

MICHIGAN STRATEGIC FUND

RESOLUTION 2013-031

APPROVAL OF THE DEFINITION OF ELIGIBLE INVESTMENT FOR THE MICHIGAN COMMUNITY REVITALIZATION PROGRAM

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF: (i) created the MCRP, (ii) adopted the guidelines for the MCRP (“Guidelines”), as later amended. Item 2 of the original Guidelines incorporated the statutory definition of eligible investment found at MCL 125.2090a(d); which statutory definition prohibited including any reimbursed hard costs as part of the eligible investment (and also allowed the MSF to determine those soft costs which shall not qualify as eligible investment under the MCRP);

WHEREAS, on July 25, 2012, by Resolution 2012-76, the MSF determined those soft costs that do not qualify as eligible investment under the MCRP, and amended Item 2 of the Guidelines;

WHEREAS, PA 395 2012 amended the definition of eligible investment under the MCRP to allow the inclusion of reimbursed hard costs as part of an eligible investment to the extent the hard costs have not been completely reimbursed;

WHEREAS, as a result of PA 395 2012, the MEDC recommends that the attached definition of eligible investment (“Definition of Eligible Investment”) be utilized for the MCRP and replace item 2 of the Guidelines; and

WHEREAS, based on the recommendation of the MEDC, the MSF Board desires to approve the Definition of Eligible Investment and replace item 2 of the Guidelines with the Definition of Eligible Investment.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves the Definition of Eligible Investment and replaces item 2 of the Guidelines with the Definition of Eligible Investment; and

BE IT FURTHER RESOLVED that Resolution 2012-76 is rescinded and replaced with this Resolution.

Adopted

Ayes: Steve Arwood, Ron Boji, Craig DeNooyer, Mike Finney, Sabrina Keeley, Bill Martin, Howard Morris, Richard Rassel, Shaun Wilson, Jay Wortley (acting for and on behalf of Andy Dillon, designation attached)

Nays: None

Recused: None

Lansing, Michigan
February 27, 2013

Attachment 1

Current Item 2 of the MCRP Guidelines

An eligible investment means at least one, or any combination of, the following expenditures for the project, if subject to a written agreement with the MSF, including investment which occurred prior to the MSF approval of the application for MSF Support to the extent that the investment has not been reimbursed to, or paid for on behalf of, the applicant, which are collectively referred to as “Hard Costs”:

- a. any fees or costs for alteration, construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections;
- b. any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;
- c. any fees or costs for the addition of machinery, equipment or fixtures to an approved project; or
- d. professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.

Provided however, the MSF Fund Manager may impose additional terms and conditions involving any Hard Costs that meet eligibility for reimbursement under any tax increment financing, including requiring those costs to be repaid to the MSF, or excluding any such costs from Hard Costs, under the written agreement with the MSF.

Provided further, in no event shall any of the following, whether incurred or expended by the applicant or otherwise, or for the project or otherwise, which are collectively referred to as “Soft Costs”, be deemed any part of the Hard Costs:

- a. acquisition fees or costs for real property,
- b. developer fees or costs,
- c. closing fees or costs,
- d. legal fees or costs,
- e. professional fees or costs (other than those included above as part of the Hard Costs),
- f. title commitment fees or costs,
- g. title insurance fees, premiums or costs,
- h. management fees or costs (including Project management and construction management),
- i. appraisal fees or costs,
- j. bank or other lender financing, interest, or inspection fees or costs,
- k. leasing or sales commission fees or costs,
- l. shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
- m. performance bond and other risk contingency fees and costs,
- n. marketing fees or costs,
- o. LEED certification costs,

- p. zoning fees or costs (other than those zoning fees or costs paid to a governmental entity included above as part of the Hard Costs),
- q. taxes, and
- r. hazard, liability or any other insurance fees and costs.

DEFINITION OF ELIGIBLE INVESTMENT

Replacement Item 2 of the MCRP Guidelines:

An eligible investment means at least one, or any combination of, the following expenditures for the project, if subject to a written agreement with the MSF, including investment which occurred prior to the MSF approval of the application for MSF Support to the extent that the investment has not been *completely (emphasis added)* reimbursed to, or paid for on behalf of, the applicant, which are collectively referred to as “Hard Costs”:

- a. any fees or costs for alteration, construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections;
- b. any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;
- c. any fees or costs for the addition of machinery, equipment or fixtures to an approved project; or
- d. professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.

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- b. developer fees or costs,
- c. closing fees or costs,
- d. legal fees or costs,
- e. professional fees or costs (other than those included above as part of the Hard Costs),
- f. title commitment fees or costs,
- g. title insurance fees, premiums or costs,
- h. management fees or costs (including Project management and construction management),

Attachment 1

- i. appraisal fees or costs,
- j. bank or other lender financing, interest, or inspection fees or costs,
- k. leasing or sales commission fees or costs,
- l. shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
- m. performance bond and other risk contingency fees and costs,
- n. marketing fees or costs,
- o. LEED certification costs,



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

February 13, 2013

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

Dear Ms. Graham:

I hereby designate Jay Wortley to represent me at Michigan Strategic Fund meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Dillon".

Andy Dillon
State Treasurer

cc: Jay Wortley
Andrew Dillon