

MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
APRIL 24, 2018
10:00 am

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

Communications

Chief Compliance Officer Quarterly Report – *Information Only*

A. Consent Agenda

Proposed Meeting Minutes – March 27, 2018

NEAPCO Drivelines, LLC – MBDP Amendment – Trevor Friedeberg

LG Electronics Vehicle Components U.S.A. LLC – MBDP Amendment – Mike Gietzen

Iron Ridge Development – Brownfield Act 381 Work Plan Amendment – Rob Garza

George F. Eyde Family, LLC (Oliver Towers Redevelopment) – MCRP Re-approval – Julius Edwards

HB BM East Lansing LLC (Center City District) – MCRP Amendment – Julius Edwards

B. Business Investment

a. Business Growth

Plastic Trim International, Inc. – MBDP Grant – David Kurtycz

International Trade Office – Request to Issue RFP – Natalie Chmiko

b. Capital Access

Hillcorp Properties, LLC – Bond Authorization – Chris Cook

Evangelical Homes of Michigan – Bond Authorization – Chris Cook

C. Community Vitality

Jackson Entertainment, LLC – MCRP and Brownfield Act 381 Work Plan – Lindsay Viviano

Façade Restoration Initiative – Lori Mullins and Stacy Esbrook

D. Informational

Quarterly Reports



STATE OF MICHIGAN
OFFICE OF THE CHIEF COMPLIANCE OFFICER
LANSING

RICK SNYDER
GOVERNOR

KEVIN FRAN CART, ESQ.
CHIEF COMPLIANCE OFFICER

MEMORANDUM

April 4, 2018

TO: Honorable Richard D. Snyder
Governor and Chairperson of the State Administrative Board.

Jeff Mason
Chairperson
Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2018 Q2 Report of the Chief Compliance Officer.

The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the second quarter of the 2018 fiscal year were either successfully resolved, are being appropriately addressed, or are undergoing review and are currently being evaluated.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. The Chief Compliance Officer assisted the MSF with conflict of interest questions; Board delegation; background check policy issues, including a review and drafting of an updated policy; Board Member Terms; Centria Healthcare business integrity issues; and is continuing the review of the BDP decision making process. As reported previously, because of staffing changes the site visit guidelines were modified. Because of the staffing changes the site visit guidelines were changed by the MEDC compliance section to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines. The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF APRIL 2018 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

WHEREAS, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes – March 27, 2018

NEAPCO Drivelines, LLC – MBDP Amendment

LG Electronics Vehicle Components U.S.A. LLC – MBDP Amendment

Iron Ridge Development – Brownfield Act 381 Work Plan Amendment

George F. Eyde Family, LLC (Oliver Towers Redevelopment) – MCRP Re-approval

HB BM East Lansing LLC (Center City District) – MCRP Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

**MICHIGAN STRATEGIC FUND
PROPOSED MEETING MINUTES
March 27, 2018**

Members Present

Roger Curtis
Larry Koops
Jeff Mason

Members joined by phone

Andrew Lockwood (on behalf of Treasurer Khouri)
Terrence J.L. Reeves
Terri Jo Umlor
Shaun Wilson
Wayne Wood

Members Absent

Paul Anderson
Paul Gentilozzi
Stephen Hicks

Mr. Mason called the meeting to order at 10:02 am.

Public Comment: Mr. Mason asked that any attendees wishing to address the Board come forward at this time. No public comment.

Communications: Jennifer Tebedo, MSF Administrator, informed the Board that an amended term sheet for the Nexient, LLC project under Business Growth was provided to the Board at the table.

A. CONSENT AGENDA

Resolution 2018-038 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – February 27, 2018

CDBG Loan Program Amendment – Continuing Activity – **2018-039**

Looney Moon, LLC – MCRP Grant Re-approval – **2018-40**

Brush Park Development Company I LLC and City Modern 440 Alfred Street LLC – MCRP Loan Re-approval – **2018-041**

213 Development, LLC – MCRP Grant and Loan Re-approval – **2018-042**

Montgomery Ward Redevelopment Project – Brownfield MBT Credit Amendment – **2018-043**

Offsite Lake Drive, L.L.C. – MCRP Loan Participation Amendment – **2018-044**

FEV North America, Inc. – MBDP Grant Amendment – **2018-045**

iSource Worldwide, LLC – MBDP Grant and Loan Forbearance Request – **2018-046**

Larry Koops seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2018-047 Nexient, LLC – MBDP Grant

Trevor Friedeberg, Director Business Development Projects, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-047. Roger Curtis seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

B2. Access to Capital

Resolution 2018-048 Hillcorp Properties, LLC – Bond Authorization

Chris Cook, Director Capital Access, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-048. Roger Curtis seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Roger Curtis, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood; Nays: None; Recused: None

Mr. Mason adjourned the meeting at 10:13 am.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

January 18, 2018

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

Dear Ms. Tebedo:

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

Sincerely,

A handwritten signature in black ink, appearing to be "N.A. Khouri", with a long horizontal stroke extending to the right.

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood

MEMORANDUM

Date: April 24, 2018

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

From: Trevor Friedeberg, Director, Business Development Projects

Subject: NEAPCO Drivelines, LLC (“Company” or “Applicant”)
Amendment to Approved Michigan Business Development Program Grant Agreement

Request

The Company is requesting an amendment to its existing Michigan Business Development Program (“MBDP”) performance-based grant Agreement to extend remaining milestones by one year and combine milestones three and four into one milestone. As a result, the total grant amount will be reduced by \$50,000 from \$1.5 million to \$1.45 million. Additionally, the term of the agreement will be extended to June 30, 2021.

Background

On September 28, 2015, the Company was awarded a \$1.5 million performance-based grant under the MBDP. The Company planned to expand driveline operations in Van Buren Township and also expand headquarter operations in the City of Novi, invest \$57.7 million and create 167 new jobs.

The Company was making the decision between expanding in Mexico where there was pressure from local customers and proven logistical and labor cost savings, or expand its footprint in Michigan, which would result in future growth opposed to the erosion of the workforce in Michigan due to expanding in other markets.

On June 28, 2016, the grant agreement was amended to update the project address from the City of Novi to 38900 Hills Tech Drive, Farmington Hills, Michigan.

Due to the unanticipated delay of new customer programs, the Company was unable to meet its Key Milestone Requirements by the necessary date. The Company believes it is now back on track to continue job growth and successfully complete the requirements of the MBDP Grant Agreement with this amendment consideration.

Recommendation

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

- a) Amend the September 28, 2015 approval, as amended, in accordance with the attached Term Sheet;
- b) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT
PROGRAM GRANT AMENDMENT TO
NEAPCO DRIVELINES, LLC**

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

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

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

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

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

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

WHEREAS, the MSF Board approved a \$1.5 Michigan Business Development Program Performance based grant on September 28, 2015 for the expansion of driveline operations in Van Buren Township and also expand headquarter operations in the City of Novi (the “Project”);

WHEREAS, the MSF Board approved an amendment to the Michigan Business Development Program Performance based grant on June 28, 2016 to update the project address from the City of Novi to 38900 Hills Tech Drive, Farmington Hills, Michigan (“Amendment One”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant to extend remaining milestones by one year and combine milestones three and four into one milestone, reduce the total grant amount by \$50,000, and modify the Term of Agreement to June 30, 2021 (the “Grant Amendment Request”); and

WHEREAS, the MEDC recommends that the MSF approve the Company’s Grant

Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Amendment Request; and

BE IT FURTHER RESOLVED, the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions of the final documents necessary to effectuate the Grant Amendment Request.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

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

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

Date: April 5, 2018

Company Name: NEAPCO Drivelines, LLC ("Company" or "Applicant")

Company Address: 6735 Haggerty Road
Belleville, Michigan 48111

Project Address ("Project"): 6735 Haggerty Road
Belleville, Michigan 48111
AND
38900 Hills Tech Drive
Farmington Hills, Michigan 48331

MBDP Incentive Type: Performance Based Grant

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

- **Maximum Amount of MBDP Incentive:** Up to \$1,500,000 ("MBDP Incentive Award")
- **Base Employment Level:** 439
- **Total Qualified New Job Creation:** 167
(above Base Employment Level)
- **Company Investment:** \$57,700,952 in leasehold improvements, computers, machinery and equipment, special tooling, furniture and fixtures, annual lease cost, and other personal property or any combination thereof, for the Project.
- **Municipality supporting the Project:** Automation Alley agreed to provide a Foundation Level membership to Automation Alley will be provided to the Company. This membership has a value of \$17,500 per year
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
 - **Disbursement Milestone 1:** Up to \$500,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final

approval of municipality support by no later than June 30, 2016. COMPLETED

- **Disbursement Milestone 2:** Up to \$450,000 Upon demonstrated creation of 40 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2017.
 - **Disbursement Milestone 3:** Up to \$500,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 140 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.
 - **Disbursement Milestone 4:** Up to \$500,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3 and upon demonstrated creation of 27 additional Qualified New Jobs (for a total of 167 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.
- **Term of Agreement:** Execution of Agreement to July 31, 2021

Proposed MBDP Incentive Amendment:

- **Maximum Amount of MBDP Incentive:** Up to \$1,450,000 ("MBDP Incentive Award")
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
 - **Disbursement Milestone 1:** Up to \$500,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than June 30, 2016. COMPLETED
 - **Disbursement Milestone 2:** Up to \$450,000 Upon demonstrated creation of 40 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2018.
 - **Disbursement Milestone 3:** Up to \$500,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 77 additional Qualified New Jobs (for a total of 167 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.
- **Term of Agreement:** Execution of Agreement to June 30, 2021

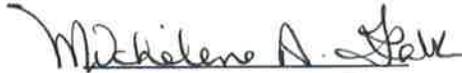
Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory municipality support, if applicable (iii) available MSF funding (iv) completion of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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by **April 6, 2018** the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

NEAPCO Drivelines, LLC

By:



Printed Name:

Michalene A. Falk

Its:

Vice President, Global
Human Resources

Dated:

April 6, 2018

Michigan Economic Development Corporation

By:



Printed Name:

Trevor Friedeberg

Its:

Director, Business Dev. Projects

Dated:

April 6, 2018

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund (“MSF”) Board

From: Mike Gietzen, Business Development Project Manager

Subject: LG Electronics Vehicle Components USA LLC (“Company” or “Applicant”) Amendment to the Approved Michigan Business Development Program Grant Agreement

Request

The Company is requesting an amendment to its existing Michigan Business Development Program (MBDP) performance-based grant Agreement to include the entity LG Electronics USA Inc. to be included as part of the Base Employment Level.

Background

On August 22, 2017 LG Electronics Vehicle Components U.S.A. LLC (“LG Electronics Vehicle Components”) was awarded a \$2,920,000 performance-based grant. The project involved the creation of 292 Qualified New Jobs and a capital investment of up to \$25,001,000 in the City of Hazel Park and the City of Troy within Oakland County. As a result of the MSF approval both entities, LG Electronics USA Inc. and LG Electronics Vehicle Components U.S.A. LLC, are eligible to be included for purposes of Qualified New Jobs. However administratively the Base Employment Level was incorrectly defined only by Electronics Vehicle Components U.S.A. LLC. This amendment will define the Base Level Employment by both LG Electronics Vehicle Components U.S.A. LLC and LG Electronics USA Inc.

LG Electronics USA Inc. (“LGEUS”) is an electronics company operating throughout the world. LGEUS operates four business units: Home Entertainment, Mobile Communications, Home Appliance & Air Solutions, and Vehicle Components. LGEUS first began to operate in the United States in 1982. LG Electronics Vehicle Components represents the fastest-growing business of LG Electronics. LG Electronics was honored by GM as a global supplier of the year and also received the 2017 GM Innovation Award for its work on the Chevrolet Bolt EV.

The Base Employment Level will remain 131. At the time of the approval a base of 131 was established by LG Electronics USA Inc. At that time LG Electronics Vehicle Components U.S.A. LLC was not established entity.

Recommendation

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

- a) Amend the MBDP Agreement to include the entity LG Electronics USA Inc. to be included in the Base Employment Level.
- b) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT AMENDMENT TO
LG ELECTRONICS VEHICLE COMPONENTS U.S.A., LLC**

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

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

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

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

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

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

WHEREAS, the MSF Board approved a \$2,920,000 Michigan Business Development Program Performance based grant on August 22, 2017 for the expansion of a new 250,000 square foot facility in the City of Hazel Park. The Company anticipates the Project will lead to the creation of 292 Qualified New Jobs and an investment of up to \$25,001,000 in the City of Hazel Park and the City of Troy within Oakland County (the “Project”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the MBDP performance-based grant to include the entity LG Electronic USA Inc. to be included as part of the Base Employment Level (the “Grant Amendment Request”);

WHEREAS, the MEDC recommends approval of the Grant Amendment Request; and

WHEREAS, the MSF Board wishes to approve the Grant Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Amendment Request; and

BE IT FURTHER RESOLVED, the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions of the final documents necessary to effectuate the Grant Amendment Request.

Ayes:

Nays:

Recused:

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund

From: Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: County of Oakland Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan Amendment
Iron Ridge Development Project

Request

The County of Oakland Brownfield Redevelopment Authority is requesting recognition of parcel combinations and the addition of eligible property to the existing Act 381 Work Plan (“Work Plan”). The project qualifies for an Act 381 Work Plan amendment because the properties are either a facility or adjacent and contiguous.

Background

A Work Plan was originally approved for this project by the MSF Board on October 24, 2017 and originally anticipated \$3,531,500 in Demolition, Asbestos Abatement, Infrastructure Improvements, Site Preparation, Contingency, and Brownfield Plan/Work Plan Preparation activity costs. The eligible activities and associated costs have not changed for this project.

The original intent of both the Brownfield and Work Plans was to include 24 parcels of eligible property; however, 3 of the parcels could not qualify. As a result, the Work Plan was approved with 21 parcels of eligible property. The Oakland County Board of Commissioners amended the Brownfield Plan on January 18, 2018, to recognize parcel combinations that added the previously omitted three parcels as eligible property, and condensed the number of parcels from 21 to 12. The additional eligible property will be an extension of the parking lot that was identified in the approved Work Plan. All parcels now qualify as either a facility or adjacent and contiguous.

Recommendation

MEDC staff recommends approval of recognition of parcel combinations and the addition of eligible property to the existing Work Plan.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
COUNTY OF OAKLAND BROWNFIELD REDEVELOPMENT AUTHORITY
IRON RIDGE DEVELOPMENT PROJECT
AMENDMENT #1**

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

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

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

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

WHEREAS, the MSF Board approved a Work Plan request for Iron Ridge Development Project (the “Project”), by Resolution 2017-186 on October 24, 2017, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$3,531,500 in eligible activities;

WHEREAS, the County of Oakland Brownfield Redevelopment Authority (the “Authority”) wishes to recognize parcel combinations and the addition of eligible property to the Work Plan;

WHEREAS, the addition of eligible property and change in the eligible property legal description are the only changes to the previously approved Work Plan; and

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board recognizes the parcel combinations and addition of eligible property as described in the revised Work Plan dated April 3, 2018, and reaffirms its October 24, 2017 approval authorizing the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 41.53% to 58.47% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, asbestos abatement and infrastructure improvements as stated in Resolution 2017-186. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating

purposes is based on costs of MSF eligible activities with a maximum of \$3,519,000 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$12,500 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,466,657.

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

BE IT FURTHER RESOLVED, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project.

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2017-186 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund Board

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

Subject: George F. Eyde Family, LLC or a Related Party - Request for Re-Approval of a Michigan Community Revitalization Program Other Economic Assistance Award – Oliver Towers Redevelopment

Request

George F. Eyde Family, LLC (“Company”) is requesting re-approval of a \$2,400,000 Michigan Community Revitalization Program (MCRP) Other Economic Assistance Performance Based Loan Participation award in order to allow time to execute the final MSF agreement. The award includes \$1,000,000 to be forgiven upon construction completion and achievement of other performance-based criteria.

Background

On September 26, 2017, the Michigan Strategic Fund Board approved a \$2,400,000 Other Economic Assistance Performance-Based Loan Participation award for the Company for the purpose of renovating the eight-story “Oliver Towers” building located in heart of Downtown Lansing just north of the State Capitol. It is anticipated that the project will include approximately 4,430 square feet of office/retail space on the first floor, along with 103 market rate residential units on floors two through eight.

The MCRP approval required that an agreement be entered into within 120 days of the date of the approval, but allowed for a 90 day extension with approval from the MSF Fund Manager.

Interior demolition activities are underway and are close to completion. The parties have been unable to finalize and execute the MCRP agreement. The development team and MEDC staff are working to close the transaction and anticipate finalizing the agreement within the next 120 days.

Recommendation

The MEDC staff recommends re-approval of the MCRP Other Economic Assistance Performance-Based Loan Participation award in the amount of \$2,400,000. Terms of the original approval will remain in place.

ORIGINAL APPROVAL



MEMORANDUM

Date: September 26, 2017

To: Michigan Strategic Fund Board

From: Nate Scramlin, Senior Community Assistance Team Specialist
Julius Edwards, Manager, Underwriting and Incentive Structuring
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: City of Lansing Brownfield Redevelopment Authority - Request for Approval of an Act 381 Work Plan – Oliver Towers Redevelopment

George F. Eyde Family, LLC or Related Party - Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance Award – Oliver Towers Redevelopment

Request

The proposed project is a mixed-use, multi-story redevelopment of the vacant, 8-story “Oliver Towers” building located in heart of Downtown Lansing just north of the State Capitol. The project will include approximately 4,430 square feet of office/retail space on the first floor, along with 103 market rate residential units on floors two through eight. The proposed project will be undertaken by the George F. Eyde Family, LLC and will redevelop 1.6 acres of property located at 310 N. Seymour Avenue in the City of Lansing. The project is located in a downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award and Act 381 work plan because it has been deemed a functionally obsolete property.

In order to alleviate brownfield conditions and prepare the proposed project site for redevelopment, the City of Lansing Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$967,796.

George F. Eyde Family, LLC is also requesting approval of a MCRP incentive in the amount of \$2,400,000 in the form of an Other Economic Assistance Loan Participation award. The proposed award includes \$1,000,000 to be forgiven upon construction completion and achievement of other performance-based criteria.

The total cost to complete the proposed renovation is estimated at \$13,698,710. The building has been vacant for nearly 15 years and requires extensive interior demolition and remediation of mold growth and asbestos containing materials. These required non-value added renovation activities coupled with relatively low residential and commercial markets rents has necessitated the request for MCRP assistance to complete the redevelopment of the property. Additionally, it is anticipated that the project will generate less than 1.0% cash-on-cash return. The development team has been able to secure traditional debt on the project of \$5 million. Additionally, the development team is contributing sources to the project that total more than 45% of the total development cost. To bridge the remaining financing gap the development team is requesting consideration for up to a \$2,400,000 in MCRP award.

The project deviates from the MCRP parameters that limit developer and related-party consulting fees to 4.0% of the total development cost. MEDC staff is comfortable with this deviation as the development team is deferring 100% of the development fees and the deferment will not impact repayment of the MSF award. Additionally, staff is requesting to advance up to 25% of “Eligible Investment” on a property that has not been designated as historic.

The eligible activities will alleviate brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without brownfield tax increment reimbursement, the cost burden related to brownfield conditions would make the project financially unfeasible. The MCRP detailed structure is provided in **Appendix A**.

The Applicant anticipates that the project will result in total capital investment in the amount of \$13,698,710, including MCRP eligible investment of \$9,730,785, along with the creation of approximately 10 permanent full-time equivalent jobs with an average hourly wage of \$16.

Background

The existing building is currently vacant and has been exceedingly underutilized for over 15 years with only the commercial portions of the building occupied since 2000. The proposed renovation project will include office/retail in addition to 103 residential units. The proposed mix of uses in this downtown location will promote many of the attributes of walkable communities.

The original building structure was built in 1971 with one addition in 1992. Redevelopment of the site has been hindered for some time due to the extensive brownfield conditions including, but not limited to, significant asbestos containing building materials and mold growth due to water intrusion. Redevelopment plans include extensive interior building demolition, new interior construction and improvements to the building facade, existing courtyard and site features. The final project will include 48,045 square feet of residential rental units and 4,430 square feet of commercial space.

The Eyde Company, of which the George F. Eyde Family, LLC is a related-party entity, specializes in Land Development, Office and Retail Sales and Leasing, Construction, Property Management, and

Residential Apartment Rentals and Management. The Eyde Company holds a substantial and varied inventory in the Lansing capital area, as well as Ann Arbor and Kalamazoo. The Eyde Company has received MSF support in the past and been successful in delivering completed properties including the historic renovation of the Knapp's Centre in downtown Lansing.

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

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) Local and school tax capture for the Act 381 eligible activities totaling \$967,796 Using the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$511,105;
- b) MCRP Other Economic Assistance Loan Participation Award in the amount \$2,400,000 of which \$1,000,000 will be forgiven upon construction completion and achievement of other performance-based criteria;
- c) Waiver of the 4.0% cap on developer and related-party consulting fees;
- d) Waiver to allow for the advance of up to 25% of "Eligible Investment" on a property not designated as an historic resource.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2018-**

**RE-APPROVAL OF MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO
GEORGE F. EYDE FAMILY, LLC OR RELATED ENTITY
(OLIVER TOWERS PROJECT)**

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

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

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

WHEREAS, by Resolution 2017-166 on September 26, 2017 the MSF Board awarded a \$2,400,000 MCRP Other Economic Assistance Performance-Based Loan Participation award (“Award”) to George F. Eyde Family, LLC or an entity formed or to be formed in the furtherance of the Oliver Towers Project (“Applicant”);

WHEREAS, by the terms of Resolution 2017-166, on January 9, 2018, the MSF Fund Manager approved an extension of the Award to April 23, 2018 (“Original Expiration Date”);

WHEREAS, the Applicant was unable to execute the Transaction Documents by the Original Expiration Date and is requesting re-approval of the Award along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC is recommending that the MSF re-approve the Award, with all other requirements remaining in place from the original approval.

WHEREAS, the MEDC is recommending the MSF re-approve the Applicant’s Award subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (the foregoing, collectively, the “MCRP Award Recommendation”); and

NOW, THEREFORE, BE IT RESOLVED, the MSF Board re-approves the MCRP Award Recommendation.

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

EXHIBIT A

“Term Sheet”

LOAN FACILITY

MSF Facility

MCRP Loan Participation and Servicing Agreement
Under “Other Economic Assistance”

Borrower:	George F. Eyde Family, LLC
Lender:	Wells Fargo
Total Financing Amount:	Currently estimated at \$7,400,000
Lender Share:	Currently estimated at \$5,000,000
MSF Share:	Up to the lesser of 25% of “Eligible Investment” or \$2,400,000
Term:	To match that of the Lender, not to exceed 60 months.
Amortization:	To match that of the Lender, not to exceed 300 months following an interest only period.
Interest Rate:	On the MSF share anticipated to be 1.00% per annum.
Repayment Terms:	Up to 36 months of monthly interest only payments followed by monthly principal and interest payments. Principal balance due at maturity. Up to \$1,000,000 of the MSF Share of the financing to be forgiven upon construction completion and achievement of other performance criteria.
	Limited Subordination of Payments During the amortization period, payments on the MSF Share will set periodically at level to assist the project in maintaining a debt service coverage ratio 1.20 to 1.00.
Collateral:	To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	Anticipated to be the limited unsecured guarantee of George F. Eyde Manager, LLC.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan. The Lender may charge the borrower for this fee.
Funding:	The MSF will fund up to \$2,400,000 to be disbursed following closing of the financing and other performance criteria.

Other Conditions:

The MSF's investment will be contingent upon the following:

- A minimum owner equity contribution of \$4,200,000 to the project.
- Receipt of a "Guaranteed Maximum Price" construction contract.
- Receipt of Final Project Budget

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund Board

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

Subject: **HB BM East Lansing LLC or Related Entities - Request for Re-Approval and Amendment of a Michigan Community Revitalization Program Award – Center City District**

Request

HB BM East Lansing LLC (“Company”) is requesting re-approval and amendment of a \$6,750,000 Michigan Community Revitalization Program (MCRP) Award to allow time to execute the final MSF agreement.

Background

On September 26, 2017, the Michigan Strategic Fund Board approved a \$6,750,000 Other Economic Assistance Performance-Based Loan Participation award for the Company for an extensive infill redevelopment project in downtown East Lansing. The project will include buildings fronting on both Grand River Avenue and Albert Avenue. The two major new structures, one a 12-story mixed-use building along Grand River Avenue, and the other to include a 5-story parking garage along Albert Avenue, with ground floor retail space and 5 additional floors of rental housing above one section of the parking garage, resulting in a 10-story mixed-use building.

The MCRP approval required that an agreement be entered into within 120 days of the date of the approval, but allowed for a 90 day extension with approval from the MSF Fund Manager.

Demolition activities have been completed and development activities are well underway. Due to the MEDC and the senior lender being unable to reach an agreement on collateral, the parties have been unable to finalize and execute the MCRP agreement. The Company is requesting to convert the original Other Economic Assistance Loan Participation Award to a Performance-Based Direct Loan. The development team and MEDC staff believe that the conversion to a MCRP Direct Loan will allow the parties to execute an agreement within the next 120 days.

The conversion to a Direct Loan Award will require several changes to the originally approved loan structure. The changes to the structure are detailed in Appendix A with strikethrough and capitalized bolded font.

Recommendation

The MEDC staff recommends re-approval and amendment of the MCRP Award in the amount of \$6,750,000.

APPENDIX A

MSF Facility	MCRP DIRECT LOAN Loan Participation and Servicing Agreement Under "Other Economic Assistance"
Borrower:	HB BM East Lansing LLC or Related Entities
Lender:	First National Bank of Omaha
Total Financing Amount:	Currently estimated at \$77,050,000
Lender Share:	Currently estimated at \$70,300,000
MSF Share:	Up to the lesser of 20% of "Eligible Investment" or \$6,750,000
LOAN AMOUNT	UP TO THE LESSER OF 20% OF "ELIGIBLE INVESTMENT" OR \$6,750,000
Term:	To match that of the Lender, not to exceed 60 months.
Amortization:	To match that of the Lender, not to exceed 300 months following an interest only period.
Interest Rate:	On the MSF share anticipated to be 1.00% per annum.
Repayment Terms:	Up to 36 months of monthly interest only payments followed by monthly principal and interest payments. Principal balance due at maturity.
	Limited Subordination of Payments
	During the amortization period, payments on the MSF Share will set periodically at level to assist the project in maintaining a debt service coverage ratio 1.15 to 1.00.
Collateral:	To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
	SUBORDINATED 2ND POSITION SECURITY INTEREST IN THE REAL ESTATE AND TIF REIMBURSEMENTS. PLEDGED SECURITY ACCOUNT WITH A FAIR MARKET VALUE OF NOT LESS THAN \$1,000,000 FOR THE BENEFIT OF MSF TO BE RELEASED UPON THE PROJECT REACHING A STABILIZED DEBT SERVICE COVERAGE RATIO OF 1.20 TO 1.00 AND THE

PROJECT ACHIEVING A MINIMUM APPRAISED VALUE OF 110% OF THE SENIOR AND MSF LOANS.

Guarantee: ~~To match that of the Lender, currently anticipated to be the unsecured personal guarantees of the owners. MSF share of guarantees will be subordinated to that of the Lender.~~

UNSECURED PERSONAL GUARANTEES OF THE OWNERS TO BE REDUCED TO 50% OF THE LOAN AMOUNT FOLLOWING THE PROJECT REACHING A STABILIZED DEBT SERVICE COVERAGE RATIO OF 1.20 TO 1.00.

MSF Fees: The MSF shall be paid a one-time fee equal to one percent of the MSF's ~~AWARD. share of the loan. The Lender may charge the borrower for this fee.~~

Funding: The MSF will fund up to \$6,750,000 to be disbursed following closing of the financing and other performance criteria.

Other Conditions: The MSF's investment will be contingent upon the following:

- A minimum owner equity contribution of \$20,000,000 to the project.
- Receipt of a "Guaranteed Maximum Price" construction contract.
- Receipt of Final Project Budget
- Receipt of Executed Master Development Agreement with the City of East Lansing
- **RECEIPT OF AN "AS-STABILIZED" APPRAISAL**

ORIGINAL APPROVAL



MEMORANDUM

Date: September 26, 2017

To: Michigan Strategic Fund Board

From: Nate Scramlin, Senior Community Assistance Team Specialist
Julius Edwards, Manager, Underwriting and Incentive Structuring
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: City of East Lansing Brownfield Redevelopment Authority - Request for Approval of an Act 381 Work Plan – Center City District

HB BM East Lansing LLC or Related Entities - Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance Award – Center City District

Request

The Center City District is an extensive infill redevelopment project in downtown East Lansing. The project will include buildings fronting on both Grand River Avenue and Albert Avenue. The two major new structures, one a 12-story mixed-use building along Grand River Avenue, and the other to include a 5-story parking garage along Albert Avenue, with ground floor retail space and 5 additional floors of rental housing above one section of the parking garage, resulting in a 10-story mixed-use building. The proposed project will be undertaken by Harbor Bay Real Estate Advisors, LLC, developed through a single-purpose entity HB BM East Lansing LLC organized to complete the project. The development team will redevelop just over 2 acres of property located at 201 E. Grand River in the City of East Lansing, however the entire project includes multiple addresses along Grand River Avenue and Albert Avenue. The project is located in a downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award and Act 381 work plan because the property, and those properties adjacent and contiguous, is qualified as a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of East Lansing Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$53,861,536.

HB BM East Lansing LLC and Related Entities are requesting approval of a MCRP award in an amount of up to \$6,750,000 in the form of an Other Economic Assistance Loan Participation.

The total cost to complete the proposed redevelopment of the Center City District project is estimated at \$126.6 million. The need for a MCRP award is driven by the high cost to assemble the properties in an urban setting such as Downtown East Lansing, the cost associated with relocating existing commercial tenants, and the anticipated payment of prevailing wages for the construction of the development. Even with the proposed MCRP award it is anticipated that the development team will receive less than a 10% cash-on-cash return. The development team has been able to secure \$70.3 million in traditional senior financing and the East Lansing Brownfield Redevelopment Authority will bond for nearly \$25 million to assist in the cost of constructing the public parking deck and other infrastructure improvements. It is anticipated the development team will be contributing nearly 20% of the total development cost in the form of equity and deferred developer and other related-party fees. The remaining financing gap will be filled by the requested \$6.75 million MCRP award. The MCRP detailed structure is provided in **Appendix A**.

The project deviates from the MCRP parameters as the pro forma debt service coverage ratio is less than 1.10 to 1.00 based on the committed financing for the project. Staff is comfortable with this deviation due to the financial strength of the development team and its ability to secure debt with a 30 year amortization upon the project reaching stabilization. Assuming a 30 year amortization on the senior financing the average debt service coverage ratio of over 1.20 to 1.00.

Additionally, the project deviates from the MCRP parameter that limits developer and related-party consulting fees to 4.0% of the total development cost. MEDC staff is comfortable with this deviation as the development team is deferring over 80% of the fees and the fees do not impact repayment of the MSF award.

The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The Applicant anticipates that the project will result in total capital investment in the amount of \$126,603,899 along with the creation of approximately 125 permanent full-time equivalent jobs with an average hourly wage of \$26.44.

Background

The Center City District project plans to invest \$126.6 million in the heart of downtown East Lansing. It will replace an obsolete, underutilized two-story commercial structures and a surface lot with a mixed-use, transit orientated development (TOD). The development will utilize urban, pedestrian focused design principles, in order to create a timeless asset that will yield tremendous economic results, both in jobs and overall investment. The specific uses of the development are as follows:

- 12-story Grand River building, which includes 273 market rate apartments, as well as 22,225 SF anchor retail space at the base of the building occupied by Target Corporation (lease is signed).
- 10-story Albert Ave building, which includes 92 age restricted apartments (55+ years of age), as well as a 5-story, 620-car ramp, and lastly, 23,917 SF of retail at the base.

The Target store will be its new “flexible format” store. Target’s flexible format is a new design specifically tailored to urban, dense locations. The format includes a grocery component, amongst other urban features designed for an optimal pedestrian experience. Target has rolled out over 40 of these types of stores across the country, with another 50 which are in the design and/or construction stage. It will represent a high watermark for East Lansing in walkable urban retail amenities, and will change downtown East Lansing into a true retail destination, creating a more walkable community. The presence of hundreds of new residents and shoppers will also encourage other mixed-use development.

The market rate residential tower above Target will showcase a series of innovative, urban design techniques in order to attract a versatile tenant demographic. Approximately 50% of the units will be single occupant units; either micros, studios or 1-bedroom units. The balance will be 2-bedroom units. Adjacent to the Target residential tower, will be the 10-story Albert Tower, containing a 5-story, 620-space parking garage; over 23,000 SF of retail space on the ground level fronting Albert; and 92 age-restricted (55 and up) active-adult apartments. Lastly, this portion of the project also includes substantial improvements to the streetscape and public space along Albert Avenue.

The City of East Lansing will maintain ownership of the land currently utilized as a surface parking and enter into a Master Development Agreement with the development team that will establish a ground lease between the City and the developers allowing for development of the property. Additionally, as part of the Master Development Agreement, upon completion the City will own the 620 space parking structure and lease 318 space back to the development team for private use.

Lead and asbestos abatement will be necessary prior to demolition activities in order to protect human health. Site demolition will consist of removal of abandoned utilities, parking lots, and building foundations. Utilities to be removed consist of on-site storm, sanitary, and water mains and utility structures. Building demolition includes a demolition survey, the actual demolition of the three buildings on the subject property, and fill, compaction, and rough grading to balance the site where the buildings were located. Site preparation activities include surveying, staking, grading & earth retention, clearing & grubbing, site erosion control, foundation work, and other activities. Infrastructure improvements include the construction of a 5-story, 620-car public parking deck which is necessary to support the new development as well as significant public space & complete street improvements to Albert Avenue creating a more welcoming and walkable realm. A low-impact design, urban storm water management system will also be installed to decrease stress on existing city systems. Interest costs will be reimbursed due to the interest costs on the loans that the developer will need to obtain in order to complete the eligible activities.

Harbor Bay and its family affiliates have been around since 1856, comprising of multiple generations of successful real estate development, investment and management. Together, they have developed in

excess of \$1.5B in real estate. Notable projects include: (1) Hilton-Rochester -- 264 keys, 7,687 SF of ballroom space, 19-stories, (2) Hub at Minneapolis -- 421 units, 10,556 SF of retail, 26 stories, (3) ENDI - Duluth -- 143 units, 14,000 SF of retail, (4) Kroger Distribution Center -- Oconomowoc, WI -- 1.1M SF Food Distribution Facility, (5) Preserve on Maine -- Rochester, MN -- 205 units market rate apartments. This is the first project the development team at Harbor Bay Real Estate Advisors, LLC is seeking incentives for from the Michigan Strategic Fund (MSF).

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

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) Local and school tax capture for the Act 381 eligible activities totaling \$53,861,536. Using the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$18,393,714;
- b) MCRP Performance-Based Loan Participation Award in the amount of \$6,750,000 for Harbor HB BM East Lansing LLC or related entities;
- c) Waiver of the MCRP parameter that requires a minimum debt service coverage ratio of 1.20 to 1.00. Staff is comfortable with this deviation due to the financial strength of the development team and its ability to secure 30 year amortizing financing upon the project reaching stabilized occupancy;
- d) Waiver of the 4.0% cap on developer and other related-party consulting fees. The development team is deferring approximately 80% of these fees.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2018-**

**RE-APPROVAL AND AMENDMENT OF A
MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE-BASED LOAN AWARD TO
HB BM EAST LANSING LLC OR RELATED ENTITIES
(CENTER CITY DISTRICT)**

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

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

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

WHEREAS, by Resolution 2017-167 on September 29, 2017 the MSF Board awarded a \$6,750,000 MCRP Other Economic Assistance Performance-Based Loan Participation award (“Award”) to HB BM East Lansing LLC or Related Entities formed or to be formed in the furtherance of The Center City District Project (“Applicant”);

WHEREAS, by the terms of Resolution 2017-167, on January 9, 2018, the MSF Fund Manager approved an extension of the Award to April 23, 2018 (“Original Expiration Date”);

WHEREAS, the Applicant was unable to execute the Transaction Documents by the Original Expiration Date and is requesting re-approval and amendment of the Award along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC is recommending that the MSF re-approve the Award, with all other requirements remaining in place from the original approval.

WHEREAS, the MEDC is recommending the MSF re-approve and amend the Applicant’s Award subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (the foregoing, collectively, the “MCRP Award Recommendation”); and

NOW, THEREFORE, BE IT RESOLVED, the MSF Board re-approves and amends the MCRP Award Recommendation.

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

EXHIBIT A
“Term Sheet”

LOAN FACILITY

MSF Facility

MCRP **DIRECT LOAN** ~~Loan Participation and Servicing Agreement~~
Under “Other Economic Assistance”

Borrower: HB BM East Lansing LLC or Related Entities

~~**Lender:** First National Bank of Omaha~~

~~**Total Financing Amount:** Currently estimated at \$77,050,000~~

~~**Lender Share:** Currently estimated at \$70,300,000~~

~~**MSF Share:** Up to the lesser of 20% of “Eligible Investment” or \$6,750,000~~

LOAN AMOUNT

**UP TO THE LESSER OF 20% OF “ELIGIBLE INVESTMENT”
OR \$6,750,000**

Term: To match that of the Lender, not to exceed 60 months.

Amortization: To match that of the Lender, not to exceed 300 months following an interest only period.

Interest Rate: ~~On the MSF share~~ anticipated to be 1.00% per annum.

Repayment Terms: Up to 36 months of monthly interest only payments followed by monthly principal and interest payments. Principal balance due at maturity.

~~Limited Subordination of Payments~~

~~During the amortization period, payments on the MSF Share will set periodically at level to assist the project in maintaining a debt service coverage ratio 1.15 to 1.00.~~

Collateral:

~~To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.~~

**SUBORDINATED 2ND POSITION SECURITY INTEREST IN
THE REAL ESTATE AND TIF REIMBURSEMENTS. PLEDGED
SECURITY ACCOUNT WITH A FAIR MARKET VALUE OF
NOT LESS THAN \$1,000,000 FOR THE BENEFIT OF MSF TO BE
RELEASED UPON THE PROJECT REACHING A STABILIZED
DEBT SERVICE COVERAGE RATIO OF 1.20 TO 1.00 AND THE**

PROJECT ACHIEVING A MINIMUM APPRAISED VALUE OF 110% OF THE SENIOR AND MSF LOANS.

Guarantee: ~~To match that of the Lender, currently anticipated to be the unsecured personal guarantees of the owners. MSF share of guarantees will be subordinated to that of the Lender.~~

UNSECURED PERSONAL GUARANTEES OF THE OWNERS TO BE REDUCED TO 50% OF THE LOAN AMOUNT FOLLOWING THE PROJECT REACHING A STABILIZED DEBT SERVICE COVERAGE RATIO OF 1.20 TO 1.00.

MSF Fees: The MSF shall be paid a one-time fee equal to one percent of the MSF's **AWARD**. ~~share of the loan. The Lender may charge the borrower for this fee.~~

Funding: The MSF will fund up to \$6,750,000 to be disbursed following closing of the financing and other performance criteria.

Other Conditions: The MSF's investment will be contingent upon the following:

- A minimum owner equity contribution of \$20,000,000 to the project.
- Receipt of a "Guaranteed Maximum Price" construction contract.
- Receipt of Final Project Budget
- Receipt of Executed Master Development Agreement with the City of East Lansing
- **RECEIPT OF AN "AS-STABILIZED" APPRAISAL**

MEMORANDUM

Date: April 24, 2018

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

From: David Kurtycz, Business Development Project Manager

Subject: Plastic Trim International, Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request

Summary

This is a request from the Applicant for a \$1,575,000 performance-based grant. The project involves the creation of 210 Qualified New Jobs and a capital investment of up to \$16,100,000 in Baldwin Township and Tawas City in Iosco County.

The Applicant has demonstrated a need for the funding. The Company is considering expanding its Lewisburg, Tennessee plant or its Baldwin Township, Michigan plant. The Company believes most of the new growth in automotive will be in the south and that the Tennessee location allows them the opportunity to win bids on the new contracts as Tennessee has lower labor cost and better logistics. In addition, the Company has land available at the Tennessee site to complete the project. The Company’s Baldwin Township plant has been a more challenging site in terms of labor supply, competing with seasonal tourism work in the summer, and lower wages at its Tennessee plant. Incentive assistance is needed to help overcome lower labor costs and better logistics at competing site.

Background

The Company is a subsidiary of Minth Group US Holdings, Inc., a China-based manufacturer of trim, molding, decorative parts, body structural parts, set frame systems, and roof racks for the automotive industry. The Company’s Baldwin Township plant, established in 1992 and acquired by Minth Group US Holdings, Inc. in 2007, manufactures trim, molding, and decorative automotive parts for General Motors, Chrysler, Volkswagen, Nissan, and BMW. The Company also has a logistics center in Tawas City that supports the Baldwin Township manufacturing plant.

The Company is considering expanding its Baldwin Township plant by adding over 42,000 square feet of space and upgrading technologies that will allow the Company to expand its customer base by meeting demand for larger parts as well as painted plastic parts. The Tawas City logistics center will also have some growth due to the increased production in Baldwin Township.

The Applicant has not received any incentives from the MSF in the past. However, before being acquired by Minth Group US Holdings, Inc., the Company received an Economic Development Job Training (EDJT) grant in 2002 for \$20,000. The grant was successfully closed.

The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.
- b) The project will be located in Baldwin Township and Tawas City with the vast majority of the investment occurring in Baldwin Township. The Township of Baldwin has offered a “staff, financial, or economic commitment to the project” in the form of a tax abatement, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- c) The Applicant has demonstrated a need for the funding. The Company is considering expanding its Lewisburg, Tennessee plant or its Baldwin Township, Michigan plant. The Company believes most of the new growth in automotive will be in the south and that the Tennessee location allows them the opportunity to win bids on the new contracts as Tennessee has lower labor costs and better logistics. In addition, the Company has land available at the Tennessee site to complete the project. The Company’s Baldwin Township plant has been a more challenging site in terms of labor supply, competing with seasonal tourism work in the summer, and lower wages at its Tennessee plant.
- d) The Applicant plans to create 210 Qualified New Jobs above a statewide base employment level of 316.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: project is not a retail project; project is not a retention project; involves out-of-state competition; has a net positive return to Michigan; level of investment is significant for the rural location of the project; prospect of near-term job creation; wage level for new jobs is significantly higher than the county average wage.

Recommendation

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

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
PLASTIC TRIM INTERNATIONAL, INC.**

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

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

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

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

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

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

WHEREAS, Plastic Trim International, Inc. (“Company”) has requested a performance based MBDP grant of up to \$1,575,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP").

Date: April 5, 2018

Company Name:	Plastic Trim International, Inc.
Project Location:	Iosco County
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,575,000
Base Employment Level:	At least 218
Qualified New Jobs:	At least 210 at the Project Location
Municipality Supporting Project:	Baldwin Township has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Date of MSF Approval
Term of the Agreement:	January 31, 2023
Milestone Based Incentive:	Disbursements will be made over a 4 year period and will be performance based on job creation as follows: Milestone 1: \$225,000 for the creation of 30 jobs. Milestone 2: \$300,000 for the creation of 40 jobs. Milestone 3: \$487,500 for the creation of 65 jobs. Milestone 4: \$562,500 for the creation of 75 jobs.

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

Acknowledged as received by:

Plastic Trim International, Inc.

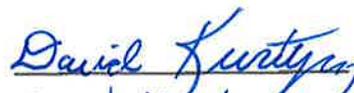
Michigan Economic Development

Corporation

By:



By:



Printed Name:

Howard Wu

Printed Name:

David Kurtycz

Its:

Mintz Operation Director
5th April, 2018

Its:

Business Development Project Manager

April 5, 2018-Plastic Trim International, Inc.

MEMORANDUM

Date: April 24, 2018
To: Michigan Strategic Fund Board
From: Natalie Chmiko, Director, International Trade
Subject: *International Trade Centers - Request for Proposal*

Action

The MEDC requests that the MSF Board approve and issue a Request for Proposals for the International Trade Centers (the "Trade Center RFP").

Background

The International Trade program assists Michigan based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The services offered aim to increase awareness of international opportunities, provide export education, arrange financial assistance for qualified export development activities, and deliver on-the-ground support in key Michigan export markets. Regionally based international trade managers work with companies to identify their export development objectives and recommend appropriate export programs and resources. The program focus is on Michigan small businesses, which is determined by the United States Small Business Administration's Size Standards, defined by industry.

The International Trade Program supports the MEDC and MSD's strategic goals to increase jobs, investment and wages by increasing export sales. In FY2017, the International Trade Program assisted 529 Michigan companies. Export sales that came as a direct result of MEDC and MSF assistance (facilitated exports) totaled \$606.9 million to 128 countries. With over \$150 million reported in the first quarter of FY2018, the program anticipates achieving the annual target of \$630 million. Since the program was re-established in FY2012, companies have reported over \$2 billion in facilitated export sales, equating to 9,556 Michigan jobs created (\$210,000 in export sales = 1 job). The MEDC International Trade Team was recognized for their outstanding achievements and was awarded the "E" Award for Export Service in May 2017. The "E" and "E Star" Awards are the highest recognition any U.S. entity may receive for supporting export activity.

The MEDC requests that the MSF release the Trade Center RFP to solicit proposals from organizations with international trade expertise to provide trade promotion services to Michigan based companies seeking export sales in the following target markets: Brazil, China, Canada, Mexico, Europe, Middle East (to cover Qatar, Kuwait, UAE, Saudi Arabia, Bahrain and Oman).

There are currently Michigan Trade Centers established in all markets listed in this RFP. These centers provide services including: customized market research, market entry strategy, matchmaking meetings (prequalification of agents, distributors, partners and/or customers), regulatory information, and competitive analysis. In addition, the trade centers assist with facilitating international trade missions and Governor delegations. In FY2017, the International Trade Centers completed 218 projects for Michigan companies and facilitated a total of 696 meetings with prospective agents, distributors, partners and/or customers. As a result of the trade center's assistance, Michigan companies reported a total of \$177.5 million in export sales, equivalent to 845 jobs created.

The objective of the Trade Center RFP is to enter into a fixed fee contract for trade promotion services at a non-negotiable amount to be determined. The contract amount per country will be determined annually and the total

amount will be finalized pending confirmation of final awards. Operating costs will be the sole responsibility of the Contractor and derived from the contract fee.

The MEDC anticipates the following proposed timeline for the execution of this Trade Center RFP:

Issue RFP to the Public: April 25, 2018
Questions due from the Public: May 1, 2018
Answers posted to the MEDC web page: May 7, 2018
Applications Deadline: May 31, 2018

The MEDC will seek delegated approval via the MSF Fund Manager, via authorization in MSF Resolution 2014-122, of the appointment of a Joint Evaluation Committee to review the responses to the Trade Center RFP and to make award recommendations to the MSF. The MEDC recommends that the MSF Board approve the scoring and evaluation criteria attached as Exhibit B to the resolution to be used by the JEC members in their review of proposals submitted in response to the Trade Center RFP.

Recommendation

MEDC Staff recommends that the MSF Board approve of the following:

1. The issuance of the Trade Center RFP, attached as Exhibit A to the Resolution;
2. The scoring and evaluation criteria attached as Exhibit B to the resolution

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

AUTHORIZATION OF REQUEST FOR PROPOSALS: INTERNATIONAL TRADE PROGRAM INTERNATIONAL TRADE CENTERS

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

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

WHEREAS, Section 88b(6) of the Act provides that the MSF Board may select all vendors for all expenditures and for program awards by issuing a request for proposal or an alternative competitive process as determined by the MSF Board;

WHEREAS, pursuant to Resolution 2013-165, the MSF approved the creation and operation of the Pure Michigan Export Program, subsequently renamed the International Trade Program, to increase the number of Michigan small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base by marketing to persons or entities outside of the State of Michigan;

WHEREAS, subject to the control and direction of the MSF Board pursuant to the Amended and Restated Memorandum of Understanding adopted via MSF Resolution 2015-185, the Michigan Economic Development Corporation (“MEDC”) provides certain administrative services to the MSF for the International Trade Program;

WHEREAS, the MEDC has prepared a Request for Proposals, included as Exhibit A to this Resolution, which establishes a competitive proposal process to award funds for contracting with an entity or entities to provide trade promotion services to Michigan-based companies seeking export sales in target markets internationally (the “International Trade Centers RFP”);

WHEREAS, the MEDC recommends and the MSF desires to initiate the competitive proposal process to award grants to entities providing such services in pursuance of the International Trade Program agenda by issuing the International Trade Centers RFP;

WHEREAS, the MSF Board has delegated authority to the Fund Manager to appoint the members of the Joint Evaluation Committee (“JEC”) via MSF Resolution 2014-122, to review RFPs and make award recommendations to the MSF; and

WHEREAS, the MEDC recommends and the MSF Board desires to adopt the scoring and evaluation criteria contained in Exhibit B to this Resolution for use by the JEC in its review of proposals received in response to the International Trade Centers RFP (the “International Trade Centers RFP Scoring and Evaluation Criteria”);

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the International Trade Centers RFP and approves the International Trade Centers RFP Scoring and Evaluation Criteria; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the International Trade Centers RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

Exhibit A

REQUEST FOR PROPOSALS
MICHIGAN STRATEGIC FUND
INTERNATIONAL TRADE CENTERS
RFP-CASE-236443

DRAFT

Exhibit A

REMINDER

Please check your proposal to make sure you have included all of the specifications in the Request for Proposals. In addition, please submit an electronic version of each of the following:

- Technical Proposals (Section ii-A);
- Price Proposal (Section II-B);
- Signed Independent Price Determination Certificate (Attachment B); and
- Conflicts of Interest Disclosure (if applicable) (Section II-G).

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-236443 Technical Proposal” and “RFP-CASE-236443 Price Proposal” with *Company Name*, and “message 1 of 3” as appropriate if the bid consists of multiple emails.

The Michigan Strategic Fund (the “MSF”) will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.

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

IMPORTANT DUE DATES

- **MAY 1, 2018, at 5:00 p.m. EDT:** Questions from potential Bidders are due via email to contractsandgrants@michigan.org. Please note: The MSF will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.
- **MAY 7, 2018, by 5:00 p.m. EDT:** Responses to all qualifying questions will be posted on the MSF’s website, INSERT URL.
- **MAY 31, 2018, at 5:00 p.m. EDT:** Electronic versions sent separately of each of your Technical Proposal and Price Proposals due to the MSF via email to contractsandgrants@michigan.org. **Proposals will not be accepted via U.S. Mail or any other delivery method.**

Exhibit A

Table of Contents

Section I –Work Statement	2
A – Purpose	2
B – Background Statement and Objectives	2
C – Qualifications	2
D – Deliverables.....	3
Section II – Proposal Format	7
A – Technical Proposal	7
B – Price Proposal	8
C – Proposal Submittal	8
Section III – RFP Process and Terms and Conditions.....	9
A – Pre-Bid Meeting/Questions.....	9
B – Proposals.....	9
C – Economy of Preparation.....	9
D – Selection Criteria	9
E – Bidders Costs	11
F – Taxes	11
G – Conflict of Interest	11
H – Breach of Contract.....	12
I – Disclosure	12
J – False Information.....	12
K – Additional Disclosure	12
L – Prices Held Firm.....	12
M – Best and Final Offer	13
N –Clarification/Changes in the RFP	13
O – Electronic Bid Receipt	13
P – Reservation of MSF Discretion	13
Q – Jurisdiction	14
R – Additional Certification.....	14
Section IV – Contractual Terms and Conditions	15
A – Contract Terms and Conditions.....	15
B – Contractor Responsibilities	15
C – Acceptance of Proposal Content	15
D – Project Control and Reports	16
Attachment A – Professional Services Contract Terms and Conditions	A-1
Attachment B – Independent Price Determination and Prices Held Firm Certification.....	B-1

Exhibit A

REQUEST FOR PROPOSAL
INTERNATIONAL TRADE CENTERS
RFP-CASE-236443

This Request for Proposals (the “RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Procurement Services unit (the “C&P”). The Michigan Economic Development Corporation (the “MEDC”) provides administrative services associated with the programs and activities of the Michigan Strategic Fund Act on behalf of the MSF. C&P is the sole point of contact with regard to all bidding and contractual matters relating to the services described in this RFP. C&P is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this RFP and any contract(s) awarded as a result of this RFP (the “Contract”). C&P will remain the SOLE POINT OF CONTACT throughout the bidding process. ***The MSF will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

Contracts and Procurement Services
Michigan Strategic Fund
300 North Washington Square
Lansing, Michigan 48913
contractsandgrants@michigan.org

Exhibit A

SECTION I STATEMENT OF WORK

A) PURPOSE

MSF is seeking contractors to provide trade promotion services to Michigan based companies seeking export sales in the following target markets and regions: Brazil, China, Canada, Mexico, Europe, Middle East (to cover Qatar, Kuwait, UAE, Saudi Arabia, Bahrain and Oman).

B) BACKGROUND STATEMENT AND OBJECTIVES

Background:

The International Trade program assists Michigan based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small and medium-sized enterprises, which by the United States Small Business Association's Size Standards, defined by industry, but will also assist larger companies if the assistance will have a clear and identifiable economic impact. The International Trade program will enter into a fixed fee contract for trade promotion services at a non-negotiable amount to be determined. The contract amount per country will be determined annually and the total amount will be finalized pending confirmation of final awards. Operating costs, including staff salaries, office space/rent, office equipment, office supplies, postage, banking fees, printing, telephones, local transportation and all other costs unless otherwise noted, will be the sole responsibility of the Contractor and derived from the contract fee.

The term of the initial contract shall be from October 1, 2018 through September 30, 2019, and shall be renewable subject to mutual agreement on an annual basis.

Objectives:

The International Trade program is designed to spur job creation by empowering Michigan based companies to export their products. The program has three primary objectives:

- Increase export sales by Michigan companies
- Increase number of new-to-export companies
- Increase entry into new markets by companies already exporting

C) REQUIREMENTS

Minimum of five years providing international trade assistance.

- Contractor or its subcontractor must have an existing office in each target market that is included in the proposal as a primary business location.
- Contractor or its subcontractor must have the ability to obtain a US Visa for traveling to the United States at least once a year.

Exhibit A

- Contractor or its subcontractor must be fully bilingual with the ability to read, write and compose business correspondence in English and official language in each target market that is included in the proposal.
- Contractor or its subcontractor and staff must be familiar with the business practices and culture of the US and in each target market that is included in the proposal.
- Contractor or its subcontractor must have an established business and at least five years of experience in consulting, marketing, sales or other areas that provide services to international, preferably US, companies.
- Contractor or its subcontractor must have experience working with small-to-medium sized companies (average annual sales less than US\$50 million).
- Exceptional research, writing, and interpersonal skills.
- Lead Staff members with at least a bachelor's degree. A Master's, legal or specialized degree in a relevant field is preferred, but not required.

D) **DELIVERABLES**

Services to be Provided:

The Contractor or its subcontractor shall serve as an authorized representative for the State of Michigan in target market(s) subject to the limitations in the agreement. MSF shall retain the Contractor or its subcontractor for the purpose of increasing the export of products and services from small-to-medium sized companies in Michigan's defined target market(s). This contract is on a non-exclusive basis and the Contractor or its subcontractor may have other clients and/or provide work for other US States or foreign governments/legislatures where no conflict of interest exists.

Trade development services to be provided by the Contractor or its subcontractor, in addition to those described below, will be determined by specific parameters submitted by MSF. Minimum services required are as follows:

(1.) Agent/Distributor Searches and Matchmaking

At MSF's request, the Contractor or its subcontractor shall conduct agent/distributor searches for participating small-to-medium sized Michigan companies. The agent/distributor searches shall include investigating the products or services made by the companies, identifying and/or qualifying agents and distributors to represent products or services, interviewing prospective representatives and distributors, arranging appointments with agents and distributors, arranging for translators, conducting pre- and post-briefings and follow-up activities. The Contractor or its subcontractor may also be required to conduct market research and viability studies, as well as end user searches.

(2.) Trade Events

At MSF's request, the Contractor or its subcontractor shall recommend trade events for its participation. The Contractor or its subcontractor shall serve as the primary coordinator for

Exhibit A

participation in trade events. Examples of these events include trade fairs/exhibitions and catalogue shows. The Contractor or its subcontractor will be responsible for all pre- and post-event activities including but not limited to publicity, information distribution, interpreters, participant briefings, participation on behalf of the State of Michigan, and post-event evaluation.

The Contractor or its subcontractor will not be responsible for direct costs including exhibition space, interpreter fees, shipment of exhibition displays, preparation of printed materials, etc.

(3.) Referrals

At MSF's request, the Contractor or its subcontractor shall provide qualified referrals to Michigan firms, including but not limited to referrals for legal, translation, advertising, local employment practices, credit and other professional services. It is required to include the MSF staff, International Trade Manager, on all communications with the Michigan firm.

(4.) Database of Trade Contacts

The Contractor or its subcontractor shall maintain a database of agents, distributors, manufacturers, retail outlets, international trade service providers including translating companies, advertising companies, law firms, government offices and government officials, and other organizations and individuals as necessary to perform duties as Contractor or subcontractor.

(5.) Development of Trade Contacts and Leads

The Contractor or its subcontractor shall obtain, maintain, and strengthen contacts with businesses throughout the target market(s) in order to create additional trade leads for the MSF.

(6.) Business Appointments and Assistance

At MSF's request, the Contractor or its subcontractor shall assist in arranging business appointments and itineraries for visiting business executives from the State of Michigan.

(7.) Annual State Trip

At MSF's request, the Principal Officer of the Contractor or its subcontractor shall visit Michigan annually for up to one week to attend and/or participate in conferences, programs, training sessions or pre-scheduled company meetings arranged by the MSF. Travel expenses shall be pre-authorized by the MSF in advance

(8.) Trade Missions

At MSF's request, the Contractor or its subcontractor shall help organize and participate in official Michigan trade delegations to target market(s), including governor-led missions.

- i. Business Matchmaking – The Contractor or its subcontractor will arrange customized one-on-one business appointments with prospective agents, distributors, or buyers. Participants average one to four business appointments each day depending on the company's products, services and objectives in addition to the distance between meetings.

Exhibit A

- ii. Market Research – Customized market research, industry information and analysis should be provided to the participating companies prior to the visit.
- iii. In-Country Business Briefings – The Contractor or its subcontractor will be required to coordinate an in-country briefing for participating companies within 36 hours of arrival to the market. This includes coordinating space, speakers and topics such as: economic outlook, leading sectors, legal considerations, business cultural tips, distribution and sales channels and other approved topics. Speakers may include contractor or subcontractor staff, U.S. Commercial Service specialists, industry experts, associations, local businesses and/or government officials.
- iv. In-Country Staff Support – The Contractor or its subcontractor will assist companies with preparation for missions, accompany the delegation, and provide post-mission follow-up.
 - Director or approved delegate is required to travel with the delegation to manage the in-country service delivery.
- v. Ground Transportation – The Contractor or its subcontractor will arrange group ground transportation to and from the airport and hotel; assist companies with coordinating and paying transportation for in-country meetings.
- vi. Group-rate Accommodations – The Contractor or its subcontractor will provide hotel suggestions and negotiated group hotel rates for the delegation.
- vii. Other services – Recommendations for suitable drivers, interpreters and business services should be available upon request.

(9.) Information

The Contractor or its subcontractor shall maintain an in-depth knowledge of Michigan's economic structure, business interests/practices and culture. The Contractor or its subcontractor should report any country-specific news, policy changes and current events that may affect the business relationship with the MSF or Michigan's exporters. The Contractor shall be required to track progress and complete reporting requirements, as instructed by the MSF.

(10.) General Conduct

The Contractor or subcontractor shall set clear and realistic expectations for each project with Michigan companies along with a detailed timeline for deliverables. All conference calls with Michigan companies should be conducted during standard business hours in the U.S. unless otherwise agreed upon by both parties.

(11.) Monthly/Annual Reports

Expenses incurred at the request of the MSF that are outside of the contract, if any, should be sent via email to the MSF Contract Manager, with a corresponding request for reimbursement.

The Contractor or its subcontractor shall submit a monthly report to the MSF detailing content and results of work related to points (1) through (10).

Exhibit A

- i. Summary of conference calls – Record written confirmation of initial contact with company, notes and project scope of work.
- ii. Summary of meetings with companies during annual trip to Michigan.
- iii. Contracted Projects – Record start/end date of project, type of activity, country, number of meetings, notes and final deliverable.
- iv. Final reports – The Contractor shall also prepare and provide the MSF with an annual report summarizing all business development and other activities engaged in by the Contractor or its subcontractor in the target market(s).

DRAFT

Exhibit A

SECTION II PROPOSAL FORMAT

To be considered, each Bidder must submit a COMPLETE proposal in response to this RFP using the format specified. Bidder's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required in the RFP or considered by the Bidder to be essential to a complete understanding of the proposal. Each section of the proposal should be clearly identified with appropriate headings:

A) TECHNICAL PROPOSAL

1. Business Organization and History – State the full name, address, and phone and facsimile number of your organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work hereunder. Indicate whether it operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated. If appropriate, the proposal must state whether the organization is licensed to operate in the State of Michigan.
2. Statement of the Problem – State in succinct terms your understanding of the problem(s) presented by this RFP.
3. Narrative – Include a narrative summary description of the proposed effort and of the services(s)/products(s) that will be delivered.
4. Technical Work Plans – Provide a detailed research outline and timelines for accomplishing the work.
5. Prior Experience – Describe the prior experience of your organization which you consider relevant to the successful accomplishment of the project defined in this RFP. Include sufficient detail to demonstrate the relevance of such experience. Proposals submitted should include, in this Section, descriptions of qualifying experience to include project descriptions, costs, and starting and completion dates of projects successfully completed; also include the name, address, and phone number of the responsible official of the client organization who may be contacted.

The MSF may evaluate the Bidder's prior performance with the MSF, and prior performance information may be a factor in the award decision.

6. Project Staffing – The Bidder must be able to staff a project team which possesses talent and expertise in the field of the requirements of this RFP. Identify a Project Manager and staff assigned by name and title. Include biographies, experience and any other appropriate information regarding the work team's qualification for this initiative. Indicate staff turnover rates. Show where the project team will be physically located during the time they are engaged in the work. Indicate which of these individuals you consider key to the successful completion of the work. Indicate the amount of dedicated management time for the Bidder's Project Manager and other key individuals. Do not include any financials for the contemplated work within the Technical Proposal. Resumes of qualifications should be supplied for proposed project personnel.

Exhibit A

Please Note: The MSF further reserves the right to interview the key personnel assigned by the Contractor to this project and to recommend reassignment of personnel deemed unsatisfactory.

7. Subcontractors – List here all subcontractors that will be engaged to accomplish the project described in this RFP; include firm name and address, contact person and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization and abilities. Also, the information provided in response to A-5, above, should include detailed information about each potential subcontractor.

8. Bidder's Authorized Expediter – Include the name and telephone number of person(s) in your organization authorized to expedite any proposed contract with the MSF.

9. Additional Information and Comments – Include any other information that is believed to be pertinent, but not specifically asked for elsewhere.

B) PRICE PROPOSAL

Provide the cost/rate/price information for all firms/persons named in your Price Proposal to demonstrate the reasonableness of your Price Proposal. Attach a schedule of all expenses covering each of the services and activities identified in your proposal.

The MSF is exempt from federal excise tax, and state and local sales taxes. The Price Proposal should not include taxes.

THE PRICE PROPOSAL MUST BE IDENTIFIED AND SENT SEPARATELY FROM THE TECHNICAL PORTION OF YOUR PROPOSAL ACCORDING TO THE INSTRUCTIONS OF THIS RFP. Separately sealed price proposals will remain sealed until the JEC has completed evaluation of the technical proposals.

Bidders Please Note: Rates quoted in response to this RFP are firm for the duration of the Contract; no price increase will be permitted.

C) PROPOSAL SUBMITTAL

Submit separately marked electronic versions of each of your Technical Proposal and Price Proposal to the MSF via email to contractsandgrants@michigan.org not later than **5:00 p.m. EDT on MAY 31, 2018**. The MSF has no obligation to consider any proposal that is not timely received. **Proposals will not be accepted via U.S. Mail or any other delivery method.**

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: "*RFP-CASE-236443 Technical Proposal*" and "*RFP-CASE-236443 Price Proposal*" with *Company Name*, and "*message 1 of 3*" as appropriate if the bid consists of multiple emails.

Exhibit A

SECTION III RFP PROCESS AND TERMS AND CONDITIONS

A) PRE-BID MEETING/QUESTIONS

A pre-bid meeting will not be held. Questions from Bidders concerning the specifications in this RFP must be received via e-mail no later than **5:00 p.m. EDT on MAY 1, 2018**. Questions must be submitted to:

Contracts & Procurement Services
contractsandgrants@michigan.org

B) PROPOSALS

To be considered, Bidders must submit a complete response to this RFP, using the format provided in Section II of this RFP, by **5:00 p.m. EDT on May 31, 2018**. No other distribution of proposals is to be made by the Bidder.

The Technical Proposal must be **signed physically or electronically** by an official of the Bidder authorized to bind the Bidder to its provisions. The proposal must include a statement as to the period during which it remains valid; this period must be at least ninety (90) days from [May 31, 2018]. The rates quoted in the Price Proposal must remain firm for the period indicated in Section II.

C) ECONOMY OF PREPARATION

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

D) SELECTION CRITERIA

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

The first step is an evaluation of which proposals satisfactorily meet the requirements of this RFP as stated in Section II.

1) Step I – Initial evaluation for compliance

a) *Proposal Content* – Contracts & Procurement Services will screen the proposals for technical compliance to include but not be limited to:

- Timely submission of the proposal.
- Technical Proposal and Price Proposal clearly identified and sent separately.
- Proposal signed physically or electronically by an official of the Bidder authorized to bind the Bidder to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

Exhibit A

2) Step II – Criteria for Satisfactory Technical Proposals

- a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee (the “JEC”) comprised of individuals selected by the MSF. Only those proposals that satisfy the requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Bidder.
- b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Bidder to meet the requirements of this RFP, especially the time constraints, quality, and recent projects similar to that described in this RFP. The proposal should indicate the competence of the personnel whom the Bidder intends to assign to the project, including education and experience, with particular reference to experience on projects similar to that described in this RFP and qualifications of Bidder’s Project Manager and the Project Manager’s dedicated management time, as well as that of other key personnel working on this project.

		Weight
1.	Bidder Information	5
2.	Understanding RFP	10
3.	Statement of Work	20
4.	Prior Experience	20
5.	Track Record of Performance	25
6.	Staffing Capacity	20
TOTAL		100

- c.) During the JEC’s review, Bidders may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Bidders to clarify the proposals. The MSF will schedule these presentations, if required by the JEC.
- d.) Only those proposals receiving a score of **80 points or more** in the technical proposal evaluation will have their pricing evaluated to be considered for award.

3) Step III – Criteria for Satisfactory Price Proposal

- a.) Based on what is in the best interest of the MSF, the MSF will award the Contract considering value, quality, and the ability to meet the objectives of this RFP, of proposals that were approved as a result of this two-step evaluation process.
- b.) The MSF reserves the right to consider economic impact on the State of Michigan when evaluating proposal pricing. This includes, but is not limited to: job creation, job retention, tax revenue implications, and other economic considerations.
- c.) The award recommendation will be made to the responsive and responsible Bidder who offers the best value to the MSF and the State of Michigan. Best

Exhibit A

value will be determined by the Bidder meeting the minimum point threshold and offering the *best proposal that meets the objectives of the RFP*.

- d.) The MSF reserves the right to award to another “best value” contractor in case the original Awardee does not accept the award.

E) BIDDERS COSTS

The MSF is not liable for any costs incurred by any Bidder prior to signing of the Contract by all parties.

F) TAXES

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

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

G) CONFLICT OF INTEREST

The Bidder must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from the award of the Contract or the services provided under the Contract.

Except as otherwise disclosed in the proposal, the Bidder affirms that to the best of its knowledge there exists no actual or potential conflict between the Bidder, the Bidder’s project manager(s) or its family’s business or financial interests (“Interests”) and the services provided under the Contract. In the event of any change in either Interests or the services provided under the Contract, the Bidder will inform the MSF 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 Bidder 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 a MSF official, officer, or employee with the intent of receiving a contract 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 Contract, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Bidder’s performance of its duties and responsibilities to the MSF under the Contract or otherwise create the appearance of impropriety with respect to the award or performance of the Contract; or
- 3) Currently in possession of or accepting during the RFP process or the term of the Contract anything of value based on an understanding that the actions of the Bidder or its affiliates or Interests on behalf of the MSF will be influenced.

Exhibit A

H) BREACH OF CONTRACT

Except as otherwise disclosed in an exhibit to Bidder's proposal, Bidder 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, Bidder represents and warrants that it has not been a party to any contract with the State of Michigan or any public body that was terminated within the previous five (5) years because the Bidder failed to perform or otherwise breached an obligation of such contract.

I) DISCLOSURE OF LITIGATION

Except as otherwise disclosed in an exhibit to Bidder's proposal, there is no criminal litigation, investigations or proceedings involving the Bidder (and each subcontractor, if subcontractors will be used to provide the goods/services requested under this RFP) or any of the Bidder's officers or directors or any litigation or proceedings under the Sarbanes-Oxley Act. In addition, Bidders must disclose in the exhibit requested under this Section of the RFP any civil litigation, arbitration or proceeding to which the Bidder (or, to the extent Bidder is aware, any subcontractor) is a party and which involves: (1) disputes that might reasonably be expected to adversely affect the viability or financial stability of the Bidder (or subcontractor); or (2) a claim or written allegation of fraud or breach of contract against Bidder (or, to the extent Bidder is aware, subcontractor), by a governmental or public entity arising out of their business dealings with governmental or public entities. Details of any settlements which Bidder is prevented from disclosing under the terms of the settlement may be annotated as such. Bidders must also disclose any investigations by the Internal Revenue Service or any other federal or state taxing body or court.

J) FALSE INFORMATION

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

K) ADDITIONAL DISCLOSURE

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

L) PRICES HELD FIRM

Exhibit A

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in Bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted. IN THE EVENT THAT PROPOSED CHANGES ARE NOT ACCEPTABLE TO THE MSF, THE CONTRACT SHALL BE TERMINATED AND THE MODIFIED CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING.

M) BEST AND FINAL OFFER

At any time during the evaluation process, the JEC may request a Best and Final Offer ("BAFO") from any Bidder. This will be the final opportunity for a Bidder to provide a revised proposal. The scope of the changes allowed in the BAFO will be published as part of the issuance of the BAFO request.

Bidders are cautioned to propose the best possible offer at the outset of the process, as there is no guarantee that any Bidder will be allowed an opportunity to engage in Pricing Negotiations or requested to submit a Best and Final Offer.

N) CLARIFICATION/CHANGES IN THE RFP

Changes made to the RFP as the result of responses made to qualifying questions or concerns will be posted on ENTER URL. Applicants are encouraged to regularly check this site for changes or other information related to the RFP.

O) ELECTRONIC BID RECEIPT

ELECTRONIC VERSIONS OF EACH OF YOUR TECHNICAL AND PRICE PROPOSALS SENT SEPARATELY MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE **5:00 p.m. EDT on MAY 31, 2018**. Bidders are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

P) 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 bidding process or in any proposal;
- 3) rebid the project;
- 4) negotiate with any Bidder for a reduced price, or for an increased price to include any alternates that the Bidder may propose;
- 5) reduce the scope of the project, and rebid or negotiate with any Bidder 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

Exhibit A

process in general may result in the applicant's disqualification and elimination from the award process.

Q) JURISDICTION

Any legal action arising from or concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, the Ingham County Circuit Court in Ingham County, Michigan. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF that are otherwise available.

R) ADDITIONAL CERTIFICATION

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit a bid on a request for proposal, with a public entity.

Bidders must include the following certification in the technical proposal:

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

Failure to submit this certification will result in disqualification from consideration.

Exhibit A

SECTION IV CONTRACTUAL TERMS AND CONDITIONS

A) CONTRACT TERMS AND CONDITIONS

- 1) The Contract – The proposal selected will be subject to the terms and conditions of the MSF's Professional Services Contract (the "Contract") upon execution of the Contract by the MSF and Bidder. The standard terms and conditions of the Contract are attached to this RFP as Attachment A.
- 2) Term of Work – It is estimated that the activities in the proposed Contract will cover the period October 1, 2018 through September 30, 2019. The MSF, in its sole discretion, may extend the Term and allocate additional resources, subject to available funding.
- 3) Modification of Service – The MSF reserves the right to modify the requested services during the course of the Contract. Such modifications must be made in writing and may include the addition or deletion of tasks or any other modifications deemed necessary. Any changes in pricing proposed by the bidder resulting from the requested changes are subject to acceptance by the MSF. Changes may be increases or decreases.

In the event changes are not acceptable to the MSF, the Contract shall be subject to competitive bidding based upon the new specifications.

- 4) Subcontracting – The MSF reserves the right to approve any subcontractors for the Contract and to require the bidder, upon award of the Contract, to replace subcontractors that the MSF finds to be unacceptable.
- 5) Award of Contract – The MSF reserves the right to award all or any part of this RFP and, based on what is in the best interest of the MSF, the MSF will award the Contract considering price, value and quality of the bids.

B) CONTRACTOR RESPONSIBILITIES

The selected Bidder will be required to assume responsibility for all contractual activities offered in this RFP whether or not the Bidder performs them. Further, the MSF will consider the selected Bidder to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the Contract.

C) ACCEPTANCE OF PROPOSAL CONTENT

If awarded a Contract, the contents of this RFP will become contractual obligations. The following constitute the complete and exclusive statement of the agreement between the parties as it relates to this transaction:

- 1) This RFP (including subsequent written clarification provided in response to questions raised by email) and any Addenda thereto; and
- 2) Final executed Contract.

Exhibit A

In the event of any discrepancies between the above documents, the final executed Contract shall control. Failure of the successful Bidder to accept these obligations may result in cancellation of the award.

D) PROJECT CONTROL AND REPORTS

1) Project Control

- a) The selected Bidder (the "Contractor") will carry out this project under the direction and control of the Business Support Unit of the MSF.
- b) The MSF will appoint a Contract Manager for this project. Although there will be continuous liaison with the Contractor team, the Contract Manager will meet with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c) The Contractor will submit monthly reports of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated which should be brought to the attention of the Contract Manager and notification of any significant deviation from previously agreed upon work plans.
- d) Within five (5) working days of the execution of the Contract, the Contractor will submit a work plan to the Contract Manager for final approval. This work plan must be in agreement with Section III-A of this RFP as proposed by the Bidder and accepted by the MSF for contract, and must include the following:
 - (i) The Contractor's project organizational structure.
 - (ii) The Contractor's staffing table with names and titles of personnel assigned to the project. This must be in agreement with staffing of the accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the MSF.
 - (iii) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
 - (iv) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

Exhibit A

ATTACHMENT A

PROFESSIONAL SERVICES CONTRACT TERMS AND CONDITIONS

The Michigan Strategic Fund (the "MSF") enters into a binding agreement for professional services (the "Agreement") with CONTRACTOR (the "Contractor"). The MSF and Contractor shall sometimes be referred in this Agreement individually as a "Party" or collectively as "Parties".

Contractor: Name
 Address
 Address

I. NATURE OF SERVICES

Contracts & Procurement Services to fill in a description of the Nature of Services based upon the information in the CASE.

II. PERFORMANCE SCHEDULE

Starting Date: MONTH XX, 20XX

Ending Date: MONTH XX, 20XX

The term of this Agreement (the "Term") shall begin on the Starting Date and end on the Ending Date, unless terminated earlier, as permitted under Section V(J) of this Agreement.

III. COMPENSATION INFORMATION

- A) The MSF agrees to pay Contractor an amount not to exceed \$XXX during the Term. An initial payment in the amount of \$XXX shall be made by the MEDC to the Contractor within thirty days of the execution of this Agreement by both Parties (the "Initial Payment"). This amount includes all embedded expenses.
- B) Subsequent payment(s) Payment under this Agreement shall be made by the MSF to Contractor upon receipt and approval by the Contract Manager of Contractor's billing statement(s) stating that the work for which payment is requested has been appropriately performed. Contractor shall provide Contractor's billing statement(s) to Contract Manager or at Contract Manager's direction on a monthly basis. Contract Manager shall provide Contractor with appropriate submission instructions of Contractor's billing statement(s).
- C) All billing statement(s) must reflect actual work done. The specific details of billing statement(s) and payments will be agreed upon between the Contract Manager and the Contractor after the Agreement has been signed and accepted by both the Contractor and the MSF.

Exhibit A

- D) Public Act 533 of 2004 requires that payments under this Agreement be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the State Integrated Governmental Management Applications (SIGMA) Vendor Self Service (VSS) website (www.michigan.gov/VSSLogin).
- E) Changes in the budget will be allowed only upon prior review and written approval by the Contract Manager.
- F) Contractor's billing statement(s) may be subject to a final audit prior to the release of final payment.

IV. MSF CONTRACT MANAGER

The Michigan Economic Development Corporation (the "MEDC") provides administrative services to the MSF. Contractor should communicate with the following MEDC representative or designee regarding this Agreement:

[Name] (the "Contract Manager")
Michigan Economic Development Corporation
300 North Washington Square
Lansing, Michigan 48913
xxx@michigan.org

V. TERMS AND CONDITIONS

A) Contractor Duties

Contractor agrees to undertake, perform, and complete the services described in Exhibit A, which is incorporated herein by reference. In the event of any inconsistency between the provisions of Exhibit A and this Agreement, the provisions of this Agreement shall control.

B) Independent Contractor

Contractor will act as an independent contractor under this Agreement, and neither Contractor nor any employee or agent or contract personnel of Contractor is, or shall be deemed to be, an employee of the MSF due to this Agreement and the relationship between Contractor and MSF. In its capacity as an independent contractor, Contractor agrees to and represents the following:

- 1) Contractor will provide the services under this Agreement free from the direction or control of the MSF or the MEDC as to means, manners, and methods of performance;
- 2) Contractor has the right and does fully intend to perform services for third parties during the Term;

Exhibit A

- 3) Contractor acknowledges that any work product developed by Contractor in performance of this Agreement shall be the sole property of the MSF and the MSF shall have the right to copyright or otherwise protect its rights in and ownership of the work product;
- 4) The services required by this Agreement shall be performed by Contractor, or Contractor's employees or contract personnel, and the MSF or the MEDC shall not hire, supervise, or pay any assistants to help Contractor;
- 5) Neither Contractor nor Contractor's employees or contract personnel shall receive any training from the MSF or the MEDC in the professional skills necessary to perform the services required by this Agreement;
- 6) Neither Contractor nor Contractor's employees or contract personnel shall be required by the MSF or the MEDC to devote full time to the performance of the services required by this Agreement; and
- 7) Contractor does not receive the majority of its annual compensation from the MSF or the MEDC.

The Parties acknowledge and agree that the MSF is entering into this Agreement with reliance on the representations made by Contractor relative to its independent contractor status.

C) **Permits and Licenses**

Contractor declares that Contractor has complied with all federal, state and local laws requiring any business permits, certificates or licenses required to carry out the services to be performed under this Agreement, and Contractor will maintain those permits, certificates and/or licenses throughout the Term.

D) **Materials**

Contractor will furnish all materials, equipment and supplies used to provide the services required by this Agreement.

E) **State and Federal Taxes**

The MSF and the MEDC will not:

- 1) Withhold FICA (Social Security and Medicare taxes) from Contractor's payments or make FICA payments on Contractor's behalf; or
- 2) Make state or federal unemployment compensation contributions on Contractor's behalf, or withhold state, federal or local income tax from Contractor's payments.

Contractor shall pay all taxes incurred while performing services under this Agreement, including, but not limited to all applicable income taxes. If requested by the MSF or the MEDC, Contractor shall provide proof that such payments have been made.

Exhibit A

F) Fringe Benefits

Contractor understands that neither Contractor nor Contractor's employees or contract personnel are eligible to participate in any employee pension, health, vacation pay, sick pay, or other fringe benefit plan of the MSF or the MEDC.

G) Workers' Compensation

The MSF or the MEDC shall not obtain workers' compensation insurance on behalf of Contractor or Contractor's employees. If Contractor hires employees to perform any work under this Agreement, Contractor shall cover them with workers' compensation insurance and shall maintain such insurance during the Term. The MSF or the MEDC may, in its discretion, require Contractor to provide evidence of such coverage.

H) Unemployment Compensation

The MSF or the MEDC shall make no state or federal unemployment compensation payments on behalf of Contractor or Contractor's employees or personnel. Contractor will not be entitled to these benefits in connection with work performed under this Agreement. If Contractor files a petition for and receives unemployment compensation, the total amount of unemployment compensation awarded to and received by Contractor shall be deducted from and be an offset against the amount of compensation due and payable to Contractor by the MSF under this Agreement.

I) Access to Records

During the Term, and for seven (7) years after the Ending Date, Contractor shall maintain reasonable records, including evidence that the requested services actually were performed and the identity of all individuals paid for such services, and shall allow access to those records by the MSF, the MEDC or their authorized representative at any time during this period.

J) Termination

Either Party may terminate its obligations under this Agreement by giving the other Party thirty (30) calendar days prior written notice of such termination.

The MSF may immediately terminate this Agreement upon written notice to Contractor if Contractor materially breaches its obligations under this Agreement or engages in any conduct which the MSF, in its sole discretion, determines has or could have an adverse impact on the State of Michigan's (the "State") or the MSF's reputation or interests. In addition, the MSF may immediately terminate this Agreement upon written notice to Contractor, without further liability to the MSF or the State, its departments, agencies, and employees, if Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense relating to a State, public, or private contract or subcontract; or convicted of a criminal offense including, but not limited to, any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which, in the sole discretion of the MSF, reflects on Contractor's business integrity.

Exhibit A

Contractor acknowledges that MSF's performance of its payment obligation is dependent upon the continued approval of funding and/or the MSF's continued receipt of State funding. In the event that the State Legislature, the State Government or any State official, public body corporate, commission, authority, body or employees, including the MSF: (a) takes any action which fails to provide, terminates or reduces the funding that is related to the source of funding for this Agreement; or (b) takes any action that is unrelated to the source of funding for this Agreement, but affects the MSF's ability to perform obligations under this Agreement, the MSF may terminate this Agreement by providing thirty (30) calendar days notice prior to the effective date of cancellation. In the event, however, that the action of the State Legislature, the State of Michigan or MSF results in an immediate absence or termination of funding, this Agreement may be terminated effective immediately upon delivery of notice to the Contractor. In the event of immediate termination of funding, the MSF will make payment through the effective date of termination for any undisputed services rendered and expenses incurred.

The MSF shall have no obligation to Contractor for any fees or other payments incurred in connection with this Agreement after the effective date of termination. Upon termination, all work product prepared or produced by Contractor pursuant to this Agreement shall be immediately delivered to the MSF. Payment for any undisputed services rendered and expenses incurred through the effective date of termination will then promptly be made by the MSF. Any Initial Payment made to the Contractor is subject to reimbursement in an amount determined by the Contract Manager in the event the Contractor terminates the Agreement prior to the Ending Date.

K) MEDC and MSF Employees

Contractor will not hire any employee of the MEDC or MSF to perform any services covered by this Agreement without prior written approval from the Chief Executive Officer of the MEDC or President of the MSF.

L) Confidential Information

Except as required by law, Contractor shall not use or disclose, either before, during or after the Term, any proprietary or confidential information, including, but not limited to, applications, business bids, business plans, economic development analyses, computer programs, databases and all materials furnished to Contractor by the MSF or the MEDC (collectively, "Confidential Information") without the prior written consent of the MSF or the MEDC, except to the extent necessary to perform services on the MSF or MEDC's behalf. Confidential Information does not include information obtained by Contractor from third party sources; that is already in the possession of, or is independently developed by, Contractor; that becomes publicly available other than through breach of this Paragraph; or, is released with the prior written consent of the governmental entity or entities that provided the Confidential Information to Contractor. Contractor acknowledges that all information provided by the MSF or the MEDC in connection with Contractor's duties under this Agreement shall be treated as Confidential Information unless otherwise stated in this subsection.

Exhibit A

M) Conflict of Interest

Except as has been disclosed to the MSF or the MEDC, Contractor affirms that neither the Contractor, nor its Affiliates or their employees has, shall have, or shall acquire any contractual, financial business or other interest, direct or indirect, that would conflict in any manner with Contractor's performance of its obligations under this Agreement or otherwise create the appearance of impropriety with respect to this Agreement.

Contractor further affirms that neither Contractor nor any affiliates or their employees has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or its affiliates or either's employees on behalf of the MSF or the MEDC would be influenced. Contractor shall not attempt to influence any MEDC or MSF employee by the direct or indirect offer of anything of value. Contractor also affirms that neither Contractor, nor its Affiliates or their employees has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or its Affiliate, any fee, commission, percentage, brokerage fee, gift or any other consideration contingent upon or resulting from the execution of this Agreement.

In the event of change in either the interests or services under this Agreement, Contractor will inform the MSF or the MEDC regarding possible conflicts of interest which may arise as a result of such change. Contractor agrees that conflicts of interest shall be resolved to the MSF's or the MEDC's satisfaction or the MSF may terminate this Agreement. As used in this Paragraph, "conflict of interest" shall include, but not be limited to, conflicts of interest that are defined under the laws of the State of Michigan.

N) Representations of Contractor

Contractor affirms to the best of its knowledge that it or its owners:

- 1) Do not have any criminal convictions.
- 2) Are not subjects of any pending criminal investigation.
- 3) Are not subjects of any past, present or pending investigations by the Internal Revenue Service or any other federal or state taxing body or court.
- 4) Are not subjects of any past, pending or present litigation regarding its conduct.
- 5) Are not in material default or breach of any contract or agreement that it may have with the State of Michigan, the MSF or any other public body. Contractor further represents and warrants that it has not been a party to any contract with the State, the MSF or other public body that was terminated within the previous five (5) years due to the Contractor's failure to perform or otherwise breached an obligation of such contract.

O) State of Michigan Competitors

Any information or knowledge Contractor gains during the course of this Agreement concerning the economic development efforts of the State of Michigan, the MSF, the MEDC or the business conditions or business community in Michigan shall not be disclosed to any public or private party, sovereign authority or foreign government, during the Term and for a period of two (2) years after the later of the Ending Date, the effective date of termination of

Exhibit A

this Agreement or so long as any information remains confidential pursuant to any contract, law, treaty, resolution or other enforceable promise.

P) **Irreparable Injury**

Contractor acknowledges that if it breaches any of its obligations under Paragraphs L and O above, it will cause damages of an irreparable and continuing nature to the MSF, for which money damages alone will not provide adequate relief. Therefore, in addition to all appropriate monetary damages, the MSF is entitled to obtain injunctive relief, including, but not limited to, a temporary restraining order to prohibit the Contractor's continuing breach. The MSF shall have the right to obtain such relief without having to post any bond or other surety.

Q) **Indemnification and Contractor Liability Insurance**

Contractor shall indemnify, defend, and hold harmless the MSF, its Board and its employees, and the MEDC, its Executive Committee, its Corporate Board of Directors, and its employees (the "Indemnified Parties") from any and all liability arising out of or in any way related to Contractor's performance under this Agreement, including any liability resulting from any acts of Contractor's employees or agents.

Contractor shall purchase and maintain such insurance to protect the Indemnified Parties from claims that might arise out of or as a result of Contractor's operations. Contractor will provide and maintain its own errors and omissions liability insurance for Contractor's indemnification obligation under this Agreement. The insurance shall be written for not less than One Million Dollars (\$1,000,000) of coverage, but Contractor's indemnification obligation is not limited to this amount.

R) **Total Agreement**

This Agreement, together with Exhibit A, contains the entire agreement between the Parties superseding any prior or concurrent agreements as to the services being provided, and no oral or written terms or conditions which are not contained in this Agreement shall be binding. This Agreement may not be changed except by written agreement signed by the Parties.

S) **Assignment/Transfer/Subcontracting**

Contractor shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the MSF. Contractor agrees that any of Contractor's future successors or subcontractors will be bound by the provisions of this Agreement, unless the MSF otherwise agrees in a specific written consent. The MSF reserves the right to approve subcontractors for this Agreement and to require Contractor to replace subcontractors who are found to be unacceptable to the MSF or the MEDC.

T) **Non-Discrimination and Unfair Labor Practices**

In connection with this Agreement, Contractor shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101 *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101 *et seq.*, and all other federal, state and local fair

Exhibit A

employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment with respect to his or her hire, tenure, terms, conditions, privileges of employment, or any matter directly or indirectly related to employment because of his or her race, religion, color, national origin, age, gender, height, weight, marital status, or physical or mental disability unrelated to the individual's ability to perform the duties of a particular job or position. Contractor further agrees that every subcontract entered into in connection with this Agreement will contain a provision requiring nondiscrimination in employment, as required in this Agreement, binding upon each subcontractor.

Pursuant to 1980 PA 278 (the "Act"), MCL 423.321 *et seq.*, the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled by the United States National Labor Relations Board. Contractor, in relation to this Agreement, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears on this register. Pursuant to section 4 of the Act, the MSF may void this Agreement if, after the Starting Date, the name of the Contractor as an employer or the name of the subcontractor, manufacturer or supplier of Contractor appears on the register.

A breach of this Paragraph constitutes a material breach of this Agreement.

U) **Jurisdiction**

The laws of the State of Michigan shall govern this Agreement. The Parties shall make a good faith effort to resolve any controversies that arise regarding this Agreement. If a controversy cannot be resolved, the Parties agree that any legal actions concerning this Agreement shall be brought in the Michigan Court of Claims or, as appropriate, the Ingham County Circuit Court in Ingham County, Michigan. By signing this Agreement, Contractor acknowledges that it is subject to the jurisdiction of this court and agrees to service by first class or express delivery wherever Contractor resides, in or outside of the United States.

V) **Compliance with Laws**

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the services under this Agreement.

W) **No Partnership or Agency Relationship**

This Agreement does not create a partnership relationship. Further, neither Contractor nor Contractor's employees or other representatives shall hold themselves out to third parties as an agent or representative of the State of Michigan, the MSF or the MEDC, nor shall they have any authority to take any action or enter into any agreement on behalf of the State of Michigan, the MSF or the MEDC.

X) **No Third Party Beneficiaries**

There are no expressed or implied third party beneficiaries to this Agreement.

Exhibit A

Y) Counterparts

This Agreement may be executed in one or more counterparts and by facsimile, each of which shall constitute an original, and all of which together shall constitute one and the same instrument.

Z) Reimbursement

If this Agreement is terminated as a result of the misuse of funds as reasonably determined by the MSF, MSF shall have no further obligation to make any payments to Contractor. Furthermore, Contractor shall reimburse MSF for payments which were expended for purposes other than those described in this Agreement, as well as any funds which were previously disbursed under this Agreement but not yet expended by Contractor.

AA) Survival

The terms and conditions of sections III, V(B), V(E), V(F), V(G), V(H), V(I), V(L), V(O), V(P), V(Q), V(S), V(U), V(W), V(X) and V(Z) shall survive termination of this Agreement.

BB) Publicity

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

The signatories below warrant that they are empowered to enter into this Agreement.

CONTRACTOR ACCEPTANCE:

CONTRACTOR

Dated: _____

Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund

Dated: _____

Authorized Signer
Title

Exhibit A

ATTACHMENT B

INDEPENDENT PRICE DETERMINATION AND PRICES HELD FIRM CERTIFICATION

INDEPENDENT PRICE DETERMINATION

By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

1. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Bidder or with any competitor;
2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
3. No attempt has been made or will be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

Each person signing the proposal certifies that she/he:

- A) Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and will not participate) in any action contrary to 1, 2, and 3 above; or
- B) Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to 1, 2, and 3 above.

A proposal will not be considered for award if this Attachment B has been altered so as to delete or modify 1 or 3, above. If 2, above, has been modified or deleted, the proposal will not be considered for award unless the Bidder provides, with this Attachment B, a signed statement which sets forth, in detail, the circumstances of the disclosure and the MEDC determines that such disclosure was not made for the purpose of restricting competition.

PRICES HELD FIRM

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted.

Signed _____

Date _____

Exhibit B

Proposal Evaluation Form International Trade Centers - RFP

Name of Applicant: _____
 Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
1. Stated the full name, address, phone number of the organization and, if applicable the branch office or other subordinate element that would perform or assist in performing the work. If a corporation, included the state in which it is incorporated. If appropriate, stated whether the organization is licensed to operate in the State of Michigan.		Max Possible: 5 Score:
2. Stated, in succinct terms, understanding the need(s) presented by the RFP.		Max Possible: 10 Score:
3. Included a narrative summary and timelines of the proposed effort and of the service(s)/products that will be delivered.		Max Possible: 20 Score:
4. Described the prior experiences of the organization, which they considered relevant to the successful accomplishment of the project defined in the RFP. Included sufficient detail to demonstrate the relevance of such experience. Should include, in this section, descriptions of qualifying experience to include project descriptions, cost and starting and completion dates of projects successfully completed; also included the name address and phone number of the responsible official of the client organization who may be contacted.		Max Possible: 20 Score:
5. Described track record of performance in proposed services.		Max Possible: 25 Score:
6. Identified a Project Manager and staff assigned by name and title. Included biographies, experience and any other appropriate information. Listed all subcontractors that will be engaged.		Max Possible: 20 Score:

Total Score: _____ /100

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund Board

From: Christopher Cook, Director, Capital Access

Subject: *Private Activity Bond – Bond Authorizing/Request for Extension
Hillcorp Properties, LLC - \$4,000,000
Taxable*

Request for Extension

Hillcorp Properties (“Hillcorp”), a State of Delaware limited liability company, was approved for private activity taxable bond financing at the March 27, 2018, MSF Board meeting for the purpose of the acquisition and installation of energy efficiency improvements, including a new heating and air conditioning system, located within its Lansing facility located at 2703 Ena Drive, Eaton County. Hillcorp will lease the project in its entirety to Liquid Web, a Michigan limited liability company, which is related to Hillcorp through common ownership.

The approved Bond Authorizing Resolution expires April 30, 2018, if bonds are not issued prior to that date. The Bond Authorizing Resolution had approved the appointment of KeyBanc Capital Markets Inc. as the Placement Agent.

Hillcorp is requesting that the MSF Board approve the substitution of Wells Fargo Bank, National Association, as the Placement Agent for the Bonds in replacement of KeyBanc Capital Markets Inc. and extend the bond authorizing resolution to June 30, 2018 to allow more time to complete the financing. All other terms of the financing will remain the same.

Recommendation

Based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General’s office that this transaction complies with state and federal law requirements for taxable financing, staff recommends the MSF Board approve the change of the Placement Agent from KeyBanc Capital Markets Inc. to Wells Fargo Bank, National Association and the authorization of the extension of the bond authorizing resolution to June 30, 2018.

RESOLUTION TO AMEND RESOLUTION 2018-048 REGARDING THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND LIMITED OBLIGATION REVENUE BONDS (HILLCORP PROPERTIES, LLC PROJECT), SERIES 2018 (FEDERALLY TAXABLE) (THE "BONDS")

Resolution 2018-_____

At a meeting of the Michigan Strategic Fund (the "Fund") held on April 24, 2018, in Lansing, Michigan, the following motion was moved and supported:

A. The Fund approved a bond authorizing resolution, designated Resolution 2018-048, for the issuance of bonds on behalf of Hillcorp Properties, LLC, a Delaware limited liability company (the "Borrower"), in the aggregate principal amount not to exceed \$4,000,000 to assist the Borrower in financing (1) the acquisition, construction and equipping of Energy Efficiency Improvements to its commercial facilities located at 2703 Ena Drive, Charter Township of Delta, Eaton County, Michigan (the "Project") and (2) paying all or a portion of the costs of issuance related to the Bonds.

B. The expiration date of Resolution 2018-048 is April 30, 2018.

C. Resolution 2018-048 approved KeyBanc Capital Markets Inc. as the Placement Agent.

C. The Borrower has advised the Fund that more time is required to obtain a rating for the Bonds and to satisfy the conditions to closing the financing (the "Closing Conditions").

D. The Borrower wishes to remove KeyBanc Capital Markets Inc. as Placement Agent and have Wells Fargo Bank, National Association succeed them as the replacement Placement Agent.

E. The Borrower requests that the Fund amend Resolution 2018-048 to (1) extend the expiration date of the authorizing resolution from April 30, 2018 to June 30, 2018 to provide the Borrower time to satisfy all Closing Conditions and (2) approve Wells Fargo Bank, National Association as the replacement Placement Agent.

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

1. Resolution 2018-048 is amended to change the expiration date from April 30, 2018 to June 30, 2018.
2. Wells Fargo Bank, National Association is approved as the replacement Placement Agent.
3. In all other respects, Resolution 2018-048 shall remain in full force and effect;
4. This resolution shall become effective upon adoption.

Adopted.

Ayes:

Nays:

April 24, 2018 Meeting
Lansing, Michigan

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund Board

From: Christopher Cook, Director, Capital Access

Subject: *Private Activity Bond – Bond Authorizing – Reissuance
Evangelical Homes of Michigan*

Request:

On February 7, 2013 the MSF issued its \$23,910,000 Michigan Strategic Fund Limited Obligation Revenue and Refunding Bonds (Evangelical Homes of Michigan Project), Series 2013 (the “Series 2013 Bonds”) for the benefit of Evangelical Homes of Michigan d/b/a EHM Senior Solutions (“EHM”). On March 1, 2018 EHM sold its skilled nursing facility located at 14900 Shoreline Drive, Sterling Heights, Macomb County to an unrelated purchaser in a cash sale. EHM has advised the MSF that not more than \$3,725,000 of the outstanding Series 2013 Bonds (the “Nonqualified Bonds”) are allocable to assets disposed in the sale of its Sterling Heights facility. In order to maintain the tax exempt status of the Series 2013 Bonds, EHM is required to take remedial action with respect to the Nonqualified Bonds by either (i) establishing a defeasance escrow within 90 days after sale date (May 29, 2018) to apply the disposition proceeds to the redemption of Nonqualified Bonds on the earliest possible call date or (ii) if the MSF reasonably expects EHM to expend the disposition proceeds for an alternative qualifying 501(c)(3) use within two years of the sale date and such alternative use is approved by the Governor following a public hearing, then the Nonqualified Bonds may be reissued for federal tax purposes and remain outstanding in accordance with the Series 2013 Indenture.

EHM has notified the MSF that it has elected to deposit the disposition proceeds into the Project Fund established under the Series 2013 Trust Indenture and to expend such proceeds by not later than March 1, 2020 to make capital improvements to its assisted living, memory support and skilled nursing facilities located in Saline, Michigan as described below (the “New Project”). EHM has requested that the MSF Board authorize the reissuance of not more than \$3,725,000 Series 2013 Bonds and expenditure of the disposition proceeds to finance the New Project.

New Project

Below is a description of the New Project divided into three project categories: Brecon Village, Evangelical Homes Saline and Information Technology:

Brecon Village. Brecon Village is located in the City of Saline, Washtenaw County, Michigan and offers assisted living, memory support assisted living for persons with Alzheimer's disease or dementia, and adult day services for persons with memory support needs, particularly those individuals with Alzheimer's disease who have a spouse in the community. Brecon Village also has four memory care cottages for persons suffering with Alzheimer's disease and dementia that live in a 1300 square foot home and are monitored by wireless technology during the day, but live independently and yet are cared for by the memory care specialists in their own cottage home. Approximately \$209,000 of the disposition proceeds are expected to be used to finance capital improvements at Brecon Village, including carpet replacement and hard flooring for assisted living; new furnishings for the dining rooms, adult day services and the country kitchen; window treatments for common areas and dining and activities space and HVAC for the main kitchen and country café that serves assisted living and memory support center.

Evangelical Home Saline. Evangelical Home Saline is located in the City of Saline, Washtenaw County, Michigan and offers a skilled nursing and rehabilitation center including hospice care (end of life care), traditional nursing home care, a specialized dementia unit for long term care residents who have behavior issues related to memory loss, but are long term care nursing home residents and short term medical and nursing care and rehabilitation in The Redies Center for Rehabilitation and Healthy Living. Approximately \$3,336,000 of the disposition proceeds are expected to be used to finance capital expenditures at this location, including replacement of the nursing home carpet and flooring; complete renovations of all rooms on Redies North rehabilitation unit 26 rooms and 11 rooms on the hospice/dementia unit; construction and equipping of a new outpatient rehabilitation center; and renovation of the kitchen and dining facilities.

Information Technology. Approximately \$180,000 of the disposition proceeds are expected to be used to finance capital expenditures based in its Saline facilities to EHM's information systems, phone systems, point of care and service documentation tables for full integration with the electronic medical record conversions, switches, and information technology.

Background:

Evangelical Homes of Michigan (EHM) is a non-profit 501(c)(3) organization founded in 1879. Its primary purpose is to provide housing and health care services to seniors living in Southeastern Michigan. It is a faith based organization related to the United Church of Christ. EHM serves individuals of all faiths and opens their doors to those in need to quality health care, housing and community based services.

Recommendation:

Based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General's office that this transaction complies with state and federal law requirements for bond reissuance, staff recommends the adoption of a resolution authorizing the reissuance of not more than \$3,725,000 Series 2013 Bonds and expenditure of the disposition proceeds to finance the New Project.

MICHIGAN STRATEGIC FUND

RESOLUTION TO AUTHORIZE THE EXECUTION OF
DOCUMENTS RELATING TO THE
EXPENDITURE OF DISPOSITION PROCEEDS RELATING TO ASSETS
FINANCED WITH THE PROCEEDS OF PRIOR SERIES 2013 BONDS
(EVANGELICAL HOMES OF MICHIGAN PROJECT)

Resolution No. 2018-__

At a meeting of the Michigan Strategic Fund (the “Fund”) held on April 24, 2018, in Lansing, Michigan, the following resolution was moved and supported:

WHEREAS, the Fund has previously issued its Limited Obligation Revenue and Refunding Bonds (Evangelical Homes of Michigan Project), Series 2013 (the “Series 2013 Bonds”) for the benefit of Evangelical Homes of Michigan, a Michigan nonprofit corporation (“EHM”).

WHEREAS, effective as of March 1, 2018 (the “Effective Date”), EHM received not more than \$3,725,000 disposition proceeds from the sale of certain assets located at its former Sterling Heights skilled nursing facility which had been financed or refinanced with the proceeds of the Series 2013 Bonds (the “Former Facility”).

WHEREAS, EHM has requested that the Fund permit such disposition proceeds to be expended by EHM to equip, furnish, renovate and improve the following projects (collectively, the “New Project”) : (i) EHM’s licensed adult foster care facility and senior assisted living facility known as Brecon Village located at 101 and 200 Brecon Drive, Saline, Michigan; (ii) EHM’s skilled nursing facility located at 440 West Russell Street, Saline, Michigan; and (iii) EHM’s rehabilitation center known as The Redies Center for Rehabilitation and Healthy Living, including the construction and equipping of a new outpatient rehabilitation center, also located at 440 West Russell Street, Saline, Michigan.

WHEREAS, EHM, pursuant to Treasury Regulations §§ 1.141-12(e)(2) and 1.145-2: (i) intends that the portion of the outstanding principal amount of the Series 2013 Bonds that are allocable to the Former Facility expenditures (such portion of the Series 2013 Bonds are referred to herein as the “Reissued Bonds”), be treated as reissued on the Effective Date, for purposes of §§ 141, 145, 147, 149, and 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) reasonably expects to expend the related proceeds on qualified expenditures relating to the New Project within two years of the Effective Date.

WHEREAS, EHM requests that the Fund execute and deliver a Nonarbitrage Certificate (the “Tax Certificate”) and IRS Form 8038 in connection with the Reissued Bonds.

WHEREAS, EHM requests that the Fund enter into a First Amendment to Loan Agreement (the “Loan Agreement Amendment”) relating to the use of the disposition proceeds to finance the New Project.

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

1. Approval of Documents. The Fund approves the form of Tax Certificate relating to the Reissued Bonds in substantially the form presented to this meeting and the execution and delivery thereof by an Authorized Officer (as defined in Resolution 2013-024 of the Fund) is authorized.

The Fund also approves, and any Authorized Officer is authorized to execute and deliver or accept where appropriate, the Loan Agreement Amendment on behalf of the Fund in the form on file with the Fund. An Authorized Officer shall note on such document on file with the Fund the date of, and approval granted by, this Resolution.

The approvals of the Tax Certificate and of the Loan Agreement Amendment are subject to completion and includes approval of corrections and other changes as are approved by the Attorney General of the State and bond counsel, and as are determined by an Authorized Officer of the Fund to be necessary or desirable, permitted by the Act or otherwise by law, and not materially adverse to the Authority. Such determinations shall be evidenced by the Authorized Officer’s execution of the Tax Certificates and the Loan Agreement Amendment.

2. Certifications and Documents. Any Authorized Officer is authorized to execute and deliver the certificates and other documents as may be required by the Tax Certificate, the Code, the Loan Agreement Amendment or this Resolution, including without limitation an IRS Form 8038 relating to the Reissued Bonds, and to take such other actions as may be necessary or convenient to cause the transactions referenced herein to be completed in a manner consistent with the requirements of the Code and the applicable regulations thereunder.

3. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This resolution shall be effective immediately.

ADOPTED: Ayes:

Nays:

Abstentions:

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund Board

From: Lindsay Viviano, Community Assistance Team Specialist
Lisa Edmonds, MCRP and Brownfield Program Specialist
Julius L. Edwards, Underwriting and Incentive Structuring Manager

Subject: City of Grand Rapids Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
Jackson Entertainment, LLC Area 4 & 5

**Jackson Entertainment, LLC or Related Entities - Request for Approval
Michigan Community Revitalization Program Other Economic Assistance
Award**

Request

The proposed project will be undertaken by Jackson Entertainment, LLC or related entities to redevelop the existing surface parking lots and adjacent land in the rights-of-way into a mixed use project that overall will include a multiplex movie theater, retail space, residential market rate apartments, hotel, parking deck, piazza, site improvements and commercial office space. The MCRP portion does not include the hotel or office space. The project will redevelop 4.96 acres of existing surface parking lots and adjacent rights of way located west of Ionia Avenue SW between Cherry Street and Oakes Street SW known as Parking Area 5 and a portion of Parking Area 4 along with the current section of Ottawa Avenue between Cherry Street and Oakes Street in the City of Grand Rapids. The project is located in a downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award and Act 381 work plan because it is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$30,377,630.

Jackson Entertainment, LLC (Applicant) is requesting approval of a MCRP award in the amount of \$5,500,000 in the form of an Other Economic Assistance Performance-Based Loan Participation.

The need for assistance is primarily driven by atypical costs associated with developing the site and the necessity to provide sufficient parking for the overall development and the area as a whole. The development team has partnered with the City of Grand Rapids to utilize both Brownfield and DDA TIF in addition to a \$3.0 million infrastructure investment in the rights-of-way by the City to support the

project. Additional financial support is being requested under MCRP to fill the remaining financing gap and provide a sufficient return on the private equity investment. The development team has been able to secure approximately \$43.5 million in senior debt financing (63.0% of the total development costs). They are contributing approximately \$9.2 million in private equity, deferring \$2.2 million in developer fees, and contributing another \$5.6 million in owner debt to the project, for total contribution of \$17 million (24.7% of the total development costs). With the proposed MCRP award, the development team is anticipated to receive a return of just over 7% on the project.

The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible. MCRP detailed structure is provided in **Appendix A**.

The project deviates from the MCRP parameters as the pro forma debt service coverage ratio is less than 1.10 to 1.00 based on the committed financing for the project. Staff is comfortable with this deviation due to the financial strength of the development team and its ability to secure longer term debt upon the project reaching stabilization. Additionally, revenues generated from the operation of the theater have been projected at a conservative level and over a 20 year period the average debt service coverage ratio is above 1.20 to 1.00.

The Applicant anticipates that the overall project will result in a total capital investment of over \$110 million along with the creation of approximately 440 full-time equivalent jobs with an average hourly wage of \$65. The higher average wage is due to the large office component. Other jobs are related to the theater, retail and hotel components. The MCRP portion of the project will result in total capital investment of \$69,093,423 along with the creation of approximately 32 permanent full-time equivalent jobs with an average hourly wage of \$14.

Background

The project will include construction of six new structures along with supporting site improvements. Building A will consist of up to a 90,000 square foot, five to seven story commercial office building. Buildings B and C will include a total of approximately 91,987 square feet and consist of approximately 19,220 square feet of ground floor retail space with approximately 72,767 square feet of residential on the four stories above the retail space, that will house an estimated 98 residential market rate apartments. Building T will include an approximately 47,278 square foot multiplex movie theater with commercial space of approximately 3,910 square feet. In addition, the Applicant will construct a multistory parking ramp that will contain approximately 910 parking spaces (327,960 square feet). Building D will include a total of approximately 100,000 square feet and house a six story approximately 138 room hotel. Additional improvements include construction of a public piazza, landscaping, relocation of Ottawa Avenue and other significant streetscape improvements.

The MCRP request specifically supports construction of the two multistory mixed-use buildings (Buildings B & C), the theater, parking deck, piazza and site improvements. The other portions of the overall project will be developed by separate non-related development teams.

Demolition activities will be necessary to remove the existing paving, curbs, landscaping, utilities and all other site improvements to prepare the site for the planned site preparation activities and vertical construction. Site preparation activities include geotechnical soil engineering, soil erosion controls, staking for eligible activities, temporary structures, temporary traffic control, temporary roads, site security/fencing, mass grading and land balancing, utility relocation, excavation of unstable urban fill material and fill replacement, special foundations, dewatering, and compaction and sub-base preparation related to the above activities which is necessary for completion of the project. Site preparation also includes direct soft costs associated with the proposed activities. Infrastructure improvements including relocation and construction of a new Ottawa Street (public), construction of a new multistory public parking deck (private), including soft costs, and construction of a new public piazza and associated site improvements (public but constructed by Jackson) are necessary to support the new development.

Jackson Entertainment, LLC has constructed and owns and operates numerous theaters across Michigan. In addition, the Developer owns and operates other investment real estate in West Michigan. The project represents the first project that will be supported with incentives by the Michigan Strategic Fund. The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

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

Recommendation

MEDC staff recommends approval of the following:

- a) Local and school tax capture for the Act 381 eligible activities totaling \$30,377,630. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$24,961,298.
- b) A MCRP performance-based loan in the amount of \$5,500,000 for Jackson Entertainment, LLC.
- c) Waiver of the MCRP parameter that requires a minimum debt service coverage ratio of 1.20 to 1.00.

APPENDIX A

FINANCING OPPORTUNITY – MCRP OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION

The project is seeking Michigan Strategic Fund (MSF) participation in coordination with Mercantile Bank (Lender) as the senior lender. The Lender, along with the Borrower, has requested the MSF participate in up to \$5,500,000 of a total of \$49,000,000 in construction to permanent loan financing. The MSF would be pari passu in terms of payments on its share of the loan, but the MSF would also allow the collateral to apply first to the Lender's share in an event of liquidation. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis. Below outlines a summary of the development sources and the proposed structure of the loan participation.

SUMMARY OF DEVELOPMENT SOURCES:

Mercantile Bank	\$ 43,500,000	63.0%
MSF Share	\$ 5,500,000	8.0%
City Paid Infrastructure	\$ 3,005,384	4.3%
Owner Equity	\$ 9,248,039	13.4%
Owner Loan	\$ 5,600,000	8.1%
Deferred Fees	\$ 3,240,000	3.2%
TOTAL	\$ 69,093,423	100.0%

MSF Facility	MCRP Loan Participation and Servicing Agreement Under "Other Economic Assistance"
Borrower:	Jackson Entertainment, LLC or Related Entities
Lender:	Mercantile Bank
Total Financing Amount:	Currently estimated at \$49,000,000
Lender Share:	Currently estimated at \$43,500,000
MSF Share:	Up to the lesser of 20% of "Eligible Investment" or \$5,500,000
Term:	To match that of the Lender, not to exceed 84 months.
Amortization:	To match that of the Lender, not to exceed 300 months following an interest only period.
Interest Rate:	On the MSF share anticipated to be 3.50% per annum.

Repayment Terms:	Up to 24 months of monthly interest only payments followed by monthly principal and interest payments. Principal balance due at maturity.
Collateral:	To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	To match that of the Lender, currently anticipated to be the corporate guarantee of JDL Entertainment, LLC. MSF share of guarantees will be subordinated to that of the Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the award due at closing and a one-time fee of \$375,000 due at maturity. The Lender may charge the borrower for these fees.
Funding:	The MSF will fund up to \$5,500,000 to be disbursed following closing of the financing and other performance criteria.
Other Conditions:	The MSF's investment will be contingent upon the following: <ul style="list-style-type: none">• A minimum owner equity contribution of \$9,200,000 to the project.• Receipt of a "Guaranteed Maximum Price" construction contract.• Receipt of final project budget.• Receipt of Master Development Agreement with the City of Grand Rapids.

APPENDIX B – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the City of Grand Rapids, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (MDEQ) on March 27, 2018.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on November 28, 2017.

MCRP Program and its Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. The total eligible investment for this project is estimated to be \$41,204,380.

Source of Information

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

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

A. The importance of the project to the community in which it is located:

The public will benefit from increased density in the downtown by replacing two existing surface parking lots with a dense mixed-use project that will include residential, retail, office, theater space and a multilevel parking deck and create a vibrant area that will draw residents and patrons to the downtown. Increased property taxes will be generated from the project, new jobs and new state and local income taxes will be generated by the new tenants and increased revenue for surrounding businesses will be generated from the visitors of the hotel and commercial office employees.

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

The project meets the goals of the City and Downtown Development Authority by replacing existing surface parking lots with dense, multistory mixed-use projects. The project will redevelop a key area south of the Van Andel Arena and work to tie development around the Downtown Market to the core.

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

The City of Grand Rapids approved support through Brownfield Tax Increment Financing of up to \$32.5 million for the project (local approx. \$5.4 million). Additionally, the City of Grand Rapids will be paying for infrastructure costs to support the Ottawa Street relocation and will seek reimbursement through the Brownfield Authority and Downtown Development Authority ("DDA") TIF programs. The DDA will be supporting the project with TIF of up to \$8.85 million. The DDA will also retain portions of the project property that will be part of the overall project but will not have to be acquired by the developer. Finally, the City of Grand Rapids will be leasing 300 parking spaces from the developer for public parking (valued approximately \$3.5 million).

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

The need for assistance is primarily driven by atypical costs associated with developing the site and the necessity to provide sufficient parking for the overall development and the area as a whole. The development team has partnered with the City of Grand Rapids to utilize both Brownfield and DDA TIF in addition to a \$3.0 million infrastructure investment in the rights-of-way by the City to support the project. Additional financial support is being requested under MCRP to fill the remaining financing gap and provide a sufficient return on the private equity investment. In addition to the above the development team has been able to secure approximately \$43.5 million in senior debt financing (63.0% of the total development costs). The development team is contributing approximately \$9.2 million in private equity, deferring \$2.2 million in developer fees, and contributing another \$5.6 million in owner debt to the project, for total contribution of \$17 million (24.7% of the total development costs. The MCRP award will allow the development team to receive just over 7% return on the project

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

The MCRP project does not include the reuse of vacant or historical buildings and is not redeveloping blighted property.

F. Creation of jobs:

The anticipated job creation generated as a result of the MCRP investment is expected to be 32 full time equivalent positions with wages averaging \$14 an hour.

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

The development team is contributing approximately \$60,500,000 in private financing to the project in the form of debt and equity.

H. Whether the project is financially and economically sound:

It is anticipated that the project in early years following completion the project will only generate enough cash flow to achieve a 1.10 to 1.00 debt service coverage. Staff is comfortable with this because the project is being undertaken by a development team with significant development experience and financial strength. Also, upon reaching stabilized occupancy it is anticipated that

the project will generate adequate cash flow to achieve an average debt service coverage ratio of greater than 1.20 to 1.00.

The project will be located in a highly desirable location that will provide a number of attractive amenities to its tenants. Staff's review of the rental structure has determined it to be acceptable and potentially conservative from a projected rental rate and vacancy standpoint because of the above mentioned location and access to amenities.

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

The project increases density in the downtown by replacing two existing surface parking lots with a dense mixed-use project that will include residential, retail, office, theater space and a multilevel parking deck.

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

The project promotes mixed-use development and a walkable downtown through the replacement of surface parking with a new development with a complementary mix of residential, retail, office, hotel, and entertainment venues all within the footprint of the development site. The intent behind the project is to create a vibrant area that will draw residents and patrons to the area. Special focus is being placed on the design and programming of the proposed plaza.

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

This project does not convert public buildings to private use.

L. Whether the project promotes sustainable development:

The project promotes sustainable development through the use of energy efficient building materials and mechanicals, as well as significant storm water improvements such as the use of green roofs and associated treatment efforts to control storm water.

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

The site currently contains surface parking so the project does not involve the rehabilitation of a historic resource.

N. Whether the project addresses area-wide redevelopment:

The project does address area wide redevelopment as it will continue to fulfill the vision for downtown Grand Rapids by replacing existing underutilized surface parking lots with multistory mixed-use developments, as well as continuing the redevelopment south of Fulton Street.

O. Whether the project addresses underserved markets of commerce:

The project does not directly address underserved markets of commerce but will bring an entertainment complex to the downtown where there is not any comparable option.

P. The level and extent of environmental contamination:

The property contains known fill materials and was formerly occupied by a railroad yard from at least 1888 until 1950. Based upon review of the previous subsurface investigations, soil

contamination is present which exceeds the current Part 201 Residential and Nonresidential Generic Cleanup Criteria. Based on these analytical results, lead, mercury and benzo(a)pyrene are present and the property is classified as a “facility” as defined by Part 201 of P.A. 451 of the Michigan Natural Resources Environmental Protection Act (NREPA), as amended.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):

This project does not involve the rehabilitation of a historic resource.

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

This project is not expected to compete with existing Michigan businesses, however, it is expected to compliment the momentum of downtown becoming a destination center.

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

No additional criteria needs to be considered.

Brownfield Act 381 Program Additional Project Information:

A. Reuse of functionally obsolete buildings and/or redevelopment of blighted property:

This project does not involve the reuse of functionally obsolete buildings or blighted property.

B. Whether project will create a new brownfield property in the State:

No new Brownfields will be created by this project.

Tax Capture Breakdown

There are 29.2075 non-homestead mills available for capture, with school millage equaling 24 mills (82.17%) and local millage equaling 5.2075 mills (17.83%). Tax increment capture will begin in 2020 and is estimated to continue for 30 years. The project is located in the Grand Rapids Downtown Development Authority (DDA) so the DDA captures the majority of the local taxes. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(82.17%)	\$	24,961,298
Local tax capture	(17.83%)	\$	<u>5,416,332</u>
TOTAL		\$	30,377,630

Cost of MSF Eligible Activities

Demolition	\$	265,000
Infrastructure Improvements		25,111,635
Site Preparation	+	<u>1,030,000</u>
Sub-Total	\$	26,406,635
Contingency (15%)	+	<u>3,960,995</u>
Sub-Total	\$	30,367,630
Brownfield/Work Plan Preparation	+	<u>10,000</u>
TOTAL	\$	30,377,630



**MICHIGAN STRATEGIC FUND
RESOLUTION 2018-**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO
JACKSON ENTERTAINMENT, LLC OR RELATED ENTITIES
(STUDIO C PROJECT)**

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

WHEREAS, pursuant to SFCR 2090-1(3), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP (“Transaction Documents”);

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

WHEREAS, Mercantile Bank (“Lender”) will be providing financing to Jackson Entertainment, LLC or related entities (“Proposed Borrower”) of approximately \$49,000,000 toward the redevelopment activities and site improvements to real property (“Project”);

WHEREAS, the Lender and the Proposed Borrower have requested an Other Economic Assistance Performance Based Loan Participation award from the MSF under the MCRP for the Project in an amount not to exceed \$5,500,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet and Guidelines, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents for the Award Request within 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (“MCRP Award Recommendation”);

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

Exhibit A

“Term Sheet”

LOAN FACILITY

MSF Facility

MCRP Loan Participation and Servicing Agreement
Under “Other Economic Assistance”

Borrower:	Jackson Entertainment, LLC or Related Entities
Lender:	Mercantile Bank
Total Financing Amount:	Currently estimated at \$49,000,000
Lender Share:	Currently estimated at \$43,500,000
MSF Share:	Up to the lesser of 20% of “Eligible Investment” or \$5,500,000
Term:	To match that of the Lender, not to exceed 84 months.
Amortization:	To match that of the Lender, not to exceed 300 months following an interest only period.
Interest Rate:	On the MSF share anticipated to be 3.50% per annum.
Repayment Terms:	Up to 24 months of monthly interest only payments followed by monthly principal and interest payments. Principal balance due at maturity.
Collateral:	To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	To match that of the Lender, currently anticipated to be the corporate guarantee of JDL Entertainment, LLC. MSF share of guarantees will be subordinated to that of the Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the award due at closing and a one-time fee of \$375,000 due at maturity. The Lender may charge the borrower for these fees.
Funding:	The MSF will fund up to \$5,500,000 to be disbursed following closing of the financing and other performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">• A minimum owner equity contribution of \$9,200,000 to the project.• Receipt of a “Guaranteed Maximum Price” construction contract.• Receipt of final project budget• Receipt of Master Development Agreement with the City of Grand Rapids

MICHIGAN STRATEGIC FUND

RESOLUTION 2018 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
JACKSON ENTERTAINMENT, LLC**

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

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

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

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

WHEREAS, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 111 SW Ionia Avenue, 143 SW Cherry Street and 158 SW Oakes Street within the City of Grand Rapids, known as Jackson Entertainment, LLC (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 82.17% to 17.83% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated April 9, 2018. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating

purposes is based on costs of MSF eligible activities with a maximum of \$30,367,630 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$10,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$24,961,298.

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

BE IT FURTHER RESOLVED, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund Board

From: Stacy Esbrook, Community Assistance Team Regional Director
Lori Mullins, Community Development Incentives Director

Subject: Request for Approval of a Michigan Strategic Fund (MSF) Grant and Approval of the Façade Restoration Initiative

Request

MEDC staff is requesting the following: 1) establish the Façade Restoration Initiative (FRI), 2) approve the FRI Guidelines (attached to the resolution as Exhibit A), and 3) transfer \$1.5 million from the Michigan Community Revitalization Program (MCRP), as permitted under MCL 125.2088b(2)(c) to fund the FRI.

The proposed Façade Restoration Initiative will provide grant dollars to local community districts or authorities to strengthen and expand existing façade restoration/improvement programs in downtowns and commercial corridors around the state. Grant funds will be awarded to local authorities, such as Downtown Development Authorities, Main Street organizations, Principal Shopping Districts, etc. Authority or district applicants will re-grant MSF funds to private building owners to support a façade improvement project. MSF funds will provide no more than 50% of the façade restoration cost, with the other 50% being funded by some combination of private investment and local match; donation-based crowdfunding for match will be permitted, if that is part of the local façade improvement program. Eligible applicants will have an existing and locally administered façade improvement program. Applicants will be selected by responding to a Request for Information (RFI). MEDC community development staff will evaluate applications and make recommendations for approval to the MSF Board. It is anticipated that three authorities or districts will be selected from the initial RFI responses and awards will be no less than \$50,000 and no more than \$500,000 as necessary to support the application's identified potential project pipeline.

Background

The purpose of locally administered façade improvement or restoration programs is to encourage private building owners to enhance or renovate the exterior appearance of their buildings and storefronts, thus visually improving the aesthetics and the taxable values of the district or community overall. The districts and authorities that will be eligible for awards under FRI have a stake in creating a positive visual impact and attracting private investment into their downtown or corridor. Completed façade improvement projects are known to stimulate downtown foot traffic and business sales, encourage building owners to make additional interior improvements and upgrades and encourage other local building owners to undertake a façade project. Vibrant and active downtowns create a sense of place, provide a positive environment of local small business and attract outside patrons, and certainly, the visual appearance of the downtown contributes to a community's economic vitality and sense of place.

Local façade incentive programs are necessary catalysts for private investment. This is particularly true with historic renovation projects. Better aesthetics do increase property values, increase the marketability of buildings and draw businesses to the downtown, but the increased value does not offset the high restoration cost. Façade projects are typically funded through cash (and sweat) equity and local grants or soft-loans. Any additional revenue generated from a completed façade project is not sufficient to service traditional debt.

MEDC and MSF have experience supporting façade improvement projects through the Community Development Block Grant Program (CDBG). Through FRI, we will be able to expand the number of projects supported to include those in entitlement communities and those that do not meet CDBG national objectives. CDBG funds will still be used to support blight elimination and area wide benefits for projects in income-qualified and non-entitlement communities.

The Community Development division at MEDC is highly supportive of façade programs as we have seen the positive impact such projects provide to Michigan's downtowns. The FRI proposal seeks to continue and expand state support of local façade improvement programs. Districts and authorities will continue to administer their program locally with additional capacity provided by MSF funding.

Appendix A provides example façade improvement projects supported by MSF in the past under the Community Development Block Grant program.

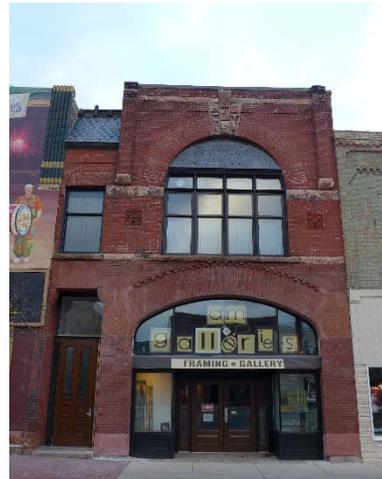
Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) Approval establishing the Façade Restoration Initiative (FRI),
- b) Approval of the FRI Guidelines, and
- c) Transfer of \$1.5 million from the Michigan Community Revitalization Program to fund the FRI.

APPENDIX A – Sample Façade Improvement Project

Before and After



**MICHIGAN STRATEGIC FUND
RESOLUTION 2018-**

**APPROVAL OF THE FACADE RESTORATION INITIATIVE,
FUNDING AND GUIDELINES**

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

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

WHEREAS, the Michigan legislature appropriated certain funds for use by the MSF for business attraction and community revitalization;

WHEREAS, the MSF allocated certain legislative appropriations for business attraction and community revitalization to the Michigan Community Revitalization Program (“MCRP”);

WHEREAS, pursuant to the MSF Act, specifically MCL 125.2088(b)(2)(c), funds appropriated to the MSF under the MCRP are authorized to be expended for programs or activities authorized under the MSF Act, so long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable milestones;

WHEREAS, pursuant to the MSF Act, specifically MCL 125.2007(c), the MSF has the power to make grants;

WHEREAS, the MEDC recommends the MSF create and operate the Façade Restoration Initiative to award grants to eligible communities to strengthen and expand the positive impact of façade improvements in downtowns and commercial corridors around Michigan (“FRI”);

WHEREAS, the MEDC recommends the MSF approve the guidelines for the FRI, a copy of which is attached as Exhibit A (“FRI Guidelines”);

WHEREAS, the MEDC recommends that \$1,500,000 from the MCRP be transferred to fund the FRI (“FRI Funding”); and

WHEREAS, the MEDC recommends that the MSF approve the FRI, the FRI Guidelines, and the FRI Funding (“FRI Requests”).

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the FRI Requests.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 24, 2018

EXHIBIT A

FAÇADE RESTORATION INITIATIVE GUIDELINES

IN GENERAL

- The Façade Restoration Initiative (FRI) is a community development grant intended to strengthen and expand the positive impact of local façade improvement programs in downtowns and commercial corridors around the state.
- MSF funds will be granted to eligible authority/district applicants and will be re-granted by the authority/district applicants to individual façade project grantees. MSF will provide no more than 50% of façade funding for each individual project with the other 50% being some combination of private and local match funding; donation-based crowdfunding is an acceptable match.
- Applicants will administer façade grants under an award approved by the MSF and will be responsible for submitting grant disbursement requests based upon satisfaction of performance based milestones, conducting all aspects of their local program, verifying rehabilitation activities and keeping all necessary records as required by their grant agreement.
- Awards to eligible community applicants can range from \$50,000 to \$500,000 depending on the local program capacity and need.

ELIGIBILITY REQUIREMENTS FOR COMMUNITIES

- Eligible applicants include traditional downtown local authorities/districts (MMS, DDA, CIA, PSD, BID, or TIFA), each of which must have an existing, locally administered, façade improvement program for privately owned buildings.
- Applicants will submit a proposal outlining the following:
 - The applicant's experience administering a local façade improvement program and capacity to administer the program as proposed.
 - Details of the façade restoration program that they wish to administer, including design guidelines.
 - Examples of private buildings in their community that would be ideal candidates for their program.
- Applicants will be evaluated by MEDC staff based on community experience/capacity, innovation or strength of local program and strength of pipeline of potential projects.

SUB-AWARDEE ELIGIBILITY REQUIREMENTS

- Sub-awardees must meet the requirements of the local program and other terms and conditions required by the MSF grant agreement with the eligible authority/district.
- Sub-awardees must meet any applicable historic preservation guidelines or standards.

- Sub-awardees may not use grant funds to improve public buildings (i.e, federal, state, county or other locally owned).

ADDITIONAL INITIATIVE DETAILS

- All recommendations for MSF grant support to eligible communities shall be subject to the approval of the MSF Board.
- The MSF grant support will be memorialized in written agreements with eligible communities, with terms and conditions required by these guidelines, including without limitation, performance based milestones, sub-awardee grant requirements, and other grant disbursement criteria, periodic reporting, events of default, repayment provisions, and other terms and conditions deemed necessary by the MSF Fund Manager or the MSF President.
- The MSF Fund Manager or MSF President may approve changes to the terms and conditions of the MSF grant agreements as either may deem necessary or appropriate from time to time to adapt to the FRI, so long as such terms and conditions comply with these guidelines, and continue to include performance based milestones and repayment provisions.
- The MSF Fund Manager or the MSF President shall sign all final documents to effectuate the MSF grant support as either deem necessary or appropriate from time to time.

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN PORTFOLIO
BOARD MEETING – APRIL 24, 2018**

FOR QUARTER ENDED MARCH 30, 2018

BACKGROUND

Pursuant to Section 125.2088k-3 of the Michigan Strategic Fund Compiled Resolutions, the Michigan Strategic Fund (MSF) Board approved a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund (“CFGF”), (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor (“MTTC”) 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 (the “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 may be reviewed by the MSF Advisory 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.

APPROVALS BY AUTHORIZED DELEGATE

Between January 1, 2018 and March 30, 2018, the following actions were approved pursuant to the Delegation of Authority:

Company	Action(s)	Award Amount	Disbursed Amount	Date
Metabolic Solutions Development Company	Audit Waiver	\$2,450,000 \$100,000	\$2,450,000 \$100,000	January 2, 2018
Zoltan Laboratories	Payoff	\$200,000	\$200,000	January 27, 2018
MuciMed, Inc.	Acknowledgement and Release	\$50,000	\$50,000	March 23, 2018
Pixel Velocity, Inc.	Selection of Board Members	\$773,105 \$1,808,645	\$773,105 \$1,808,645	March 23, 2018
Epsilon Imaging, Inc.	Notice and Waiver of Preemptive Rights	\$767,547	\$767,547	March 30, 2018

MEMORANDUM

DATE: April 24, 2018
TO: Michigan Strategic Fund (“MSF”) Board Members
FROM: Mary Kramer, Manager, MCRP, Brownfield and SmartZone Programs
SUBJECT: Quarterly Report of Delegated Approvals of Brownfield Act 381 Work Plans

On April 5, 2017, the Brownfield Redevelopment Financing Act (Act 381) was amended to allow the chairperson of the Michigan Strategic Fund delegated approval of work plans that consist of tax capture of less than \$1,000,000. Listed below is a synopsis of the delegated work plans that were approved during the second quarter of the 2018 fiscal year.

If you would like additional information on a project, please let us know.

Project Name	Approval Date	Location	Approved TIF Amount	Jobs	Investment
220 West Congress Street	1/19/2018	Detroit	\$988,415	76	\$6,168,000
2200 Block, LLC – Provident Place	1/19/2018	Lansing	\$996,117	20	\$7,003,575
DeBoer Bakkerij, LLC Redevelopment	3/21/2018	Holland	\$151,326	17	\$1,800,000
Total			\$2,135,858	113	\$14,971,575

MEMORANDUM

DATE: April 24, 2018

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

FROM: Trevor Friedeberg, Director, Business Development Projects
Mary Kramer, Manager, MCRP, Brownfield and SmartZone Programs

SUBJECT: Quarterly Report of Delegated Approvals on Michigan Business Development Program & Michigan Community Revitalization Program

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 delegated deals that were approved during the second quarter of the 2018 fiscal year.

If you would like additional information on a project, please let us know.

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Achates Power, Inc.	1/4/2018	City of Farmington Hills	\$250,000.00	31	\$791,081.00
Tenneco Automotive	1/12/2018	Marshall	\$315,000.00	54	\$358,483.00
Orotex Corporation	1/16/2018	City of Novi	\$250,000.00	50	\$10,300,000.00
NAI Global Manufacturing Solutions	1/23/2018	Otsego County	\$186,000.00	139	\$2,711,711.00
Echo Engineering and Production Supplies, Inc.	2/12/2018	Newport	\$210,000.00	60	\$2,420,000.00
Biewer Forest Management, LLC	2/21/2018	City of McBain	\$170,000.00	17	\$31,026,000.00
Jedco, Inc.	2/27/2018	Grand Rapids	\$215,000.00	39	\$9,295,000.00
Agropur	3/1/2018	City of Wyoming	\$434,000.00	62	\$21,347,650.00
Unique Instruments, Inc. dba Orchid Bridgeport	3/7/2018	Statewide, primarily Bridgeport	\$472,500.00	135	\$27,455,000.00

MBDP and MCRP Delegated Approvals

April 24, 2018

Page 2 of 2

Parker Hannifin Corporation	3/8/2018	Village of Lakeview	\$250,000.00	46	\$5,100,000.00
Greenville Venture Partners, LLC	3/14/2018	City of Greenville	\$412,500.00	110	\$57,952,000.00
Esys Automation	3/16/2018	City of Auburn Hills	\$832,000.00	104	\$15,873,823.00
WABCO North America, LLC	3/23/2018	City of Auburn Hills	\$375,000.00	87	\$19,752,000.00
Kember Flooring, Inc.	3/23/2018	Gladwin County	\$200,000.00	25	\$5,000,000.00
Saint-Gobain Performance Plastics Corporation	3/23/2018	City of Livonia	\$200,000.00	25	\$10,540,000.00
Infineon Technologies Corporation	3/23/2018	City of Livonia	\$200,000.00	0	\$1,550,000.00

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
L & P Properties, LLC	1/5/2018	Lansing	\$92,960	9	\$601,595
3424 Chicago Drive, LLC	1/12/2018	Hudsonville	\$686,645	27	\$3,549,665
13 North Washington Street, LLC	1/29/2018	Ypsilanti	\$295,000	22	\$1,183,387

MEMORANDUM

Date: April 24, 2018

To: Michigan Strategic Fund Board

From: Christine Whitz, Director, Community Development Block Grant Program

Subject: *Community Development Block Grant Program
Quarterly Report of Delegated Approvals (January – March, 2018)*

On October 23, 2013, the MSF Board approved the Community Development Block Grant (CDBG) program delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the previous quarter. If you would like additional information on a project, please feel free to contact me.

Grantee	Approval Date	CDBG Funds	Brief Summary of Project
County of Alger	1/2/18	\$100,000	CDBG funds were requested for a planning study needed for the Alger County-Upper Peninsula Forest Products Rail Study project located in Alger County, Michigan. It is anticipated that the rail study will lead to companies adding jobs in Alger County.
City of Boyne City	1/10/18	\$119,475	The amendment is based upon increased infrastructure costs and additional administration costs. The City expects that this project could result in private investment of \$5,613,977 and the creation of 54 jobs.
City of Three Rivers	1/11/18	\$344,188	CDBG funds requested for blight elimination/historic preservation needed for the Landmark Taphouse and Grille Project. The City expects that this project could result in private investment of \$944,000 and the creation of 11 jobs.
City of Negaunee	1/26/18	\$94,735	CDBG funds requested for façade improvements needed for the City of Negaunee's Façade Project. The City expects that this project would eliminate blight and could result in private investment of \$94,735.
City of Cheboygan	2/2/18	\$276,815	CDBG funds requested for façade improvements needed for the Cheboygan Downtown Façade Improvement Project. The City expects that this project will result in private investment of \$264,980.

City of Albion	3/2/18	\$0	MEDC staff requesting to revise the business entity from ACE Investment Properties, LLC to Peabody LLC. Original grant approved September 27, 2017.
City of Hillsdale	3/23/18	\$119,700	City of Hillsdale requested an additional \$119,700 in CDBG funds for their 2017 water and sewer project. The project's original budget construction costs increased significantly.
Total CDBG Funds for Quarter		\$1,054,913	



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSF CONFIDENTIALITY MEMOS**

Board Meeting – April 24, 2018

FOR QUARTER ENDED MARCH 31, 2018

BACKGROUND

As a part of the process for negotiating with companies seeking to invest in Michigan, the Michigan Strategic Fund (MSF) receives information of a financial and/or proprietary nature from applicant companies. Avoiding the public disclosure of this information is desirable in order to protect against the potential for significant competitive harm to the applicant companies.

Via MCL 125.2005(9), as amended by Public Act 251 of 2011, information of a financial or proprietary nature considered by the applicant as confidential and acknowledged as confidential by the Michigan Strategic Fund Board or its designee is exempted from disclosure by the Michigan Freedom of Information Act, Public Act 442 of 1976, as amended. On February 27, 2012, the MSF Board approved by resolution the delegation of this authority to the MSF Fund Manager, who acknowledges the confidentiality of eligible information on behalf of the MSF Board by executing a confidentiality memo.

APPROVALS BY AUTHORIZED DELEGATE

During the period between January 1 and March 31, 2018, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
Williams International Co., LLC 2280 East West Maple Road P.O. Box 200 Walled Lake, MI 48390	The following documentation submitted in support of the Company’s capital investment milestone required under its Renaissance Zone Development Agreement, dated December 30, 2017, CASE-214192: Receipts; Invoices; Proof of payment documentation; Bank statements; Capital investment list, except for total capital investment figure and categories of investment
Amazon Services, Inc. 410 Terry Ave. North Seattle, WA 98109	<ul style="list-style-type: none"> · Company Bylaws or Operating Agreement, as applicable · Letter(s) of Intent/Interest · Site selection information · Third Party Contracts · Wage and Benefit information for individual and incremental classes of employees · Project Information Page on Salesforce (PRI-004632)
Bedrock Management Services, LLC 28175 Haggerty Road Novi, MI 48377	Draft of “Economic and Fiscal Impact Assessment of the Transformational Brownfield Plan Submitted by Bedrock Management Services, LLC” by University of Michigan Research Seminar in Quantitative Economics & W.E. Upjohn Institute for Employment Research, received on February 28, 2018; Draft of “Bedrock Transformational Sites –



	Underwriting Analysis” by SB Friedman Development Advisors, dated February 28, 2018
Esys Corporation 1670 North Opdyke Road Auburn Hills, MI 48326	Esys 2015 and 2016 Financial Statements (Esys 2016 and 2015 Audited Financial Statements.pdf); Esys 2017 Financial Statements (Esys 2017 Unaudited Financial Statements.pdf)
Open Dealer Exchange, LLC 27777 Franklin Road, Suite 1850 Southfield, MI 48034	Open Dealer Exchange 2016 Financial Statements (Dec 31 2016 financial statements (CONFIDENTIAL).PDF); Open Dealer Exchange 2015 Financial Statements (2015 financial statements – (CONFIDENTIAL).PDF)
341 Evergreen, LLC 40600 Ann Arbor Rd, Ste 201 Plymouth, MI 48170	Organizational Chart
100 Grand River, LLC 40600 Ann Arbor Rd, Ste 201 Plymouth, MI 48170	Organizational Chart
Pentar Stamping, Inc.* 1821 Wildwood Rd., Jackson, MI 49202	Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.
Custom Data Solutions, Inc.* 35665 Mound Rd., Sterling Heights, MI 48310	Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.



<p>Right Brain Beverages, LLC* 225 E. Sixteenth St. Traverse City, MI 49684</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Heritage Broadcasting Company of Michigan* 1 Broadcast Way, Cadillac, Michigan 49696</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Kalkaska Screw Products, Inc.* 775 Rouborn Rd., NE Kalkaska, MI 49646</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Logiquip, LLC* 1456 S. 35th St., Galesburg, MI 49053</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including</p>



without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.

* Approved in Q1 2018