii) the adoption of the attached Guidelines for the Urban Investment Fund, and (iii) the allocation of $10 million from the Permanent Fund to the Urban Investment Fund and that repayments to the MSF from awards authorized under the Urban Investment Fund be returned to the MSDF for future use under the MSDF; and
BE IT FURTHER RESOLVED, subject to the control and direction of the MSF Board, the MEDC will provide the administrative services to the MSF for the Urban Investment Fund.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
EXHIBIT A

PURE MICHIGAN URBAN INVESTMENT PROGRAM
PROGRAM GUIDELINES

- Under the Pure Michigan Urban Investment Program ("Program"), up to $10 million from the MSF Investment Fund may be used to invest in one or more for-profit urban investment funds in Michigan ("Qualified Funds").

- MSF Staff will accept responses to a Request for Applications ("RFA") from fund managers that propose to administer a Qualified Fund and receive funding under the Program. The MSF Board must approve any fund manager (GP) for award.

- Any approved Fund and GP must adhere to all of the following:
  - Execute a Limited Partnership Agreement ("LPA") with the Michigan Strategic Fund.
  - Target investments in businesses located within Eligible Urban Core Areas in Michigan ("Qualified Businesses").
  - Target investments to underserved businesses with capital needs below $5 million with immediate growth prospects.
  - May utilize multiple transaction structures for investments in Qualified Businesses, including senior secured debt, subordinated or mezzanine debt, and/or equity securities.
  - Fund(s) shall be required to provide the MSF a seat(s) on its Advisory Board.
  - Management team must invest its own capital into the fund consistent with industry standards for GP contribution.
  - Report to the MSF quarterly the economic development and financial results of its activities. Reporting requirements will be further developed; however, the recipient agrees to provide any and all necessary information which the MSF may reasonably request as a part of this report.

- The MSF shall have the ability to limit its return on investment in a Fund in order to lower the cost of capital for the fund if deemed necessary by the MSF or its delegates for the effective operation of the fund.

- Investment from the MSF into an approved Fund shall not represent more than thirty three percent (33%) of the total fund size.

- MSF capital shall be deployed to approved fund(s) through capital calls which must be drawn proportionately and concurrently with other investors in the fund(s).
EXHIBIT B

PURE MICHIGAN URBAN INVESTMENT PROGRAM
Eligibility Criteria, Methodology, and Currently Eligible Areas

An awardee Fund must target investment opportunities in businesses located in underserved urban core areas of Michigan’s 14 Metropolitan Statistical Areas (“MSAs”).

Methodology

- Consistent with the Small Business Administration’s (“SBA”) definition of a Low-to-Moderate Income (“LMI”) Enterprise, to be located in an urban core area a small business must have:
  - at least 50% of its employees or tangible assets located in that area or
  - have at least 35% of its full-time employees be primary residents of that area

- To be considered an eligible urban core area within an MSA, the area must meet at least one of the following Pure Michigan Urban Investment Program criteria:
  - Unemployment rate greater than 150% of the national average
  - Per capita income less than 75% of national average
  - Portion of the population below the poverty line greater than 150% national average
  - Minority population greater than 50%

- The Fund may also invest in small businesses with multiple locations inside and outside an eligible area, so long as the investment proceeds are only invested in those facilities which lie within an eligible area.

Eligible Urban Core Areas

- Currently 20 areas within Michigan’s 14 Metropolitan Statistical Areas meet the Program criteria of an underserved urban core area:
  - Unemployment rate greater than 150% of the national average:
    - Oak Park, Warren, Roseville, Port Huron, Inkster, Pontiac, Detroit, Highland Park, Mount Morris, Flint, Jackson, Saginaw
  - Per capita income less than 75% of national average:
    - Bay City, Port Huron, Inkster, Pontiac, Detroit, Highland Park, Flint, Jackson, Kalamazoo, Muskegon, Miles, Benton harbor, Saginaw
  - Portion of the population below the poverty line greater than 150% national average:
    - Battle Creek, Bay City, Port Huron, Inkster, Pontiac, Detroit, Highland Park, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Muskegon, Niles, Benton Harbor, Saginaw
  - Minority population greater than 50%:
    - Oak Park, Inkster, Pontiac, Detroit, Highland Park, Flint, Benton Harbor, Saginaw
<table>
<thead>
<tr>
<th>MSA</th>
<th>Eligible Urban Core Area</th>
<th>Unemployment</th>
<th>Per Capita Income</th>
<th>% of Population below the Poverty Line</th>
<th>Minority Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battle Creek</td>
<td>Battle Creek</td>
<td>10.30%</td>
<td>$21,128</td>
<td>20.90%</td>
<td>32.30%</td>
</tr>
<tr>
<td>Bay City</td>
<td>Bay City</td>
<td>10.40%</td>
<td>$18,214</td>
<td>20.30%</td>
<td>17.00%</td>
</tr>
<tr>
<td>Detroit-Warren-Livonia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oak Park</td>
<td></td>
<td>14.90%</td>
<td>$23,242</td>
<td>15.70%</td>
<td>63.40%</td>
</tr>
<tr>
<td>Warren</td>
<td></td>
<td>13.40%</td>
<td>$22,110</td>
<td>14.20%</td>
<td>23.20%</td>
</tr>
<tr>
<td>Rossville</td>
<td></td>
<td>16.00%</td>
<td>$21,420</td>
<td>13.00%</td>
<td>18.40%</td>
</tr>
<tr>
<td>Port Huron</td>
<td></td>
<td>18.20%</td>
<td>$18,688</td>
<td>26.30%</td>
<td>20.30%</td>
</tr>
<tr>
<td>Inkster</td>
<td></td>
<td>14.20%</td>
<td>$16,439</td>
<td>29.00%</td>
<td>81.40%</td>
</tr>
<tr>
<td>Pontiac</td>
<td></td>
<td>24.70%</td>
<td>$15,957</td>
<td>32.00%</td>
<td>76.00%</td>
</tr>
<tr>
<td>Detroit</td>
<td></td>
<td>19.90%</td>
<td>$15,062</td>
<td>34.50%</td>
<td>93.20%</td>
</tr>
<tr>
<td>Highland park</td>
<td></td>
<td>25.90%</td>
<td>$12,304</td>
<td>43.70%</td>
<td>97.80%</td>
</tr>
<tr>
<td>Flint</td>
<td>Mount Morris</td>
<td>15.40%</td>
<td>$23,242</td>
<td>unavailable</td>
<td>unavailable</td>
</tr>
<tr>
<td></td>
<td>Flint</td>
<td>18.90%</td>
<td>$14,910</td>
<td>36.60%</td>
<td>65.40%</td>
</tr>
<tr>
<td>Grand Rapids-Wyoming</td>
<td>Grand Rapids</td>
<td>11.10%</td>
<td>$19,868</td>
<td>24.30%</td>
<td>43.40%</td>
</tr>
<tr>
<td>Jackson</td>
<td>Jackson</td>
<td>14.30%</td>
<td>$16,697</td>
<td>29.00%</td>
<td>32.30%</td>
</tr>
<tr>
<td>Kalamazoo-Portage</td>
<td>Kalamazoo</td>
<td>11.30%</td>
<td>$18,375</td>
<td>35.40%</td>
<td>35.40%</td>
</tr>
<tr>
<td>Lansing</td>
<td>Lansing</td>
<td>11.70%</td>
<td>$19,673</td>
<td>24.70%</td>
<td>46.90%</td>
</tr>
<tr>
<td>Muskegon-Norton Shores</td>
<td>Muskegon</td>
<td>13.20%</td>
<td>$13,564</td>
<td>31.50%</td>
<td>48.50%</td>
</tr>
<tr>
<td>Niles-Benton Harbor</td>
<td>Niles</td>
<td>11.00%</td>
<td>$17,686</td>
<td>23.10%</td>
<td>23.90%</td>
</tr>
<tr>
<td></td>
<td>Benton Harbor</td>
<td>11.00%</td>
<td>$9,529</td>
<td>48.70%</td>
<td>94.40%</td>
</tr>
<tr>
<td>Saginaw-Saginaw Township</td>
<td>Saginaw</td>
<td>16.40%</td>
<td>$14,157</td>
<td>37.40%</td>
<td>65.60%</td>
</tr>
</tbody>
</table>

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

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

WHEREAS, at its July 25, 2012 meeting, MSF Board approved the Pure Michigan Urban Investment Fund (“Urban Investment Fund”) and the Pure Michigan Urban Investment Fund Guidelines (“Urban Investment Fund Guidelines”) to make investments in one or more urban investment funds which will target investments and/or loans into growth-oriented businesses in Michigan’s urban core areas;

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

WHEREAS, the MEDC recommends and the MSF desires to delegate the authority to the MSF Fund Manager to (1) appoint a JEC to review proposals and to make recommendations to the MSF Board for awards under the Urban Investment Fund and (2) to develop and approve the application and evaluation process under the Urban Investment Fund, each in accordance with the Urban Investment Fund Guidelines and the MSF Act, to be used by the JEC in reviewing applications and making award recommendations to the MSF Board under the Urban Investment Fund (the “Delegation of Authority”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Delegation of Authority for the Urban Investment Fund.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
MEMORANDUM

Date: July 25, 2012

To: Michigan Strategic Fund Board

From: Martin Dober, Senior Vice President, Entrepreneurship & Innovation
       Paula Sorrell, Managing Director, Entrepreneurial Services

Subject: Centers of Innovation Program

DESCRIPTION OF BILL
Public Act 221 of 2012 ("PA 221") amended the Michigan Strategic Fund Act (the "MSF Act") to allow the MSF to "...create and operate a Centers of Innovation Program ("COI Program") to promote the development, acceleration, and sustainability of competitive edge technology sectors in this State." This program is based on and replaces the previous Centers of Energy Excellence program. Key provisions of the COI Program include:

1) Awards may be made in the form of grants, loans, or other economic assistance, and may be provided to for-profit companies, benefit companies, nonprofit companies, universities, and national laboratories. Participation of at least one qualified business and at least one institution of higher education or national lab are required to operate a Center of Innovation.

2) All of the funds allocated to the COI Program shall be used to match federal, collaborative partners, or third party funding.

3) The funds may be used for all of the following purposes: Providing up to a 1-for-1 match for federal, collaborative partners, or third party funding of up to 50% of the total project costs; supplementing in-kind contributions provided by a person or entity other than this state; accelerating the commercialization of an innovative technology or process that will be ready to market within 5 years of the agreement date; activities of the Center, including, but not limited to, workforce development and technology demonstration.

KEY REQUIREMENTS FOR INITIATING PROGRAM AND RECOMMENDATIONS
Prior to entering into agreements with Centers of Innovation designees/operators, PA 221 requires the MSF Board to do the following:

1) Select a "Centers Manager" to assist the fund in the administration of the Centers of Innovation Program: MEDC staff recommends that the MEDC be designated as Centers Manager.

2) Appoint a committee of members to assist in the review of applications to the program: MEDC staff recommends that the Entrepreneurship Subcommittee be designated to assist in the review of applications.

3) Establish a standard process to evaluate applications: The application process is attached as Exhibit A to the resolution approving the application process. The scoring and evaluation sheet for reviewing applications is attached as Exhibit B to the resolution approving the application process.

4) Determine necessary and appropriate information to be included in the form of an application: A summary of materials required for an application is attached as Exhibit C to the resolution approving the application process.

MEDC Staff also recommends allocating $7 Million from the FY 2012 21st Century Jobs Fund budget designated for Innovation and Entrepreneurship activities for the COI Program. The MSF Entrepreneurial Subcommittee has indicated its support of these recommendations.

WHEREAS, on June 28, 2012, the Michigan Strategic Fund ("MSF") Act was amended by 2012 PA 221 to create the Centers for Innovation ("COI") Program to promote the development, acceleration, and sustainability of competitive edge technology sectors in this State, MCL 125.2088q;

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

WHEREAS, the MSF may award grants, loans, or other economic assistance to for-profit companies, benefit companies, nonprofit companies, universities, and national laboratories for all of the following purposes; (i) providing up to a 1-for-1 match for federal, collaborative partners, or third party funding of up to 50% of the total project costs; (ii) supplementing in-kind contributions provided by a person or entity other than this state; (iii) accelerating the commercialization of an innovative energy technology or process that will be ready to market within 5 years of the effective date of the agreement; and (iv) activities of the COI, including, but not limited to, workforce development and technology demonstration ("Qualifications");

WHEREAS, MCL 125.2088q(4) requires the MSF Board to establish a standard process to evaluate applications to receive a grant under the COI Program;

WHEREAS, MEDC developed the COI Award Process attached to this resolution (Attachment A and recommends that the MSF Board adopt it as the standard process;

WHEREAS, MCL 125.2088q(1) requires the MSF Board to approve an application for use which shall include information the MSF Board determines necessary and appropriate; and

WHEREAS, to meet the application requirement, the MEDC recommends that prior to consideration for the COI program, all applicants complete; (i) a cover letter submitted by the lead private sector company that requests consideration; (ii) a business plan or proposal; and (iii) a university or national laboratory support letter ("Documentation").

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Documentation as the application for use by the prospective COI Program applicants; and

BE IT FURTHER RESOLVED, the MSF Board approves the COI Award Process provided in Exhibit A as the standard process for evaluating applications for an award under the COI Program.

Ayes:

Nays:

Recessed:

Lansing, Michigan
July 25, 2012
CENTERS OF INNOVATION (COI) PROGRAM
DOCUMENTATION REQUIRED OF COI CANDIDATES

The following documentation is required of all candidates prior to consideration by the MSF Board for COI program funding.

1. **Cover Letter** - a cover letter should be submitted by the lead organization that succinctly does that following: requests consideration as a Center of Innovation, states the amount of funding requested, describes the technology involved and its relevance/merit, describes the potential impact of the proposed Center on the state, states amounts and sources of any matching funds that will be contributed, and describes university and other collaborator participation.

2. **Business Plan or Proposal** - this can be an existing business plan for the lead organization, or a proposal that has been submitted to a federal funding agency, private foundation, or other entity for matching funds.

3. **University or National Lab Support Letter(s)** - letter(s) from the university(ies) or national laboratory(ies) that are involved in the project, summarizing their planned involvement and mentioning the amount of COI funding, if any, that will be subcontracted from the lead organization. University or national laboratory involvement is required for all projects.

The documentation above will undergo a formal review process. That review will form the basis for a recommendation to the MSF Subcommittee and Board for funding approval. Companies should provide this information by email to centersofinnovation@michigan.org.

CONFIDENTIALITY

All confidential/proprietary information must be marked in the same manner as proposals to the 21st Century Jobs Fund competition. That process is described below:

All proposal materials and materials generated throughout the COI review process, including, but not limited to, technical review materials, letters of support, biographical information, and due diligence information, submitted to the MEDC and State of Michigan may be subject to public disclosure under Michigan’s Freedom of Information Act ("FOIA").

As provided in the Michigan Strategic Fund Act ("MSF Act"), the applicants may request that "financial or proprietary information," as defined in the MSF Act, contained within proposal submission materials be protected from disclosure under the Michigan FOIA. Such information MUST be identified directly within the material submitted by applicants and comply with the following requirements:

1. Identify each component and portion of the narrative for which you are requesting confidentiality. *Text, tables or graphics MUST be bolded and marked with asterisks and brackets ([bold if text]) within the narrative.*

2. Identify the attachment and the portion of the document for which you are requesting confidentiality. *Text, tables or graphics MUST be bolded and marked with asterisks and brackets ([bold if text]) on the attachment. If you are requesting confidentiality for portions of a multi-page document such as a business plan, you MUST also list the page numbers of all pages that contain information marked by asterisks and bold brackets.*

Information the applicant deems confidential must be acknowledged by the MSF Board as confidential to protect such information from disclosure under the Michigan Freedom of Information Act, MCL 15.243(1)(d). Information that is not acknowledged as confidential by the MSF Board may be subject to disclosure under the Michigan FOIA.
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

CENTERS OF INNOVATION PROGRAM APPOINTING
COMMITTEE MEMBERS AND CENTERS MANAGER


WHEREAS, on June 28, 2012 the Michigan Strategic Fund ("MSF") Act was amended by 2012 PA 221 to create the Centers for Innovation ("COI") Program to promote the development, acceleration, and sustainability of competitive edge technology sectors in this State, MCL 125.2088q, MCL 125.2088q;

WHEREAS, the MSF may award grants, loans, or other economic assistance to for-profit companies, benefit companies, nonprofit companies, universities, and national laboratories for all of the following purposes; (i) providing up to a 1-for-1 match for federal, collaborative partners, or third party funding of up to 50% of the total project costs; (ii) supplementing in-kind contributions provided by a person or entity other than this state; (iii) accelerating the commercialization of an innovative energy technology or process that will be ready to market within 5 years of the effective date of the agreement; and (iv) activities of the COI, including, but not limited to, workforce development and technology demonstration ("Qualifications");

WHEREAS, MCL 125.2088q(4) requires the MSF Board to appoint persons to a committee to assist in the review process of applications for an agreement from the COI Program;

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

WHEREAS, MCL 125.2088q(6) allows the MSF Board to select a person or entity as a centers manager to assist the MSF in the administration of the COI Program.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board will appoint the MSF Entrepreneurial Subcommittee to assist in the review process of applications for the COI Program ("Committee");

BE IT FURTHER RESOLVED, the MSF Board selects the MEDC as its centers manager to assist the fund in the administration of the COI Program; and

BE IT FURTHER RESOLVED, the Committee will bring all applications along with its award recommendations for final MSF Board decision.

Ayes:
Nays:
Recused:

Lansing, Michigan
July 25, 2012
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

FUNDING ALLOCATION TO THE CENTERS OF INNOVATION PROGRAM

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

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

WHEREAS, at its July 25, 2012 meeting, the MSF Board created the COI Program under Section 88q of the MSF Act;

WHEREAS, the Act requires the MSF Board to request the state treasurer to transfer appropriated funds from the 21st Century Jobs Trust Fund to the MSF in the amounts designated by this board to fund disbursements or reserves required for programs or activities under Chapter 8A of the MSF Act;

WHEREAS, the MEDC recommends and the MSF Board desires that $1,000,000 from the 21st Century Jobs Trust Fund FY 2011 appropriation for Innovation and Entrepreneurship be allocated to the COI Program and that $6,000,000 previously allocated to the Centers of Energy Excellence (“COEE”) program be reallocated to the COI Program (collectively, the “COI Program Funding Allocation”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the COI Funding Allocation; and

BE IT FURTHER RESOLVED, the MSF Board requests the State Treasurer to transfer $7,000,000 from the 21st Century Jobs Trust Fund to the MSF for the COI Program.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
# MICHIGAN CENTERS OF INNOVATION PROGRAM

To Promote the Development, Acceleration, and Sustainability of Competitive Edge Technology Sectors in the State

**Reviewer Score Sheet for Candidate Application**

<table>
<thead>
<tr>
<th>Name of Proposed Center of Innovation Candidate:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Reviewer:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date of Review:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Conflicts of Interest Statement:**
I certify that I do not have a conflict of interest with any potential vendors involved in this application

<table>
<thead>
<tr>
<th>Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

*Form Revised: July 2012*
LEGISLATIVE CONSIDERATIONS

1. Potential for Out-Of-State Competition. In the absence of COI funding for the proposed project, how likely is it that this project would occur in another state?

   SCORE (Out of 5, where 0=unlikely and 5=very likely):

   Comments:

   5

2. Promotion of Competitive Edge Technology Sectors. To what extent would this proposal promote the development of competitive edge technology sectors in the state? What is your evaluation of its potential impact?

   SCORE (Out of 10, where 0=lowest degree and 10=highest degree):

   Comments:

   10

3. Promotion of Economic Development. To what extent would this proposal promote economic development or job creation in the state?

   SCORE (Out of 10, where 0=lowest degree and 10=highest degree):

   Comments:

   10
4. **Attraction of Private Investment and Encouragement of Commercialization.** To what extent would this proposal attract private investment or encourage commercialization in competitive edge technology sectors in the state?

SCORE (Out of 5, where 0=lowest degree and 5=highest degree): 

5

Comments:

5. **Leverage of State Competitive Advantages.** To what extent would this proposal leverage skills or resources in which the state possesses a competitive advantage, including, but not limited to, skills of workers, intellectual property, and natural resources?

SCORE (Out of 10, where 0=lowest degree and 10=highest degree):

10

Comments:

6. **Encouragement of Technology Transfer.** To what extent would the proposal encourage collaboration on commercialization and technology transfer among qualified entities in the state?

SCORE (Out of 5, where 0=lowest degree and 5=highest degree):

5

Comments:
7. **Attraction of Federal Funding.** To what extent would the proposal attract additional federal funding to the state or persons or entities within the state?

   SCORE (Out of 5, where 0=lowest degree and 5=highest degree):

   5

   Comments:

   

8. **Financial Viability.** To what extent do this proposed Center of Innovation and its business plan demonstrate financial viability, including, but not limited to, commitments of financial and other support and the potential availability of federal funding?

   SCORE (Out of 10, where 0=lowest degree and 10=highest degree):

   10

   Comments:

   

9. **Financial Resources of Fund.** To what extent does this funding request fit within the financial resources available to the Centers of Innovation program?

   SCORE (Out of 5, where 0=bad fit and 5=excellent fit):

   5

   Comments:

   

OTHER CONSIDERATIONS

10. Market Relevance. To what extent does this proposal demonstrate a technology offering with significant growth potential and market demand?

SCORE (Out of 10, where 0=low demand and 10=high demand):

10

Comments:

11. Strength of Team. What is your evaluation of the technical and management team involved in this proposal?

SCORE (Out of 10, where 0=weakest team and 10=strongest team):

10

Comments:

12. Technology Merit. What is your evaluation of the technology merit of this proposal, including technology viability, relevance, and potential impact?

SCORE (Out of 5, where 0=lowest merit and 5=highest merit):

5

Comments:
13. **Probability of Success.** What is your evaluation of the overall probability of technical and economic success of this project?

SCORE (Out of 10, where 0=lowest probability and 10=highest probability):

10

Comments:

OVERALL SCORE (out of 100)

100

Conclusions/Recommendations:
MEMORANDUM

Date: July 25, 2012

To: MSF Board

From: Martin Dober, Senior Vice President, Entrepreneurship & Innovation
Paula Sorrell, Managing Director, Entrepreneurship & Innovation

Subject: FY 2012 Entrepreneurial Service Provider Program

BACKGROUND
Through the 21st Century Jobs Fund program, the Michigan Strategic Fund ("MSF") may provide funding for entrepreneurship and innovation projects. The Michigan Economic Development Corporation ("MEDC") recommends the creation and implementation of the Entrepreneurial Service Provider Program (the "Program") by the MSF. The Program includes providing grants to non-profits to provide business acceleration services to entrepreneurs and new tech start-ups to encourage new company formation and job creation. The Program through the attached Request for Proposals (RFP) will solicit proposals to address specific "gaps" in services that have been identified by the MEDC.

The RFP is designed to address the following gap areas:

1) First Customer Program ($1,500,000) - Services and programs to assist companies to identify, introduce, and close deals with "first" customers. This will include start-up companies and companies diversifying into new industries, requiring preparation for and introduction to "first" customers.

2) Industry Consortium Programs ($500,000) - Consortium or partnering services and programs for specific industry areas such as medical devices or clean technology.

3) Federal Grant Matching Funds ($3,250,000) - Programs to provide matching funds to companies receiving federal grants, such as SBIR, STTR, ARPA-E, DARPA and other grants.

The MEDC anticipates the following proposed timeline for the execution of this RFP:
MSF Authorizes Public Hearing: July 25, 2012
Public Hearing: August 9, 2012
Issue RFP to the Public: August 22, 2012
Applications Deadline: September 5, 2012
Results of the JEC presented to MSF Board for funding decisions: September 26, 2012

RECOMMENDATION
MEDC Staff recommends the MSF Board issue a Notice of Public Hearing to be held on August 9, 2012 at the Michigan Economic Development Corporation for the purpose of receiving public comment on the Entrepreneurial Service Provider draft RFP. The MSF Entrepreneurial Subcommittee has indicated its support of this recommendation.

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

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

WHEREAS, pursuant to MCL 125.2088k(8), prior to adopting the attached Proposed Resolution that would approve the issuance of a Request for Proposals ("RFP") to make grants to non-profit entities to provide business acceleration services to entrepreneurs and new tech start-ups, and to encourage new company formation and job creation, the MSF Board shall hold a public hearing that provides an opportunity for public comment;

WHEREAS, the MSF desires to hold a public hearing with respect to the Proposed Resolution and the RFP on August 9, 2012 to offer persons an opportunity to present data, views, questions and arguments; and

WHEREAS, the MSF desires to approve the Notice of Public Hearing and to authorize the MSF Fund Manager or the Alternate MSF Fund Manager to be present at the hearing and participate in the public discussion regarding the Proposed Resolution and the RFP.

NOW, THEREFORE, BE IT RESOLVED, that MSF Fund Manager is authorized to publish the attached Notice implementing the requirements of MCL 125.2088k(8);

BE IT FURTHER RESOLVED, that the MSF designates the MSF Fund Manager to be present at the public hearing and participate in the public discussion of the Proposed Resolution and the RFP; and

BE IT FURTHER RESOLVED, pursuant to MCL 125.2088k(8), that after the public hearing, the MSF intends to adopt a final resolution implementing changes to the 21st Century Jobs Fund program by approving the RFP.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
NOTICE OF PUBLIC HEARING

On, August 9, 2012 the Michigan Strategic Fund Board ("MSF Board") will hold a public hearing with respect to the attached proposed resolution of the MSF Board approving changes to the 21st Century Jobs Fund initiative program for fiscal year 2012. The proposed resolution seeks to issue the Entrepreneurial Service Provider Request For Proposals.

The hearing will commence at 10:00 a.m. Thursday, August 9, 2012, at the Michigan Economic Development Corporation ("MEDC"), Lake Michigan Conference Room, located at 300 N. Washington Square, Lansing, Michigan. Interested persons wishing to express any data, views or arguments regarding the Proposed Resolution will be given an opportunity to do so at the public hearing. Written comments will be accepted by the MSF Board at Michigan Strategic Fund Board, c/o Martin Döberl/Paula Sorrel, 300 North Washington Square, Lansing, MI 48913, or electronically to 2012ESP@michigan.org, but must be mailed or electronically transmitted on or before the date and time of the hearing.

This hearing will provide a reasonable opportunity for interested persons to express their views, both orally and in writing, on the Proposed Resolution.

The MEDC will provide necessary reasonable accommodation upon seven (7) days' notice to the MEDC. Individuals with disabilities needing a reasonable accommodation to effectively participate in this public hearing should contact MEDC by writing or calling the person listed below.

Dated: July 25, 2012

Ellen Graham
Michigan Strategic Fund Board
300 North Washington Square
Lansing, Michigan 48913
(517) 241-2244

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

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

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

WHEREAS, the MSF desires to focus a Request for Proposals ("RFP") to make grants to non-profit entities to provide business acceleration services to entrepreneurs and new tech start-ups, and to encourage new company formation and job creation;

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by MCL 125.2088k and establishes a competitive proposal process for awarding grants to non-profit organizations that provide entrepreneurial support services. A copy of this RFP form is attached to this Resolution; and

WHEREAS, the MSF desires to initiate the competitive proposal process to award grants to non-profit organizations that provide entrepreneurial support services.

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

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager, in consultation with the Attorney General, to modify the RFP as may be necessary or appropriate, if the modifications are not material.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
Michigan Strategic Fund Board
21st Century Job Funds

REQUEST FOR PROPOSALS
ENTREPRENEURIAL SERVICE PROVIDER
(Non-Profit Entity)
RFP-DOC-XXXX
Release Date of Draft: July 26, 2012
2012 Entrepreneurial Service Provider Request for Proposals (RFP)

Application Due Date: September 5, 2012 in .pdf format to: 2012ESP@michigan.org

This Call for Applications is issued on behalf of the Michigan Strategic Fund (the “MSF”) by the Michigan Economic Development Corporation (“MEDC”) Contracts and Grants Unit (“C&G”). C&G is the sole point of contact with regard to all matters relating to the services described in this process. The MSF is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this process and any contract awarded as a result of this process (the “Contract”). C&G will remain the SOLE POINT OF CONTACT throughout the process. All communications concerning this process must be addressed to:

Contracts and Grants
Michigan Economic Development Corporation
300 North Washington Square, 2nd Floor
Lansing, Michigan 48913
2012ESP@michigan.org

TIMELINE:

Draft RFP to the MSF..........................July 25, 2012
Issue Draft RFP..................................July 26, 2012
Post Public Hearing date..............................July 26, 2012
Public Hearing date.................................August 9, 2012
Final RFP, JEC, and Scoring and Evaluation Criteria to the MSF for Approval..................August 22, 2012
Issue RFP to the public.............................August 22, 2012
Applications deadline..............................September 5, 2012
JEC Review completed............................September 12, 2012
Results of the JEC presented to MSF Board for funding decisions..........................September 26, 2012
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section I - WORK STATEMENT</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-A) INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>I-B) PURPOSE</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section II - PROCESS AND TERMS AND CONDITIONS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>II-A) QUESTIONS</td>
<td>2</td>
</tr>
<tr>
<td>II-B) APPLICATIONS</td>
<td>3</td>
</tr>
<tr>
<td>II-C) SELECTION OF CRITERIA</td>
<td>3</td>
</tr>
<tr>
<td>II-D) FALSE INFORMATION</td>
<td>4</td>
</tr>
<tr>
<td>II-E) DISCLOSURE OF INFORMATION</td>
<td>4</td>
</tr>
<tr>
<td>II-F) CHANGES IN THE PROCESS</td>
<td>4</td>
</tr>
<tr>
<td>II-G) ELECTRONIC RECEIPT</td>
<td>4</td>
</tr>
<tr>
<td>II-H) RESERVATION OF MSF DISCRETION</td>
<td>4</td>
</tr>
<tr>
<td>II-I) PROCESS PROTEST PERIOD</td>
<td>5</td>
</tr>
<tr>
<td>II-J) JURISDICTION</td>
<td>5</td>
</tr>
<tr>
<td>II-K) CONFLICT OF INTEREST</td>
<td>5</td>
</tr>
<tr>
<td>II-L) BREACH OF CONTRACT</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section III - APPLICATION FORMAT</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>III-A) APPLICATION</td>
<td>7</td>
</tr>
<tr>
<td>III-B) APPLICATION SUBMITTAL</td>
<td>8</td>
</tr>
</tbody>
</table>
Section I - WORK STATEMENT

I-A) INTRODUCTION

Public Act 215 of 2005, Section 88k92) allows the Strategic Economic Investment and Commercialization (“SEIC”) Board to award grants and loans from the 21st Century Jobs Fund for “... basic research, applied research, university technology transfer and commercialization of products, processes and services to encourage the development of competitive-edge technologies to create jobs in the state.” Under Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”).

Through this Entrepreneurial Service Provider Request for Proposals, the MSF Board desires to allocate up to $5.25 million (“Award Amount”), disbursed over 3 years, to non-profit organizations that provide specialized support services to assist companies and institutions in commercializing competitive-edge technologies, building successful, innovative businesses with the potential for high-growth and job retention and promoting a culture of entrepreneurship in Michigan.

I-B) PURPOSE

The MSF and the MEDC rely on a variety of organizations, Service Providers (“SPs”) to provide critical and valuable services to technology entrepreneurs and companies in Michigan. These services include but are not limited to:

- A variety of training services for building best business practices, supporting technology development/entrepreneurship, and improving market position for companies through education on how to pursue new market opportunities (e.g. landing federal contracts)
- Business and marketing planning
- Connecting companies to potential sources of growth opportunities (e.g., prospective customers, new markets, investors, partners)
- Diversification assistance
- General business counseling
- Incubator and wet lab space
- Management recruitment
- Market analysis
- Networking events
- Pre-Seed funding to targeted companies
- Product development
- Sector specific expertise to support prospecting, lead qualification and project creation and management
- Small Business Innovation Research (“SBIR”), Small Business Technology Transfer (“STTR”), and other federal grant assistance
- Technology assessments and mining
- Venture capital preparation and introductions
In addition to the above services, the MSF and the MEDC have identified “gaps” in the services that are available, and that technology entrepreneurs and companies are still need in need of critical services.

The total amount of funding available is $5,250,000 for 3-year projects (see the estimated amounts available for each program).

The MSF through this Request for Proposals (RFP) is soliciting entrepreneurial service provider proposals that address the following GAP areas.

Leverage/match for each program is recommended, some are required. Collaboration is also recommended and encouraged.

Only non-profits are eligible to apply.

1. First Customer Program ($1,500,000)
   - Services and programs to assist companies to identify, introduce, and close deals with “first” customers. This will include start-up companies and companies diversifying into new industries, requiring preparation for and introduction to “first” customers.

2. Industry Consortium Programs ($500,000)
   - Requires matching funds.
   - Consortium must include partners (non-profits, economic development agencies, private companies, universities, hospitals, etc.) working together to identify the market’s assets and market the industry.
   - Develop and implement tools to catalog Michigan’s capabilities and resources of companies in specific industries such as medical devices, clean tech, etc. (including companies that may not be in the space but have the capabilities) in MI.
   - Provide services and programs to align and matchmake opportunities between companies that need products or assistance and companies that can provide this support.

3. Federal Grant Matching Funds ($3,250,000)
   - Requires matching funds.
   - Programs to provide matching funds to companies receiving federal grants
     - SBIR/STTR matching program ($1,750,000)
     - ARPA-E, DARPA, and other matching programs ($1,500,000)

Section II - PROCESS AND TERMS AND CONDITIONS

II-A) QUESTIONS

All questions must be received via email by August 9, 2012

Contracts and Grants:
2012ESP@michigan.org
II-B) APPLICATIONS

The application must be in a .pdf format utilizing 10 point font or greater and submitted via email to: 2012ESP@michigan.org by 5:00 p.m. EST on September 5, 2012. All applications must be signed by an individual authorized by the Applicant to submit the application on its behalf.

The application must include:
1) Contact Page, up to 1 page.
2) Check List Page, up to 1 page.
3) Proposal, up to 5 pages that includes description of services, milestones, and budget.

II-C) SELECTION OF CRITERIA

Applications will be evaluated upon a two-step selection process.

The first step is an evaluation of which applications satisfactorily meet the requirements of the Entrepreneurial Service Provider Request for Proposals document. The second step is the formal review of the proposals against the criteria identified.

1) Step I – Criteria for Satisfactory Bids

   a) Only non-profits are eligible
   b) Application Content – The application must address the requirements described in Section III below and submitted via email in a .pdf format.
   c) Applications must include a proposal that includes:
      i. Executive Summary
      ii. Identify which GAP area that the applicant is addressing
      iii. Proposed services
      iv. Past experience
      v. Milestones/deliverables
      vi. Budget
      vii. Economic impact – Expected number of businesses created, jobs created, retained, and increases in investment/revenue

See Section III of this document for a comprehensive description of each item above.

2) Step II – Selection and Award

   a) During the second step of the selection process, applications will be reviewed and evaluated by a Joint Evaluation Committee ("JEC") comprised of individuals selected by the MSF. Only those applications that satisfy the requirements will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any applicant. Incomplete proposals will not be accepted or reviewed. 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.michiganadvantage.org/Public-Notices-Requests-for-Proposals/.
b) During the JEC's review, applicants may be required to make oral presentations of their applications to the JEC. The MEDC will schedule these presentations, if required by the JEC.

II-D) FALSE INFORMATION

If the MSF or the MEDC determines that an Applicant purposefully or willfully submitted false information in response to this RFP, the Applicant will not be considered for an award.

II-E) DISCLOSURE OF INFORMATION

All applicants should be aware that applications submitted to the MSF and the MEDC in response to this process 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 Applicants' applications. Applicants, however, are encouraged to provide sufficient information to enable the MSF and the MEDC to determine the Applicant's qualifications and to understand or identify areas where confidential information exists and could be provided.

II-F) CHANGES IN THE PROCESS

Changes made to the process as the result of responses made to qualifying questions or concerns will be put in writing to each applicant. Neither the MSF nor the MEDC will respond to telephone inquiries or visitation by applicants or their representatives. Neither the MSF nor the MEDC will commit to answering questions received after the date and time specified in Section II-A.

II-G) ELECTRONIC RECEIPT

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY ON OR BEFORE 5:00 p.m. EST on September 5, 2012 TO: 2012ESP@michigan.org.

THE MSF HAS NO OBLIGATION TO CONSIDER ANY APPLICATION THAT IS NOT RECEIVED BY THE APPOINTED TIME.

II-H) 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) rebid the project;
4) negotiate with any Applicant for a reduced award amount, or for an increased amount to include any alternates that the Applicant may propose;
5) reduce the scope of the project, and rebid or negotiate with any Applicant regarding the revised project; or
6) defer or abandon the project.
The MSF’s decision is final and not subject to appeal. Any attempt by an applicant, collaborating entity, or other party of interest to the project to influence the awards process, to appeal, and/or take any action, including, but not limited to, legal action, regarding the proposal or awards process in general may result in the applicant’s disqualification and elimination form the award process.

II-I) PROCESS PROTEST PERIOD

If an applicant wishes to initiate a protest of the designation recommendation, the Applicant must submit a protest in writing by 5:00 p.m. EST within fourteen calendar days from the date of the notice of designation sent by the MSF. The written protest should include reference to the Strategic Service Provider Request for Proposals and clearly state the facts believed to constitute an error in the designation recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF Chairperson, Fund Manager or other designee of the MSF will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a decision. This decision is final.

To maintain the integrity of the process, protests requesting a waiver of the following omissions and requirements cannot be granted:

1) Failure of an Applicant to submit the submission by the due date and time;
2) Failure of an Applicant to provide samples, descriptive literature or other required documents by the date and time specified; and
3) Failure of an Applicant to submit a protest within the time stipulated in the notice to award or as determined by the MSF.

In fairness to Applicants who meet specifications and to prevent delays in program implementation, the MSF will not withdraw an award or re-evaluate proposals when a protest maintains that the RFP specifications were faulty.

II-J) JURISDICTION

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

II-K) 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.

II-L) 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.
Section III - APPLICATION FORMAT

To be considered, each Applicant must submit a COMPLETE application as a .pdf document in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required below. Each section of the application should be clearly identified with appropriate headings:

III-A) APPLICATION

1) **Contact Page** - State the Lead Organization’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. Also include signature as reference in II-B.

2) **Check List Page** – Include a checklist of the required sections of the proposal, as listed in this Section III-A) 3 a-g and an indication that the section is included in the proposal.

3) **Proposal** (up to 5 pages) – Provide a proposal and include the required elements a-g, as described here. In the Proposal clearly identify the following sections as headers.

   a) **Executive Summary**
   The Executive Summary should summarize the information provided in response to paragraphs (b) through (g), below. And specifically indicate:
   - **THE NAME OF THE APPLICANT ORGANIZATION**
   - **THE AMOUNT OF FUNDS REQUESTED**
   - **THE AMOUNT OF MATCHING FUNDS**
   - **THE TERM**
   - **THE GAP AREA**
   - Your TARGETED NUMBERS FOR:
     - **Companies Created**
     - **Jobs Created**
     - **Jobs Retained**
     - **Increase Investment/Revenue**

   b) **GAP Area**
   The applicant should clearly state how the proposal will address one of the three GAP areas.

   c) **Proposed Services**
   The following must be identified in the proposal:
   - The services proposing to deliver
   - The market focus (life sciences, etc.)
   - The competition or others that provide similar services
   - The applicant’s expertise, experience, and value added that provides the ability to deliver services
   - Identify collaborative partners and their value.
   - Summarize key personnel and their value
d) Past Experience
The applicant should indicate past experience providing services including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, paid for by clients, etc. Also indicate if applicant is currently receiving funds from state programs and how if the applicant receives an award from this RFP, all state funds will be used in the most effective manner.

e) Milestones/deliverables
Identify semi-annual milestones/deliverable that the applicant will commit to as a result of providing the proposed services. If applicant is awarded funding, Progress Reports are due in April and October 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 g).

f) Budget
Specifically identify THE AMOUNT OF FUNDS REQUESTED, the TERM REQUESTED, LEVERAGE, 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 include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, Start of grant-9/30/2012, 10/1/2012-3/31/2013, 4/1/2013-9/30/2013, etc. and rows should include the expense line-items.

g) Economic Impact
Identify the targeted number of companies created, jobs created, retained, and increases in investment/revenue resulting from the services. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports.

III-B) APPLICATION SUBMITTAL

The application must be in a .pdf format, limited to 7 pages and submitted via email to 2012ESP@michigan.org. All applications must be signed by an individual authorized by the Applicant to submit the application on its behalf.

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY BY MEDC, CONTRACTS AND GRANTS, NOT LATER THAN 5:00 p.m. EST ON September 5, 2012. THE MSF HAS NO OBLIGATION TO CONSIDER ANY APPLICATION THAT IS NOT TIMELY RECEIVED.
MEMORANDUM

DATE: July 25, 2012

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

FROM: Mark Morante, Senior Vice President


On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of $1 million or less. Listed below is a synopsis of the deals that were approved during the 3rd quarter of the 2012 fiscal year. Following is more information on each of the projects.

### MBDP APPROVALS

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Location</th>
<th>Incentive Approved</th>
<th>Jobs</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arctic Ax US Ltd.</td>
<td>6/28/12</td>
<td>Grand Rapids</td>
<td>$220,000</td>
<td>28</td>
<td>$1.9 million</td>
</tr>
<tr>
<td>Quality Edge, Inc.</td>
<td>6/25/12</td>
<td>Walker</td>
<td>$310,000</td>
<td>70</td>
<td>$10.5 million</td>
</tr>
<tr>
<td>Fiamm Technologies, LLC</td>
<td>6/13/12</td>
<td>Cadillac</td>
<td>$500,000</td>
<td>31</td>
<td>$4.4 million</td>
</tr>
<tr>
<td>Altronics Energy, LLC</td>
<td>6/06/12</td>
<td>Byron Township</td>
<td>$450,000</td>
<td>80</td>
<td>$2.56 million</td>
</tr>
<tr>
<td>A.G. Simpson (USA), Inc.</td>
<td>5/30/12</td>
<td>Sterling Heights</td>
<td>$900,000</td>
<td>90</td>
<td>$21.2 million</td>
</tr>
<tr>
<td>MedDirect, Inc.</td>
<td>5/21/12</td>
<td>Grand Rapids</td>
<td>$750,000</td>
<td>300</td>
<td>$2.1 million</td>
</tr>
<tr>
<td>Center Manufacturing, Inc.</td>
<td>5/14/12</td>
<td>Byron Township</td>
<td>$300,000</td>
<td>80</td>
<td>$1.02 million</td>
</tr>
<tr>
<td>Muskegon Castings Corp. D/B/A Port City Group</td>
<td>5/2/12</td>
<td>Muskegon</td>
<td>$540,000</td>
<td>55</td>
<td>$10 million</td>
</tr>
<tr>
<td>Huntington Foam, LLC</td>
<td>4/30/12</td>
<td>Greenville</td>
<td>$340,000</td>
<td>30</td>
<td>$2.56 million</td>
</tr>
<tr>
<td>HCL America, Inc.</td>
<td>4/30/12</td>
<td>Jackson</td>
<td>$875,000</td>
<td>200</td>
<td>$3.35 million</td>
</tr>
<tr>
<td>Hark Orchids, LP</td>
<td>4/30/12</td>
<td>Comstock Charter Twp.</td>
<td>$500,000</td>
<td>80</td>
<td>$5 million</td>
</tr>
<tr>
<td>Quarterly Totals</td>
<td></td>
<td></td>
<td>$5,685,000</td>
<td>1,044</td>
<td>$64.6 million</td>
</tr>
</tbody>
</table>

Michigan Economic Development Corporation
00 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org
## MCRP Approvals

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Location</th>
<th>Incentive Approved</th>
<th>Jobs</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadia Brewing Company</td>
<td>6/25/12</td>
<td>Kalamazoo</td>
<td>$575,000</td>
<td>42</td>
<td>$2.3 million</td>
</tr>
<tr>
<td>Enmar, LLC</td>
<td>6/25/12</td>
<td>Kalamazoo</td>
<td>$425,000</td>
<td>--</td>
<td>$3 million</td>
</tr>
<tr>
<td>Blue Star 2, LLC</td>
<td>6/22/12</td>
<td>Benton Harbor</td>
<td>$595,000</td>
<td>20</td>
<td>$2.77 million</td>
</tr>
<tr>
<td>Ionia Ventures, LLC</td>
<td>6/11/12</td>
<td>Grand Rapids</td>
<td>$361,500</td>
<td>70</td>
<td>$6.5 million</td>
</tr>
<tr>
<td>Ellington WF, LLC (Whole Foods Market)</td>
<td>6/4/12</td>
<td>Detroit</td>
<td>$1 million</td>
<td>80</td>
<td>$6 million</td>
</tr>
<tr>
<td>Woodward Theater, LLC</td>
<td>4/17/12</td>
<td>Detroit</td>
<td>$750,000</td>
<td>84</td>
<td>$12.3 million</td>
</tr>
<tr>
<td><strong>Quarterly Totals</strong></td>
<td></td>
<td></td>
<td><strong>$3,706,500</strong></td>
<td>296</td>
<td><strong>$32.9 million</strong></td>
</tr>
</tbody>
</table>

Artic Ax US Ltd.

Approved: June 28, 2012
Michigan Business Development Program: $220,000

HISTORY OF THE APPLICANT
Artic Ax US Ltd. is a subsidiary of Arctic Dx Inc., a Canadian based molecular diagnostic company that commercializes genetic markers for the testing of diseases. The Applicant was formed in 2008 to pursue the commercialization of a test called Macula Risk that can determine whether or not an individual will develop macular degeneration, which causes partial or total blindness.

PROJECT DESCRIPTION
The Applicant plans to open a new operation in Michigan, make investments and create jobs to open a CLIA laboratory for patient testing for its Macula Risk product. The laboratory will be approximately 7,500 to 10,000 square feet.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that will locate and operate in Michigan.

b) The project will be located in the City of Grand Rapids. The City of Grand Rapids has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement.

c) The Applicant has demonstrated a need for the funding based on a competitive economic incentive package to locate this project in New York.

d) The Applicant plans to create 28 Qualified New Jobs above a statewide base employment level of 0.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The company indicates that this project will result in capital investment and job creation in 2012. The jobs created as a result of this project are high wage positions with an average annual salary of $64,883. Additionally, this project results in a projected positive return-on-investment for the State of Michigan.

MBDP INCENTIVE
This project involves the creation of 28 Qualified New Jobs and a capital investment of up to $1,859,500 in the City of Grand Rapids. The MSF approved $220,000 in the form of a performance-based grant on June 28, 2012. The projected ROI for the Project is 7.6.
Quality Edge, Inc.

Approved: June 25, 2012
Michigan Business Development Program: $310,000

HISTORY OF THE APPLICANT
Quality Edge, Inc. is a privately held Michigan C-corporation that was formed in 1991. The company was acquired by MISA, Inc. in 2006. Quality Edge, Inc. is an innovative manufacturer of residential building products such as soffit, fascia, drip edge, gutter protection, and siding. The company’s products are made from aluminum and steel and are sold to building product distributors throughout the United States.

PROJECT DESCRIPTION
The Applicant plans to expand an existing facility in Michigan, make investments and create jobs related to the launch of a new metal roofing line. The product will be designed at developed at the project. It is anticipated that this product will serve as a catalyst for other new product offerings.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

b) The project will be located in City of Walker. The City of Walker has offered a “staff, financial, or economic commitment to the project” in the form of a twelve year property tax abatement under PA 198 of 1974. The estimated value of this abatement is $149,000.

c) The Applicant has demonstrated a need for the funding based on requirements from the Applicant’s parent company that require a certain projected rate of return on any new project before internal financing is authorized. Without the incentive the parent company would’ve required the Applicant to pursue this project at one of its alternative locations.

d) The Applicant plans to create 70 Qualified New Jobs above a statewide base employment level of 75.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company anticipates that this project will result in job creation and investment in 2012. This project was in competition with competing locations in Nevada and Arizona. Additionally, this project has a positive projected return-on-investment for the State of Michigan.

MBDP INCENTIVE
This project involves the creation of 70 Qualified New Jobs and a capital investment of up to $10,478,300 in the City of Walker. The MSF approved $310,000 in the form of a performance-based grant on June 25, 2012. The projected ROI for the Project is 6.06.
FIAMM Technologies, LLC

Approved: June 13, 2012
Michigan Business Development Program: $500,000

HISTORY OF THE APPLICANT
Originally, the Cadillac operation, which was founded in 1982, was known as Signaltone and was a subsidiary of a French company named Klaxon. In 1990, FIAMM Technologies purchased Klaxon and in 1992 moved FIAMM’s horn operations from Brownsville, Texas to the recently purchased Cadillac facility.

Today, FIAMM Technologies is focused on the manufacturing of automotive horns, the mainstream AM80 trumpet horn along with a long life disc horn, the HK9E. According to the company it is the only major horn producer in North America and currently has a 65% market share. Their customers include GM, Ford, Chrysler, BMW, Mercedes Benz, Mazda, Nissan, Hyundai/Kia, Mitsubishi, Freightliner, Kenworth, and Peterbilt, Mack and many other heavy truck and industrial aftermarket customers.

PROJECT DESCRIPTION
The Applicant plans to add a sixth manufacturing line (in its existing facility) related to automotive horns to provide additional capacity to support the growth of FIAMM Technologies automotive business.

a) The Applicant is a “Qualified Business” that is located and operates in Michigan.
b) The project will be located in the City of Cadillac. The City of Cadillac is supportive of a financial commitment to the project in the form of property tax abatements. The estimated value of the abatements is $252,000.
c) The Applicant has demonstrated a need for the funding. The alternative for the project was to place the additional work at an existing facility in Wuhan China. The company represents that they could do the project in their China facility for approximately 30% of the required Cadillac investment.
d) The Applicant plans to create 31 Qualified New Jobs above a statewide base employment level of 139.
e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the company anticipates that investment will begin in the fall of 2012, job creation is expected to commence in June of 2012 and the project results in a positive ROI for Michigan.

MBDP OPPORTUNITY
This project involves the creation of 31 Qualified New Jobs and a capital investment of up to $4.4 million in the City of Cadillac. The MSF approved $500,000 in the form of a performance-based grant on June 13, 2012. The projected ROI for the Project is 3.8.
Altronics Energy, LLC

Approved: June 6, 2012
Michigan Business Development Program: $450,000

HISTORY OF THE APPLICANT
Altronics Energy, LLC ("Altronics") was formed in 2010 by the owners of Altron Automation. The company’s business plan was to manufacture component parts for the small wind turbines of Windtonics, LLC and to distribute small wind turbine systems through a sub dealer network. The company is headquartered in Byron Township, Michigan and currently has ten employees.

PROJECT DESCRIPTION
The Applicant plans to expand an existing operation in Michigan, make investments and create jobs related to a new opportunity to conduct complete manufacturing of small wind turbines as well as serve as the lead North American distributor of these turbines. The company was awarded a contract to be the manufacturer of the Honeywell wind turbine.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

b) The project will be located in Byron Township. Byron Township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 198 of 1974. The estimated value of this abatement is not known at this time.

c) The Applicant has demonstrated a need for the funding based on the costs of moving the manufacturing of this product from Windsor, Ontario to Byron Township, Michigan. The primary competition for this project was from Windsor, Ontario and Charleston, South Carolina. Both sites offered competitive economic development incentive packages.

d) The Applicant plans to create 80 Qualified New Jobs above a statewide base employment level of 10.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The company indicates job creation and capital investment will begin in 2012. Additionally, this project has a positive projected return on investment for Michigan.

MBDP INCENTIVE
This project involves the creation of 80 Qualified New Jobs, though the Applicant anticipates this opportunity could create up to 90 jobs, and a capital investment of up to $2,560,000 in the Byron Township. The MSF approved $450,000 in the form of a performance-based grant on June 6, 2012. The projected ROI for the Project is 8.9.
A.G. Simpson (USA), Inc.

Approved: May 30, 2012
Michigan Business Development Program: $900,000

HISTORY OF THE APPLICANT
The Applicant is the U.S. subsidiary of A.G. Simpson Automotive Inc., which is based in Canada. These entities and others are branded as AGS Automotive Systems, which has over 60 years of experience in the manufacturing of automotive components, specifically related to impact system assemblies (especially with chrome plating of bumpers), stamping and complex welded assemblies. AGS Automotive Systems operates manufacturing facilities throughout southern Ontario as well as Sterling Heights, Michigan and Shreveport, Louisiana.

The Applicant is assessing its manufacturing operations throughout Ontario and Michigan to determine the location for new business the Applicant has acquired. Without the location of new work to Michigan, the future viability of their Sterling Heights location is at risk. The Applicant is considering the purchase of an existing vacant building that requires significant upgrades to become productive. In total, the Applicant anticipates a capital investment of up to $21.2 million related to this project.

PROJECT DESCRIPTION
The Applicant plans to expand their Sterling Heights operations in Michigan, make investments and create jobs related to the manufacturing of automotive components.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

b) The project will be located in City of Sterling Heights. The City of Sterling Heights has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement. The value of a 12-year abatement under P.A. 198 of 1974 is estimated at over $1 million and will be considered by City Council at a future date.

c) The Applicant has demonstrated a need for the funding. The Applicant has identified available space in southern Ontario versus the need for building improvements at the proposed facility in Sterling Heights.

d) The Applicant plans to create 90 Qualified New Jobs above a statewide base employment level of 51.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the Applicant expects job creation and investment to begin immediately; the project involved out-of-state competition with southern Ontario; the project will reuse and rehabilitate an existing facility in Michigan; and the project has an expected net positive return to Michigan.

MBDP INCENTIVE
This project involves the creation of 90 Qualified New Jobs and a capital investment of up to $21.2 million in the City of Sterling Heights. The MSF approved $900,000 in the form of a performance-based grant on May 30, 2012. The projected ROI for the Project is 4.4.
MedDirect, Inc.

Approved: May 21, 2012
Michigan Business Development Program: $750,000

HISTORY OF THE APPLICANT
MedDirect, Inc. was formed in 2000 and has been located in the Grand Rapids, Michigan area since that time. The company focuses on managing patient customer service and patient pay accounts receivables for the medical industry. MedDirect, Inc. serves medical providers in 37 states and patients in all 50 states.

In 2011 MedDirect, Inc. was acquired by BCP MedData Holdings, LLC and is now a member of the MedData, Inc. group of companies. This new relationship with MedData is expected to significantly increase business volumes and revenues for MedDirect.

PROJECT DESCRIPTION
The Applicant plans to open a new facility in Michigan, make investments and create jobs related to their growth in patient customer service and patient pay accounts receivable management.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

b) The project will be located in the City of Grand Rapids. The City of Grand Rapids has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 328 of 1998 for seven years. The community has estimated the value of this abatement at $80,895.

c) The Applicant has demonstrated a need for the funding. The Company received competitive economic development incentive packages from Ohio and Indiana.

d) The Applicant plans to create 300 Qualified New Jobs above a statewide base employment level of 52.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company has the prospect of near term job creation, with 106 jobs expected to be created in 2012. The project involves out-of-state competition from sites in Indiana and Ohio. Additionally, this project is expected to result in a positive return on investment for the State of Michigan.

MBDP INCENTIVE
This project involves the creation of 300 Qualified New Jobs and a capital investment of up to $2,109,524 in the City of Grand Rapids. The MSF approved $750,000 in the form of a performance-based grant on May 21, 2012. The projected ROI for the Project is 7.8.
Center Manufacturing, Inc.

Approved: May 14, 2012
Michigan Business Development Program: $300,000

HISTORY OF THE APPLICANT
Center Manufacturing, Inc. ("Center Manufacturing") was formed in 1969 as a metal stamping company serving the automotive and consumer electronics sectors. Center Manufacturing also established relationships with industry-leading manufacturers of ATV’s, motorcycles, and automobiles to produce complex welded assemblies and components.

In 2006 Center Manufacturing was acquired by Industrial Opportunity Partners, L.P. and immediately refocused its growth strategy toward the commercial vehicle, power sports, agricultural, and industrial markets.

Center Manufacturing currently has 488 employees in Michigan.

PROJECT DESCRIPTION
The Applicant plans to expand an existing operation in Michigan, make investments and create jobs related to a transfer of the Company’s Honda Power Sports contracts from South Carolina to Michigan. Center Manufacturing will primarily supply frame components for several Honda ATV’s.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

b) The project will be located in Byron Township. Byron Township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 198 of 1974. The estimated value of the abatement is not known at this time.

c) The Applicant has demonstrated a need for the funding based on competition from other Honda suppliers located in North Carolina, South Carolina, and Georgia. These competitors have a geographical advantage because the products will be shipped to Honda’s plant in Timmonsville, South Carolina.

d) The Applicant plans to create 80 Qualified New Jobs above a statewide base employment level of 488.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company indicates that investment and job creation will both begin in 2012 if this project locates in Michigan. This project also results in a positive return-on-investment for Michigan.

MBDP INCENTIVE
This project involves the creation of 80 Qualified New Jobs, though the applicant anticipates the opportunity can create up to 100 jobs, and a capital investment of up to $1.02 million in Byron Township. The MSF approved $300,000 in the form of a performance-based grant on May 14, 2012. The projected ROI for the Project is 9.1.
Muskegon Castings Corp.

Approved: May 2, 2012
Michigan Business Development Program: $540,000

HISTORY OF THE APPLICANT
Muskegon Castings Corp. was founded in 1981 in Muskegon, Michigan, as Port City Die Casting and Machining Company. Since that time that company has grown into a group of seven related companies with the primary products and services of aluminum die casting, zinc die casting, plastic injection molding, tool and die design and production, aluminum recycling and smelting, and LED lighting and assemblies.

Muskegon Castings Corp. currently has 186 employees in Michigan. The Applicant and its related entities currently have 463 employees in Michigan.

PROJECT DESCRIPTION
The Applicant plans to open a new operation and expand in Michigan, make investments and create jobs related to adding an additional facility to provide aluminum die casting and machining in the City of Muskegon. The new facility will also result in growth at Muskegon Casting Corp’s related companies.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

b) The project will be located in City of Muskegon. The City of Muskegon has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 198 of 1974 on real property for twelve years and a property tax abatement under PA 328 of 1998 for twelve years. The estimated value of the PA 198 tax abatement is $210,000 and the estimated value of the PA 328 tax abatement is $1,456,000.

c) The Applicant has demonstrated a need for the funding based on a competitive economic development incentive offer from a South Bend, Indiana.

d) The Applicant plans to create 55 Qualified New Jobs above a statewide base employment level of 186. The Company anticipates job creation of up to 85, with an additional 100 jobs at related companies in the City of Muskegon.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company indicates it will begin making investment and creating jobs related to the project in 2012, the project involves the re-use of a currently vacant manufacturing facility in the City of Muskegon, and the project had out-of-state competition from South Bend, Indiana.

MBDP INCENTIVE
This project involves the creation of 55 Qualified New Jobs, with the opportunity to create up to 185 by the Company and related companies in the City of Muskegon. The Company anticipates this opportunity can result in capital investment of up to $10 million in the City of Muskegon. The MSF approved $540,000 in the form of a performance-based grant on May 2, 2012. The projected ROI for the Project is 4.4.
Huntington Foam, LLC

Approved: April 30, 2012
Michigan Business Development Program: $340,000

HISTORY OF THE APPLICANT
Huntington Foam, LLC ("Huntington Foam") is a custom foam molder that began operations in Greenville, Michigan in 1997. The company moved to its current location in Greenville in 2000.

Until 2005 Huntington Foam’s primary customer was Electrolux. Since Electrolux closed its Greenville facility; Huntington Foam has diversified its customer base to service the bath, plumbing, furniture, and automotive industries.

Huntington Foam has five plants throughout North America and 330 employees, including 48 in Michigan.

PROJECT DESCRIPTION
The Applicant plans to expand their operations in the City of Greenville, Michigan, make investments and create jobs related to the increase of its manufacturing, warehousing, and office space. The company plans to purchase the facility they currently lease and expand it by 70,000 square feet.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

b) The project will be located in the City of Greenville. The City of Greenville has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 198 of 1974 for 12 years. The estimated value of this abatement is $153,000.

c) The Applicant has demonstrated a need for the funding based on competitive economic development incentive offers from competing states, as well as competition from locations that are closer to Huntington Foam’s largest customers. The company considered Indiana, Ohio, Iowa, Illinois, and Arkansas for this project.

d) The Applicant plans to create 30 Qualified New Jobs above a statewide base employment level of 48.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The project is located in a distressed community, the company plans to begin hiring for the project in 2012, the company plans to make all the investment related to the project in 2012, and the project has a net positive return to Michigan.

MBDP INCENTIVE
This project involves the creation of 30 Qualified New Jobs and a capital investment of up to $2.56 million in the City of Greenville. The MSF approved $340,000 in the form of a performance-based grant on April 30, 2012. The projected ROI for the Project is 5.8.
HCL America, Inc.

Approved: April 30, 2012
Michigan Business Development Program: $875,000

HISTORY OF THE APPLICANT
HCL America, Inc. is a wholly-owned subsidiary of HCL Technologies headquartered in India. Established in 1976, HCL Technologies is a leading provider in business transformation, enterprise and custom applications, infrastructure management, business process outsourcing and engineering services. HCL Technologies provides services for a wide range of industries including financial services, manufacturing, consumer services, public services and healthcare.

HCL America, Inc. has locations in many states including Michigan, New York, North Carolina and California that serve various customers including Xerox, Paragon Networks, Advoco Software, CISCO, Ericsson Qualcomm, and many others. HCL Technologies has a worldwide presence with locations throughout Asia, Europe, Australia and the Americas.

PROJECT DESCRIPTION
HCL America, Inc. plans to expand their footprint in Michigan by locating a Development Center in the City of Jackson, make investments and create new jobs related to computer programming services.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088(9)(b), that will locate and operate in Michigan.

b) The project will be located in the City of Jackson. The City has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement. The abatement is anticipated to be a 12 year PA 328 personal property abatement. The value is estimated to be $1.5 million.

c) The Applicant has demonstrated a need for the funding based on creating a business case strong enough for their Board of Directors to invest in a larger Development Center operation in Michigan.

d) The Applicant plans to create 200 Qualified New Jobs above a statewide base employment level of 91.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the company indicates that investment and job creation will begin in the Spring of 2012, the company had competing incentive offers from other states including New York and Ohio and the project will result in a positive ROI for the State of Michigan.

MBDP INCENTIVE
This project involves the creation of 200 Qualified New Jobs, though the Applicant anticipates this opportunity can create up to 300 new jobs and estimates a capital investment of up to $3.35 million in the City of Jackson. The MSF approved $875,000 in the form of a performance-based grant on April 30, 2012. The projected ROI for the Project is 9.8.
Hark Orchids, LP

Approved: April 30, 2012
Michigan Business Development Program: $500,000

HISTORY OF THE APPLICANT
Hark Orchids, LP ("Hark Orchids") was incorporated in 2012 as a subsidiary of Hark Orchids, GmbH & Co. KG, a successful orchid propagation company based in Germany. Hark Orchids was set up to establish an existing successful concept from Europe in the United States, the laboratory production of young orchid plants.

PROJECT DESCRIPTION
The Applicant plans to build a new operation in Michigan, make investments and create jobs related to mass propagation of orchids. The laboratory constructed by Hark Orchids will be the first professional laboratory for orchid production in the United States.

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that will locate and operate in Michigan.

b) The project will be located in Comstock Charter Township. Comstock Charter Township has offered a “staff, financial, or economic commitment to the project” in the form of property tax abatement under PA 198 of 1974 for twelve years. The estimated value of the abatement is $277,000. Portions of the site also are in an existing Renaissance Zone that will remain in place for the next six years and the Company will receive the benefit during that time.

c) The Applicant has demonstrated a need for the funding based on a competing economic development incentive offer from Elkhart, Indiana.

d) The Applicant plans to create 80 Qualified New Jobs above a statewide base employment level of 0.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: Hark Orchids indicates it will begin making capital investment related to the project in 2012 and begin hiring in 2013. This project faced significant competition from a competing site in Elkhart, Indiana. Additionally, this project has a net positive return on investment for Michigan.

MBDP INCENTIVE
This project involves the creation of 80 Qualified New Jobs and a capital investment of up to $5,000,000 in the Charter Township of Comstock. The MSF approved $500,000 in the form of a performance-based grant on April 30, 2012. The projected ROI for the Project is 4.2.
Arcadia Brewing Company

Approved: June 25, 2012
Michigan Community Revitalization Program: $575,000

HISTORY OF THE APPLICANT
Arcadia Brewing Company was established in 1996 as a microbrewery, small winemaker, and restaurant in downtown Battle Creek, Michigan. Over the last sixteen years the Company’s sales have increased from approximately 660 barrels in 1996 to over 10,000 barrels in 2011.

PROJECT DESCRIPTION
The Applicant plans to locate a new 30,000 square foot pub, production facility, brewhouse, and eatery on approximately 2.62 acres located at 701 E. Michigan Avenue in the City of Kalamazoo, Michigan. The property will be owned by Enmar, LLC and developed by Treystar Holdings, LLC and is eligible as a “facility”. The City of Kalamazoo has offered a reduced purchase price for the land, site preparation assistance, infrastructure improvements, a loan through their revolving loan fund, local Tax Increment Financing, environmental work, and a property tax abatement if there is a personal property liability.

The Project anticipates the creation of 42 jobs as a result of the redevelopment.

MCRP INCENTIVE
This project involves $2,300,000 in eligible investment and the creation of 42 new jobs in the City of Kalamazoo. The MSF approved $575,000 performance based grant on June 25, 2012. The projected ROI for the Project is not known at this time.
Enmar, LLC

Approved: June 25, 2012
Michigan Community Revitalization Program: $425,000

HISTORY OF THE APPLICANT
Enmar, LLC is the real estate holding company for Arcadia Brewing Company. Arcadia Brewing Company was established in 1996 as a microbrewery, small winemaker, and restaurant in downtown Battle Creek, Michigan. Over the last sixteen years the Company’s sales have increased from approximately 660 barrels in 1996 to over 10,000 barrels in 2011.

PROJECT DESCRIPTION
The Applicant plans to redevelop and own 2.62 acres located at 701 E. Michigan Avenue in the City of Kalamazoo, Michigan. Enmar, LLC will work in conjunction with the project developer Treystar Holdings, LLC. The tenant for the project will be Arcadia Brewing Company, which plans to locate a new 30,000 square foot pub, production facility, brewhouse, and eatery. The Project is eligible as a “facility”. The City of Kalamazoo has offered a reduced purchase price for the land, site preparation assistance, infrastructure improvements, a loan through their revolving loan fund, local Tax Increment Financing, environmental work, and a property tax abatement if there is a personal property liability.

Arcadia Brewing Company anticipates the creation of 42 new jobs related to this redevelopment.

MCRP INCENTIVE
This project involves $2,925,000 in eligible investment and total capital investment of up to $3,165,000 in the City of Kalamazoo. The MSF approved $425,000 in the form of a performance based grant on June 25, 2012. The projected ROI for this Project is not known at this time.
Blue Star 2, LLC

Approved: June 22, 2012
Michigan Community Revitalization Program: $595,000

HISTORY OF THE APPLICANT
This project will be developed by Prairie Real Estate Group, LLC, which is a commercial real estate development and management company. It is Prairie Real Estate Group, LLC’s mission to offer superior commercial space relative to the market and provide the highest quality of life to its tenants. Prairie Real Estate Group, LLC has completed numerous historic renovation projects throughout the Midwest, including a building renovation at 330 West Main Street in Benton Harbor.

The property being redeveloped is owned by Blue Star 2, LLC, which shares 100% common ownership with Prairie Real Estate, LLC.

PROJECT DESCRIPTION
The Applicant plans to completely renovate and lease the building located at 376 Main Street in downtown Benton Harbor, Michigan. The plan is for the building to have approximately 9,845 of commercial and/or retail space on the first floor and approximately eight loft style apartments utilizing the same amount of space on the second floor. The Project is eligible as a “facility” and includes $2.4 million in eligible investment for demolition, new construction, site improvements, building renovations, machinery & equipment, furniture and fixtures and eligible soft costs. The City of Benton Harbor has offered reimbursement of certain costs through Brownfield Tax Increment Financing or the creation of an OPRA District.

The Project anticipates the creation of approximately 20 jobs as a result of this redevelopment.

MCRP INCENTIVE
This project involves $2,362,800 in eligible investment and total capital investment of up to $2,775,800 in the City of Benton Harbor. The MSF approved $595,000 in the form of a performance based grant on June 22, 2012. The projected ROI for this Project is not known at this time.
Ionia Ventures, LLC

Approved: June 11, 2012
Michigan Community Revitalization Program: $361,500

HISTORY OF THE APPLICANT
Ionia Ventures, LLC is a company related to 616 Lofts, LLC and 616 Development. 616 Lofts, LLC is a boutique real estate and development firm dedicated to re-energizing unused spaces in downtown Grand Rapids, Michigan. The development team of Ionia Ventures, LLC was involved with multiple recent successful rehabilitation projects in the City of Grand Rapids.

PROJECT DESCRIPTION
The Applicant plans to rehabilitate buildings located at 1 & 7 Ionia Avenue Southwest in downtown Grand Rapids, Michigan into one mixed-use building. The building will have a restaurant on the first floor, office space on the second floor, and approximately 21 market rate apartments on floors three through five on approximately 0.2 acres of property. The Project involves capital investment of $6.5 million, of which $2.41 is considered eligible for purposes of this Program. The City of Grand Rapids has offered 2 grants, totaling $100,000, from their Building Reuse Incentives Program through the Downtown Development Authority.

The Project anticipates the creation of 70 jobs, including 35 full-time, associated with this redevelopment.

MCRP OPPORTUNITY
This project involves $2,410,000 in eligible investment and total capital investment of up to $6,499,500 in the City of Grand Rapids. The MSF approved $361,500 in the form of a performance based grant on June 11, 2012. The projected ROI for this Project is not known at this time.
Ellington WF, LLC

Approved: June 4, 2012
Michigan Community Revitalization Program: $1,000,000

HISTORY OF THE APPLICANT
Ellington WF, LLC ("Applicant") is part of a group of affiliated companies and partnerships formed under the umbrella organization Ram Development Company ("RDC"). RDC, in conjunction with Ram Realty Services that manages and operates the properties, is a developer of retail, multifamily and commercial mixed-use urban infill projects. RDC has completed several projects in Detroit, including a five-story commercial office building and public parking structure, and a mixed-use apartment complex with 55 loft apartments and approximately 12,500 square feet of retail space. The site of the mixed-use development is adjacent to the project described below.

PROJECT DESCRIPTION
The Applicant plans to construct a 21,500 square foot retail building to be leased to Whole Foods Market located at 115 Mack Avenue in the City of Detroit. Whole Foods is a full-service grocery store that will offer fresh produce and other high-quality natural and organic food product to the Midtown neighborhood. To prepare the site for construction, the Applicant will demolish the vacant bank, excavate poor soils, backfill, and grade to prepare the site for construction. The new building will feature a brick and precast concrete panel façade, with large windows, and mural art panels. Horizontal improvements to the site include a surface parking lot, curbs and gutters, as well as appropriate landscaping. The Project is qualifying as a “facility”. The City of Detroit has offered a $1,250,000 forgivable loan in support of the project.

As a result of this redevelopment, Whole Foods is expected to create 80 new jobs in the City of Detroit.

MCRP INCENTIVE
This project involves $9,190,524 in eligible investment and total capital investment of up to $14,900,000 in the City of Detroit. The MSF approved $1,000,000 in the form of a performance based grant on June 4, 2012. The projected ROI for this Project is not known at this time.
Woodward Theater, LLC / Economic Development Corporation of Detroit

Approved: April 17, 2012
Michigan Community Revitalization Program: $750,000

LENDER & HISTORY OF THE APPLICANT
The Economic Development Corporation of Detroit ("Lender") is a Michigan public body corporate operating within the City of Detroit that promotes industrial and commercial investment, revitalization of vacant and blighted properties, and creation of employment. Funding for the Lender programs comes from a variety of sources including grants, contracts, interest on loans and captured tax increments. The Lender operates loan programs, supports and finances public infrastructure and provides other financial and technical assistance for development within the City of Detroit.

The two managing member of Woodward Theater, LLC ("Company"), George Stewart and Michael Bryd, have extensive redevelopment experience in the City of Detroit. Through a related entity they completed development of three facilities adjacent to the proposed theater redevelopment, including: construction of a new parking garage; construction of a three story, mixed-use commercial office building; and the renovation of a historic commercial office building. The developments were completed on time and on budget. Mr. Byrd also has over 20 years of experience owning and operating restaurants in the City of Detroit. He currently owns Floods Bar and Grille and Mr. Mike’s.

The Company has not received any incentives from the MSF previously. The Company was approved for Michigan Economic Growth Authority Brownfield Redevelopment Tax Credits for the Overall Development and anticipates the credits will be valued at $1,472,172. The project also received a 5% state historic redevelopment tax credit.

PROJECT DESCRIPTION
The Company plans to obtain a loan from the Lender toward the renovation of the historic Woodward Garden Theater on a little more than one-third acre of property located at 3919-3933 Woodward Avenue in the City of Detroit. The project involves $3.25 million in eligible investment on the site of the historic theater and is part of an overall projected investment of $12.3 million on the site that will result in a 1300 seat theater featuring live music and other artistic performances. The facility will also support corporate conference and sales meetings that require access to high-end visual and sound equipment and a large auditorium setting ("Overall Development"). The project is functionally obsolete and a historic resource.

MCRP INCENTIVE
This project involves $3.25 million in eligible investment and is part of an Overall Development with total capital investment of up to $12.3 million in the City of Detroit. The MSF approved $750,000 in the form of loan participation with the Lender on April 17, 2012. The Lender has approved a $1,000,000 term loan for 10 years, with flexible payment arrangements. The MSF participation is 75% on the note. The projected ROI for this Project is not known at this time.
PURE MICHIGAN®

MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL SERVICES TEAM
April 1 – June 30, 2012

BACKGROUND
On May 20, 2009, the MSF Board approved the Michigan Loan Participation Program (“MLPP”) guidelines, and on June 24, 2009, the Michigan Collateral Support Program (“MCSP”). Both programs are housed under the Michigan Supplier Diversification Fund (“MSDF”), and are funded by the state’s 21CJF initiative. The MSF Board must approve MSDF requests over $2.5 million, and as delegated by the MSF Board on March 28, 2012, requests for collateral support or loan participation of $2.5 million or less may be approved by any of the following: MSF Chairperson, or the MSF Fund Manager, or the MSF State Treasurer Director.

On May 25, 2011, the MSF Board approved the Michigan Business Growth Fund (“MBGF”), and its two programs, the Collateral Support Program (“MBGF-CSP”), and the Loan Participation Program (“MBGF-LPP”). The MBGF, and its programs were created under, and are to be funded by, the federal government’s State Small Business Credit Initiative (“SSBCI”). The MSF Board must approve MBGF requests over $2.5 million, and as delegated by the MSF Board on May 25, 2011, requests for collateral support or loan participation of $2.5 million or less may be approved by any of the following: MSF Chairperson, or the MSF Fund Manager, or the MSF State Treasurer Director.

APPROVALS BY AUTHORIZED DELEGATES
Between April 1, 2012 and June 30, 2012 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Request Type</th>
<th>MSF Support</th>
<th>Loan Amount</th>
<th>Action</th>
<th>Date Approved</th>
<th>Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corridor Sausage Co., LLC</td>
<td>MSDF-MCSP</td>
<td>$49,900</td>
<td>$100,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 11, 2012</td>
<td>N</td>
</tr>
<tr>
<td>Mark One Corporation</td>
<td>MSDF-MCSP</td>
<td>$249,500</td>
<td>$500,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Mark One Corporation</td>
<td>MSDF-MCSP</td>
<td>$249,500</td>
<td>$500,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Mark One Corporation</td>
<td>MSDF-MCSP</td>
<td>$249,500</td>
<td>$500,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Michigan Pipe &amp; Valve - Saginaw, Inc.</td>
<td>MSDF-MCSP</td>
<td>$339,000</td>
<td>$880,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>June 19, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Cherry Growers, Inc.</td>
<td>MSDF-MLPP</td>
<td>$823,350</td>
<td>$1,650,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>May 21, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Cherry Growers, Inc.</td>
<td>MSDF-MLPP</td>
<td>$439,120</td>
<td>$880,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>May 21, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$2,399,870</td>
<td>$5,010,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td>Request Type</td>
<td>MSF Support</td>
<td>Loan Amount</td>
<td>Action</td>
<td>Date Approved</td>
<td>Closed</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>--------------</td>
<td>-------------</td>
<td>-------------</td>
<td>---------------------------------</td>
<td>---------------</td>
<td>--------</td>
</tr>
<tr>
<td>Plastic Systems, LLC</td>
<td>MBGF-CSP</td>
<td>$ 425,000</td>
<td>$ 875,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 5, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>UST, Inc.</td>
<td>MBGF-CSP</td>
<td>$ 60,019</td>
<td>$ 320,019</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 6, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>FC Mason Company</td>
<td>MBGF-CSP</td>
<td>$ 300,000</td>
<td>$ 900,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 17, 2012</td>
<td>N</td>
</tr>
<tr>
<td>Dew-Fresh, Inc.</td>
<td>MBGF-CSP</td>
<td>$ 210,000</td>
<td>$ 570,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>N</td>
</tr>
<tr>
<td>Firetronic, LLC</td>
<td>MBGF-CSP</td>
<td>$ 92,500</td>
<td>$ 187,500</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>N</td>
</tr>
<tr>
<td>Firetronic, LLC</td>
<td>MBGF-CSP</td>
<td>$ 600,000</td>
<td>$ 1,500,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>N</td>
</tr>
<tr>
<td>Softech, Inc.</td>
<td>MBGF-CSP</td>
<td>$ 149,700</td>
<td>$ 300,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Hines Industries, Inc.</td>
<td>MBGF-CSP</td>
<td>$ 124,750</td>
<td>$ 250,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Progressive Finishing, Inc.</td>
<td>MBGF-CSP</td>
<td>$ 370,000</td>
<td>$ 1,170,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>May 29, 2012</td>
<td>N</td>
</tr>
<tr>
<td>Assimacopoulos Bakery Distributors, Inc.</td>
<td>MBGF-CSP</td>
<td>$ 321,855</td>
<td>$ 645,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>June 6, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Ram-Die Corp.</td>
<td>MBGF-LPP</td>
<td>$ 124,250</td>
<td>$ 249,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>April 30, 2012</td>
<td>Y</td>
</tr>
<tr>
<td>Darby Metal Treating, Inc.</td>
<td>MBGF-LPP</td>
<td>$ 368,486</td>
<td>$ 738,450</td>
<td>Approved by Chair and Fund Manager</td>
<td>June 6, 2012</td>
<td>Y</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$ 3,146,560</td>
<td>$ 7,704,969</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN/GRANT PORTFOLIO
April 16, 2012

FOR QUARTER ENDED 03/31/12

BACKGROUND
On January 25, 2012, the Michigan Strategic Fund ("MSF") Board approved by resolution a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund, (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor Fund program and Michigan Life Sciences Corridor Fund program, and (iii) those loans awarded under the Choose Michigan program, including the authority to approve loan restructure requests ("Delegation of Authority"). Under the Delegation of Authority, actions related to awards with an original amount of $1,000,000 or less may be approved by the MSF Chairperson, the MSF Fund Manager and the MSF State Treasurer Director, with only one required to act. Actions related to awards with an original amount of $1,000,001 to $3,000,000 are reviewed by the MSF Investment Subcommittee before presentation to the delegates for final approval. Actions related to awards with an original amount of $3,000,001 are presented to the full MSF Board.

In addition, under Executive Order No. 2010-8, the Governor abolished the Strategic Economic Investment and Commercialization ("SEIC") Board and all powers, duties, and functions of the SEIC Board were transferred to the MSF. On October 27, 2010 the MSF Board delegated to the MSF Chairperson or the MSF State Treasurer Director the authority to approve final disbursements and no-cost amendments to grants and other contracts previously administered by the SEIC Board under the 21st Century Jobs Fund and its predecessor programs.

APPROVALS BY AUTHORIZED DELEGATE
Between January 1, 2012 and March 31, 2012 the following actions were approved by one of the authorized MSF Board members:

<table>
<thead>
<tr>
<th>Award ID</th>
<th>Organization</th>
<th>Action</th>
<th>Award Amount (full award amount)</th>
<th>Disbursed Amount (actual amount disbursed)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-0178</td>
<td>Advanced Photonix, Inc.</td>
<td>Subordination to SVB for $6 million loan.</td>
<td>$1,200,000</td>
<td>$1,200,000</td>
<td>January 25, 2012</td>
</tr>
<tr>
<td>2006-0154</td>
<td>Translume</td>
<td>Restructure</td>
<td>$1,650,310.00</td>
<td>$1,212,902.00</td>
<td>January 25, 2012</td>
</tr>
<tr>
<td>2003-0597-ENL</td>
<td>Enliven</td>
<td>Restructure</td>
<td>$50,000</td>
<td>$50,000</td>
<td>February 15, 2012</td>
</tr>
<tr>
<td>2006-0589-SEN</td>
<td>SenX Technologies</td>
<td>Restructure</td>
<td>$50,000</td>
<td>$50,000</td>
<td>February 22, 2012</td>
</tr>
<tr>
<td>2006-0138</td>
<td>Everist/Genomics Squared</td>
<td>Conversion</td>
<td>$1,569,999</td>
<td>$1,569,999</td>
<td>March 9, 2012</td>
</tr>
<tr>
<td>2006-0378</td>
<td>Evigia</td>
<td>Subordination</td>
<td>$1,736,300</td>
<td>$1,736,300</td>
<td>March 23, 2012</td>
</tr>
</tbody>
</table>
MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CFJ LOAN/GRANT PORTFOLIO
July 9, 2012

FOR QUARTER ENDED 06/30/12

BACKGROUND
On January 25, 2012, the Michigan Strategic Fund (“MSF”) Board approved by resolution a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund, (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor Fund program and Michigan Life Sciences Corridor Fund program, and (iii) those loans awarded under the Choose Michigan program, including the authority to approve loan restructure requests (“Delegation of Authority”). Under the Delegation of Authority, actions related to awards with an original amount of $1,000,000 or less may be approved by the MSF Chairperson, the MSF Fund Manager and the MSF State Treasurer Director, with only one required to act. Actions related to awards with an original amount of $1,000,001 to $3,000,000 are reviewed by the MSF Investment Subcommittee before presentation to the delegates for final approval. Actions related to awards with an original amount of $3,000,001 are presented to the full MSF Board.

In addition, under Executive Order No. 2010-8, the Governor abolished the Strategic Economic Investment and Commercialization (“SEIC”) Board and all powers, duties, and functions of the SEIC Board were transferred to the MSF. On October 27, 2010 the MSF Board delegated to the MSF Chairperson or the MSF State Treasurer Director the authority to approve final disbursements and no-cost amendments to grants and other contracts previously administered by the SEIC Board under the 21st Century Jobs Fund and its predecessor programs.

APPROVALS BY AUTHORIZED DELEGATE
Between April 1, 2012 and June, 2012 the following actions were approved by one of the authorized MSF Board members:

<table>
<thead>
<tr>
<th>Award ID</th>
<th>Organization</th>
<th>Action(s)</th>
<th>Award Amount (full award amount)</th>
<th>Disbursed Amount (actual amount disbursed)</th>
<th>Date</th>
</tr>
</thead>
</table>
| 2006-0589-INV | Invnture Enterprises, Inc.         | Forbearance        | $50,000                          | $50,000                                    | 4/9/2012
|            |                                     | Restructure        |                                  |                                            | 4/30/2012  |
| 2003-0578-1 | AquaBioChip, LLC                    | Restructure        | $255,888                         | $255,888                                   | 4/30/2012
|            |                                     | Reassignment       |                                  |                                            | 5/2/2012   |
| 2006-0616   | ElectroJet, Incorporated             | Confidentiality    | $962,600                         | $962,600                                   | 4/27/2012  |
| 2006-ATBA-17|                                     | $150,000           |                                  |                                            |            |
| 2003-0597-BEH | Beholztech, Inc.                    | Restructure        | $50,000                          | $50,000                                    | 4/30/2012
|            |                                     | Reassignment       |                                  |                                            | 5/2/2012   |
| 2006-0155-11| Danotek Motion Technologies         | Warrant Agreement  | $100,000                         | $100,000                                   | 5/21/2012  |
| 2006-ATBA-5 |                                     | Amendment          | $1,828,981.00                    |                                            |            |
| 2008-2912   |                                     |                    |                                  |                                            |            |
| 2008-2720   | Arbor Photonics                      | Confidentiality    | $1,502,000.00                    | $1,502,000.00                              | 6/28/2012  |
| 2010-0009   |                                     |                    | $500,000.00                      |                                            |            |
| 2006-0120   | Biodiscovery-LLC                     | Restructure        | $2,194,675.00                    | $2,094,000.00                              | 6/13/2012  |
| 2008-2714   | Pixel Velocity, Incorporated         | Restructure        | $1,808,645.00                    | $1,808,645.00                              | 6/13/2012  |
Important Information

This document has been prepared, at the request of The Michigan 21st Century Investment Fund ("MI 21st CIF"), for its general informational purposes in connection with its investment in a program (the "Program") with the Customized Fund Investment Group ("CFIG") of Credit Suisse Asset Management ("CSAM") and may not be used or reproduced for any other purpose. This document is for informational purposes only and all information contained herein is subject to revision and completion. This document does not constitute or form part of an offer to issue or sell, or of a solicitation of an offer to subscribe or buy, any securities or other financial instruments, nor does it constitute a financial promotion, investment advice or an inducement or incitement to participate in any product, offering or investment. Any such offer will be made only by means of the Program’s confidential private placement memorandum and is subject to the terms and conditions contained therein and in the limited partnership agreement (or other organizational documents) of the Program, as amended, restated or modified. The information set forth herein does not purport to be complete. In addition, this document does not constitute nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any investment contract.

Please note that the views, analyses and opinions reflected herein unless expressly stated otherwise reflect the perspective of CFIG and do not necessarily state or reflect the views of CSAM, Credit Suisse (USA), Inc., Credit Suisse Group AG or any of their respective affiliates, officers, directors, employees or agents (collectively, "Credit Suisse"). No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained herein. No reliance may be placed for any purpose on the information and opinions contained in this document or their accuracy or completeness and nothing contained herein shall be relied upon as a promise or representation whether as to past or future performance. The information contained in this document is preliminary in nature and subject to verification by CFIG. Certain information contained herein (including certain underlying return information, forward-looking statements and economic and market information) has been obtained from the underlying fund managers, published third-party sources and/or prepared by other parties and which has not been updated through the date hereof. In addition, certain information contained herein has been obtained from companies in which investments have been made by CFIG and entities affiliated with CFIG. While such sources are believed to be reliable for the purpose used herein, none of CFIG, CSAM, or Credit Suisse assumes any responsibility for the accuracy or completeness of such information. CFIG assumes no responsibility for independent verification of such information and has relied on such information being complete and accurate in all material respects. Nothing contained herein should be construed as legal, business or tax advice. MI 21st CIF should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning the information contained herein.
Michigan 21st Century Investment Fund Summary

- Since 2006, the MI 21st CIF has committed $109.0 million to 13 funds and one company

By U.S. dollars invested

**MI 21st CIF Commitment Breakout**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arboretum Ventures</td>
<td>$17.5</td>
<td>16.1%</td>
</tr>
<tr>
<td>Arsenal Ventures II</td>
<td>$5.0</td>
<td>4.6%</td>
</tr>
<tr>
<td>Early Stage Partners</td>
<td>$6.0</td>
<td>5.5%</td>
</tr>
<tr>
<td>MK Capital II, LP</td>
<td>$4.5</td>
<td>4.1%</td>
</tr>
<tr>
<td>Nth Power Fund IV, LP</td>
<td>$3.0</td>
<td>2.8%</td>
</tr>
<tr>
<td>RPM Ventures II, L.P.</td>
<td>$10.0</td>
<td>10.0%</td>
</tr>
<tr>
<td>Midwest Mezzanine</td>
<td>$10.0</td>
<td>9.2%</td>
</tr>
<tr>
<td>Maranon Mezzanine</td>
<td>$7.5</td>
<td>6.9%</td>
</tr>
<tr>
<td>Relativity Fund, L.P.</td>
<td>$10.0</td>
<td>9.2%</td>
</tr>
<tr>
<td>Quad Partners II, L.P.</td>
<td>$10.0</td>
<td>9.2%</td>
</tr>
<tr>
<td>Pegasus Fund V</td>
<td>$10.0</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

By U.S. dollars invested

**Allocation by Asset Class**

- Mezzanine: 16.3%
- Private Equity: 27.9%
- Venture Capital: 55.8%

**Fund Managers**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arboretum Ventures</td>
<td>Quad Partners</td>
</tr>
<tr>
<td>Early Stage Partners</td>
<td>Relativity Capital</td>
</tr>
<tr>
<td>Maranon Mezzanine</td>
<td>Pegasus Partners</td>
</tr>
<tr>
<td>Midwest Mezzanine</td>
<td>Venture Investors</td>
</tr>
<tr>
<td>Nth Power</td>
<td>Arsenal Ventures</td>
</tr>
<tr>
<td>RPM Ventures</td>
<td>MK Capital</td>
</tr>
</tbody>
</table>
**Michigan 21st Century Investment Fund Summary (Cont'd)**

- As of March 31, 2012 the underlying funds have drawn approximately 56.9% of their capital commitments or $61.1 million

- Many funds have multiple years remaining in the investment period

- Credit Suisse is actively assessing Michigan investment plans and activity for all fund managers

<table>
<thead>
<tr>
<th>Years Remaining in Investment Period*</th>
<th>1 to 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of March 31, 2012</td>
<td>$77.9 million committed (72.5%)</td>
</tr>
<tr>
<td></td>
<td>$55.0 million drawn (51.2% of commitments)</td>
</tr>
<tr>
<td>4 + years</td>
<td></td>
</tr>
<tr>
<td>$25.0 million committed (23.3%)</td>
<td></td>
</tr>
<tr>
<td>$3.8 million drawn (3.6% of commitments)</td>
<td></td>
</tr>
</tbody>
</table>

- Arboretum Ventures II, L.P.
- Midwest Mezzanine Fund IV, L.P.
- Nth Power Fund IV, L.P.
- Quad Partners II, L.P.
- Venture Investors IV, L.P.
- Maranon Mezzanine Fund, L.P.
- Relativity Fund, L.P.
- Early Stage Partners II, L.P.
- RPM Ventures II, L.P.

<table>
<thead>
<tr>
<th>2 to 4 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.5 million committed (4.2%)</td>
</tr>
<tr>
<td>$2.3 million drawn (2.1% of commitments)</td>
</tr>
<tr>
<td>MK Capital II, L.P.</td>
</tr>
</tbody>
</table>

* * Note: Total exclude $1.7 million investment in Microposite Inc.
Michigan-Based Portfolio Companies

As of June 2012, the Michigan 21st Century Investment Fund managers (Fund Managers) have invested $98.2 million into 24 Michigan-based portfolio companies which have 796 Michigan employees. Michigan 21st Century Investment fund managers have invest nearly 1.61x the amount they have drawn from the Fund.
Michigan-Based Portfolio Companies (Cont’d)

- Overall, $568.8 million of equity has been invested into these 24 portfolio companies by all syndicate partners. This represents a 5.80x levering of the MI 21st CIF underlying fund manager investments.

- These portfolio companies continue to be diversified across sectors, including life sciences, manufacturing, healthcare, IT, waste services and media.

- Arboretum Ventures has been the most active manager to-date with over $17.5 million invested into 8 unique Michigan-based companies.

- Pegasus V has invested the most dollars in the State with $34.0 million into Re Community Holdings, Inc.

*Note: There are three fund Managers that have yet to make an investment into Michigan; Arsenal Ventures, Quad Partners and the Relativity Fund.
Michigan Venture Capital: Summary Statistics

- In Michigan, the number of venture firms, investment professionals, and capital under management have all increased. This was an exceptional year for fundraising, beating the 2008 record.

- There are 20 venture firms headquartered in Michigan. This represents only 2% of the total of national venture firms. The average venture capital under management by these firms is only 1/3 of the national average at $76M vs. $234M. Further efforts to scale venture firms remain critical to success.

- In 2011 there were a total of 27 private venture capital firms operating in Michigan. Twenty are headquartered in Michigan and another 7 are headquartered elsewhere but have a Michigan office. The 27 venture firms have a total of 66 investment professionals located in Michigan. Since 2007, the number of venture firms and investment professionals has increased by 5 and 18, respectively.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of VC Firms in Existence</td>
<td>15</td>
<td>16</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td># of Investment Professionals</td>
<td>43</td>
<td>44</td>
<td>53</td>
<td>60</td>
</tr>
<tr>
<td>Total Capital Under Management</td>
<td>$1.0B</td>
<td>$1.1B</td>
<td>$1.2B</td>
<td>$1.5B</td>
</tr>
<tr>
<td>Avg. Venture Capital Under Management by Firm</td>
<td>$73M</td>
<td>$76M</td>
<td>$74M</td>
<td>$75M</td>
</tr>
<tr>
<td>Venture Capital Funds Raised</td>
<td>$173M</td>
<td>$136M</td>
<td>$40M</td>
<td>$181M</td>
</tr>
<tr>
<td>Avg. Venture Capital Fund Size</td>
<td>$38M</td>
<td>$39M</td>
<td>$40M</td>
<td>$41M</td>
</tr>
</tbody>
</table>

Michigan Venture Capital: Total Capital*

- Venture capital under management among firms headquartered in Michigan increased by 64% over the last 5 years. Of the $3 billion of venture capital under management, nearly $370 million is available for new investments within and outside Michigan.

- The total capital under management in Michigan has increased by $400 million over 2010. Both the headquartered and non-headquartered firms have grown, and for the first time the capital under management is evenly split between the two.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

DESIGNATION OF FUND MANAGER

WHEREAS, it is the responsibility of the Michigan Strategic Fund ("MSF") Board to provide for the management and control of the affairs of the MSF; and

WHEREAS, it is necessary and appropriate that the MSF Board elect officers for the management and control of the affairs of the fund.

NOW, THEREFORE, BE IT HEREBY RESOLVED:

The Chairperson, President and Vice President of the Fund are nominated by the Governor. The Fund Manager and Alternate Fund Manager may be elected by the Board members. The following individuals may be, and are, elected to serve according to the Bylaws of the Fund:

1. Fund Manager – Karla Campbell
2. Alternate Fund Manager – Mark Morante
3. Alternate Fund Manager – Diane Cranmer

BE IT FURTHER RESOLVED, that previously adopted resolutions approving Fund Managers are rescinded. This resolution shall be effective July 25, 2012.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF ATTORNEY GENERAL
AND
THE GOVERNOR’S LEGAL DIVISION, THE MICHIGAN STRATEGIC FUND, AND
THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

Purpose:

This Memorandum of Understanding between the Department of Attorney General, and the Governor’s Legal Division, the Michigan Strategic Fund (MSF), and the Michigan Economic Development Corporation (MEDC), specifies the legal services to be provided by the Department of Attorney General related to Indian casino gaming, and the costs to be paid by the MSF, for those legal services. These legal services will be provided to support efforts to preserve and enhance economic incentive payments from Indian casino gaming made pursuant to gaming compacts with the State of Michigan. These payments - $51 million in 2011 - are currently paid to the MSF and the MEDC.

Payments and Services:

The Department of Attorney General will provide legal consultation and representation as required by the Governor’s Legal Division in matters involving Indian gaming referred to the Department of Attorney General by the Governor’s Legal Division. These matters include enforcement of federal and state laws governing Indian gaming, enforcement of gaming compacts, negotiations relating to those compacts, and defense of litigation involving Indian gaming. These services will be provided by the equivalent of 1.25 full-time attorneys and related support staff, on a priority basis, at an annual cost not to exceed $195,000, including salary, fringe benefit costs, computer and related equipment, and supplies. The Department of Attorney General will provide quarterly billings for these services to the MSF and the MEDC and will be reimbursed by inter-agency transaction. For the period from May 31, 2012 to September 30, 2012 the annual cost will be prorated.

The Department of the Attorney General agrees to provide the Governor’s Legal Division, the MSF and the MEDC with annual reports due on October 31, 2012 and 2013. The annual report shall document the use of the funds and report the status of Indian gaming cases and issues referred to the Department of Attorney General by the Governor’s Legal Division. Reports shall be submitted to:
Amounts required for court reporters, expert witnesses, transcripts, travel, or other related items will be discussed as the need arises and appropriate arrangements made on a case-by-case basis.

Assignments will be made through the Division Chief of the Environment, Natural Resources, and Agriculture Division and priorities determined by the Governor’s Legal Division in coordination with the Division Chief. The attorney position will be physically housed in the Environment, Natural Resources, and Agriculture Division of the Department of Attorney General.

**Agreement Period:**

This agreement is in full force and effect for services rendered from May 31, 2012 to September 30, 2013. Either party may terminate this agreement by giving sixty (60) days written notice to the other party, stating the reasons for termination and its effective date.

**DEPARTMENT OF ATTORNEY GENERAL**

By: ________________________________

Carol L. Isaacs, Chief Deputy Attorney General

Dated: ______________________________

By: ________________________________

James Selleck, Director, Office of Fiscal Management

Dated: ______________________________
GOVERNOR'S LEGAL DIVISION

By: __________________________
David Murley, Deputy Legal Counsel

Dated: ________________________

MICHEGAN STRATEGIC FUND

By: __________________________
Karla K. Campbell, MSF Fund Manager

Dated: ________________________

MICHEGAN ECONOMIC DEVELOPMENT CORPORATION

By: __________________________
Jennifer Nelson, Chief of Staff and General Counsel

Dated: ________________________

S:\ENRA_Division_Administration\MOUs - IAA\s\MOU-MSF 2012 2013.doc
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

MEMORANDUM OF UNDERSTANDING FOR LEGAL SERVICES
RELATED TO TRIBAL GAMING MATTERS

WHEREAS, the Michigan Strategic Fund ("MSF") and the Michigan Economic Development Corporation ("MEDC") receive economic development and incentive payments from tribal casino gaming pursuant to gaming compacts with the State of Michigan;

WHEREAS, in order to support and preserve those economic development and incentive payments from tribal casino gaming to the MSF and the MEDC, the Department of Attorney General ("AG") has agreed to provide legal services to the MSF and the MEDC related to tribal casino gaming; and

WHEREAS, to that end, the AG, the Governor’s Legal Division ("Legal Division"), the MSF, and the MEDC desire to enter into the attached Memorandum of Understanding ("MOU") to delineate the rights and responsibilities of the AG, the Legal Division, the MSF, and the MEDC with respect to legal services related to tribal casino gaming and the costs to be paid by the MSF for those legal services;

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the attached MOU and authorizes the MSF Fund Manager to sign the MOU on behalf of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

DELEGATION OF AUTHORITY
WORKFORCE DEVELOPMENT AGENCY

WHEREAS, the Workforce Development Agency ("WDA") was created within the Michigan Strategic Fund ("MSF") under Executive Order 2011-4 ("EO 2011-4");

WHEREAS, under EO 2011-4, all authority, powers, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the functions of budgeting and procurement of the Bureau of Workforce Transformation ("BWT"), from the Department of Licensing and Regulatory Affairs ("DLARA") (formerly known as the Department of Energy, Labor and Economic Growth) were transferred to the WDA ("WDA Activities");

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

WHEREAS, the MSF Board deems it is necessary and appropriate to delegate to the Director of the WDA and the Strategic Opportunities Director for WDA, with only one required to act, the authority to, in consultation with WDA program staff and others, as appropriate, make all decisions and to sign all documents within the parameters of applicable state and federal law, the Strategic State Workforce Investment Plan ("State Plan"), and existing program guidelines and processes and within the parameters of any future or amended State Plan approved by the Governor’s Talent Investment Board ("GTIB") and the United States Department of Labor ("USDOL"), and any future program guidelines and processes, for WDA Activities ("WDA Program Activities") (collectively, "WDA Delegation of Authority");

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the WDA Delegation of Authority;

BE IT FURTHER RESOLVED, that the delegations of authority made to the MSF Fund Manager, the MSF State Treasurer Director and the Deputy Director of Operations and Finance for WDA under Resolution 2012-135 are hereby rescinded; and

BE IT FURTHER RESOLVED, except as otherwise provided in this resolution, the provisions of Resolution 2012-135 remain in full force and effect.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012
MEMORANDUM

DATE: July 25, 2012

TO: Michigan Strategic Fund ("MSF") Board Members

FROM: Karla Campbell, MEGA Board Secretary

SUBJECT: Abolishment of the Michigan Economic Growth Authority and New Programs Under the MSF

Governor Rick Snyder signed Executive Order No. 2012-9 on June 26, 2012, which transfers the duties of the Michigan Economic Growth Authority to the Michigan Strategic Fund. The Executive Order becomes effective 60 days after the filing and that date is August 25, 2012. At the September 26 MSF Board meeting, the following programs could be on the agenda for your review:

- Brownfield Tax Increment Financing under PA 381
- Amendments to the following Michigan Business Tax credits:
  - Brownfield large and small credits
  - Battery incentives
  - Photovoltaic and Polycrystalline
  - Michigan NextEnergy Authority
- Amendments to various MEGA credits:
  - Standard MEGA credit (minimum of 50 jobs created)
  - High-Tech MEGA credit (minimum of 5 jobs in first 5 years and 25 jobs thereafter)
  - Rural MEGA Credit (minimum of 5 jobs in first 5 years and 25 jobs thereafter)
  - Retention Credit (minimum of 50 jobs retained and $50,000 investment per job)

There are approximately 400 companies that could collect on their MEGA over the next several years. Companies that are not classified as C corporations may choose to file the Corporate Income Tax rather than the MBT. Staff will have a more accurate picture of the MEGAs that will continue after they file their taxes for 2012.

An overview regarding the Brownfield TIF program will be included in your August Board packet, as Brownfield TIF is the only MEGA program that can be approved as a "new" project by the MSF. With respect to the Brownfield MBT credits that were previously awarded by the MEGA, these will come before the MSF as amendments to add new Qualified Taxpayers (developers or investors) or to change the scope in the project. The larger, phased Brownfield MBT credits may have the ability to claim for up to 10 years. Brownfield staff will apprise the members of the changes as the projects come before the MSF.

All other MEGA and MBT incentives that will come before the MSF will be to request an amendment to existing projects. Companies awarded various Battery MBT credits may begin collecting with the tax year ending 2012 and below is a list of the recipients:

- A123 Systems, Inc.
- Chrysler
- Dow Kokam Advanced Battery Group

Michigan Economic Development Corporation
300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org
- Ford Motor Company
- fortu PowerCell, Inc.
- General Motors Company
- Johnson Controls APS Production
- LG Chem Michigan, Inc.
- Townsend Energy Solutions, LLC
- Xtreme Power, Inc.

Michigan NextEnergy Authority is responsible for awarding property tax and Michigan Business Tax credits for companies operating in the energy industry or that have energy-related equipment. Before collecting on these credits, the MEDC staff, on behalf of the MNEA certifies the companies as energy companies or as having energy-related property. The MNEA Act sunsets at the end of 2012 and the MEDC is not lobbying to continue the program as local units of government are able to opt out after being approved by the MNEA, which has not worked as a positive incentive many companies. The formation of the MNEA mirrored that of the MEGA Board. The MSF can expect to review approximately five property tax credits in November and December of this year.

An MBT Polycrystalline Silicon Credit was awarded to Hemlock Semiconductor in 2008 and only one company is allowed to take this credit and they must manufacture polycrystalline silicon. This credit is calculated on the company’s electrical usage.

Two MBT Photovoltaic Credits have been awarded: Clairvoyant Energy Solar Panel Manufacturing, Inc. located in the City of Wixom, Oakland County and Suniva, Inc. located in Thomas Township, Saginaw County.

Please feel free to contact me by e-mail at campbellk@michigan.org or by calling (517) 241-0571 for explanations of these programs have operated or will continue to operate.

Attachments
EXECUTIVE ORDER
No. 2012 - 9

MICHIGAN STRATEGIC FUND BOARD
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

EXECUTIVE REORGANIZATION

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units which the Governor considers necessary for efficient administration; and

WHEREAS, there is a continued need to reorganize the functions among state departments to ensure efficient administration; and

WHEREAS, programs, agencies, and commissions should be placed among the principal departments on a consistent, logical basis in order to ensure the most efficient use of taxpayer dollars and more streamlined services;

NOW, THEREFORE, I, Richard D. Snyder, Governor of the state of Michigan, pursuant to the powers vested in me by the Constitution of the state of Michigan of 1963 and the laws of the state of Michigan, order the following:

I. MICHIGAN STRATEGIC FUND

A. Michigan Economic Growth Authority

1. All the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the Michigan Economic Growth Authority created under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, are transferred to the Michigan Strategic Fund Board.

2. The Michigan Economic Growth Authority is abolished.
B. Michigan Next Energy Authority

1. All the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the Michigan Next Energy Authority and the Michigan Next Energy Authority Board, created under the Michigan Next Energy Authority Act, 2002 PA 593, MCL 207.821 to 207.827 are transferred to the Michigan Strategic Fund Board.

2. The Michigan Next Energy Authority and the Michigan Next Energy Authority Board are abolished.

C. The President of the Michigan Strategic Fund shall provide executive direction and supervision for the implementation of all transfers of functions under Section I of this Order and shall make internal organizational changes as necessary to complete the transfers under Section I of this Order.

D. The functions transferred under Section I of this Order shall be administered by the President of the Michigan Strategic Fund in such ways as to promote efficient administration.

II. DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

A. Prevailing Wage on State Projects Act

Any authority, powers, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the functions of budgeting and procurement relative to prevailing wages on state projects created by the Prevailing Wages on State Projects Act, 1965 PA 166, as amended, MCL 408.551 to 408.558, are transferred from the Michigan Strategic Fund to the Department of Licensing and Regulatory Affairs.

B. Non-Incorporated Private Educational Institutions Act

Any authority, powers, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the functions of budgeting and procurement relative to Sections 1 and 2 of the Non-Incorporated Private Educational Institutions Act, 1964 PA 142, MCL 390.771 to 390.772, regarding non-incorporated privately operated post-secondary institutions are transferred from the Michigan Strategic Fund to the Department of Licensing and Regulatory Affairs.

C. Religious College Aspects of the Michigan General Corporations Act

Any authority, powers, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the
functions of budgeting and procurement relative to Section 184a of the Michigan General Corporations Act, 1931 PA 327, MCL 450.184a, regarding organization and operation of a religious college by an ecclesiastical corporation are transferred from the Michigan Strategic Fund to the Department of Licensing and Regulatory Affairs.

D. Implementation of Transfers

1. The Director of the Department of Licensing and Regulatory Affairs, after consultation with the President of the Michigan Strategic Fund, shall provide executive direction and supervision for the implementation of all transfers of authority to the Department of Licensing and Regulatory Affairs made by Section II of this Order.

2. The Director of the Department of Licensing and Regulatory Affairs shall administer the assigned functions transferred under Section II of this Order in such ways as to promote efficient administration and shall make internal organizational changes as may be administratively necessary to complete the realignment of responsibilities as prescribed in Section II of this Order.

3. The Director of the Department of Licensing and Regulatory Affairs and the President of the Michigan Strategic Fund shall immediately initiate coordination to facilitate the transfers and develop a memorandum of record identifying any pending settlements, issues of compliance with applicable federal and state laws and regulations, or other obligations to be resolved related to the authority to be transferred by Section II of this Order.

III. MISCELLANEOUS

A. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected by this Order shall not abate by reason of the taking effect of this Order. Any lawfully commenced suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected by this Order.

B. All rules, orders, contracts, plans, and agreements relating to the functions transferred to the Department of Licensing and Regulatory Affairs and the Michigan Strategic Fund by this order lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended, or rescinded.

C. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion of this order found invalid by a court or other entity with proper jurisdiction shall be severable from the remaining portions of the Order.
In fulfillment of the requirements of Section 2 of Article V of the Michigan Constitution of 1963, the provisions of this Order shall be effective 60 days after the filing of this Order.

Given under my hand and the Great Seal of the state of Michigan this 26th day of June in the Year of our Lord Two Thousand Twelve.

RICHARD D. SNYDER
GOVERNOR

BY THE GOVERNOR:

SECRETARY OF STATE

FILED WITH SECRETARY OF STATE
ON 6/26/12 AT 10:55AM
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF ATTORNEY GENERAL
AND
THE MICHIGAN STRATEGIC FUND
AND
THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

Purpose:

This Memorandum of Understanding between the Department of Attorney General, the Michigan Strategic Fund (MSF), and the Michigan Economic Development Corporation (MEDC) specifies the legal services to be provided by the Department of Attorney General to the MSF and its Board Members related to the New International Trade Crossing (NITC) and Crossing Agreement executed by MSF June 27, 2012, and the costs to be paid by the MSF for these legal services.

Payments and Services:

The Department of Attorney General will provide legal consultation and representation in any civil claim, demand, or lawsuit against the MSF and/or its Board Members arising from actions related to the NITC and/or the Crossing Agreement within the scope of the MSF’s and/or Board Members’ authority or that they reasonably believe to be within the MSF’s and/or Board Members’ authority.

The costs incurred by the Department of Attorney General in carrying out the legal representation required by this Memorandum of Understanding for attorneys, experts, court filing fees, and other reasonable and necessary expenses shall be at the expense of and paid by the Michigan Strategic Fund. Legal services will be provided at actual attorney and support staff rates, travel expenses, court fees and other similar expenses up to a total of $250,000 per fiscal
year. The Department of Attorney General will provide its quarterly billings statements for these expenses. Fees incurred for court reporters, expert witnesses, transcripts, document copying services and other similar litigation expenses will be billed directly to the MSF for payment.

Within 30 days of the execution of this Memorandum of Understanding, the MSF shall designate a litigation coordinator for all litigation related to the NITC and/or Crossing Agreement and provide the Department of Attorney General, State Operations Division Chief Frank Monticello (monticellof@michigan.gov or (517) 373-1162) the name, address and telephone number of the designated litigation coordinator.

**Agreement Period:**

This agreement is in full force and effect for services provided on or after the full execution of this Memorandum of Understanding to September 30, 2014. Addendums may be made to extend the term of the MOU and increase the amount of legal services provided and billed with mutual consent of the parties. Either party may terminate this agreement by giving sixty (60) days written notice to the other party, stating the reasons for termination and its effective date.

**DEPARTMENT OF ATTORNEY GENERAL**

By: ________________________________
    Carol L. Isaacs, Chief Deputy Attorney General

Dated: _________

**MICHIGAN STRATEGIC FUND**

By: ________________________________
    Michael A. Finney, MSF Board President and Chairman

Dated: _________

**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

By: ________________________________
    Jennifer Nelson, Chief of Staff and General Counsel

Dated: _________
MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

MEMORANDUM OF UNDERSTANDING FOR LEGAL SERVICES RELATED TO THE NEW INTERNATIONAL TRADE CROSSING

WHEREAS, at its June 27, 2012 meeting, the Michigan Strategic fund ("MSF") entered into a Crossing Agreement with Canada, the Crossing Authority, the State of Michigan (the "State"), and the Michigan Department of Transportation ("MDOT") for the construction, design and operation of the New International Trade Crossing (the "NITC Project");

WHEREAS, in furtherance of the NITC Project, the Department of Attorney General ("AG") has agreed to provide legal consultation and representation in any civil claim, demand, or lawsuit against the MSF and/or its Board Members related to the NITC Project; and

WHEREAS, to that end, the AG and the MSF desire to enter into the attached Memorandum of Understanding ("MOU").

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the attached MOU and authorizes the MSF Fund Manager to sign the MOU on behalf of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 25, 2012