

MICHIGAN STRATEGIC FUND BOARD
MEETING AGENDA
March 22, 2016
10:00 am

Public Comment – Please limit public comment to three (3) minutes
Communications – Andrea Robach

A. Consent Agenda

Proposed Meeting Minutes – February 23, 2016
1212 Griswold/City of Detroit – MCRP Amendment – Julius Edwards
Eberspaecher – MBDP Amendment – Trevor Friedeberg

B. Administrative

Redevelopment Ready Communities – Program Approval – Jennifer Rigterink
Michigan Main Street – Program Approval – Jennifer Rigterink
Housing Development Fund Grant Application – Request to Submit – Katharine Czarnecki
City of Ypsilanti – CDBG Loan Amendment – Katharine Czarnecki
Plasan – MBDP Forbearance Request – Christin Armstrong

C. Business Investment

1. Business Growth

Michigan China Innovation Center – 21st Century Investment – Tony Vernaci
American Center for Mobility – 21st Century Investment – Eric Schreffler & Kevin Kerrigan
Stoneridge – MBDP – Trevor Friedeberg
Whirlpool Corporation/City of Benton Harbor – MBT Amendment – Rob Garza

D. Community Vitality

Bay City Hospitalities, LLC/City of Bay City – Act 381 WP – Nate Scramlin & James Espinoza
One Carlton, LLC/City of Grand Rapids – Act 381 Work Plan – Ryan Kilpatrick
Recovery Park – 21st Century Investment – Stacy Esbrook

E. Image/State Branding – Dave Lorenz & Emily Guarrant

China Tourism Development Services – Request to Issue RFP
Travel Marketing and Advertising – Request to Issue RFP
Business and Travel Marketing Public Relations & Social Media – Request to Issue RFP
Business Marketing & Advertising – Request to Issue RFP

MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

**APPROVAL OF MARCH 2016 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, for each of which supporting documentation is attached to this Resolution.

Consent Agenda Items:

Proposed Meeting Minutes – February 23, 2016
1212 Griswold/City of Detroit – MCRP Amendment
Eberspaecher – MBDP Amendment

Ayes:

Nays: None

Recused: None

Lansing, Michigan
March 22, 2016

**MICHIGAN STRATEGIC FUND
PROPOSED MEETING MINUTES
February 23, 2016**

Members Present

Paul Anderson
Steve Arwood
Dan Boge
Jay Wortley (on behalf of Treasurer Khouri)
Jody DePree Vanderwel
Shaun Wilson
Wayne Wood
Mike Zimmer

Members Absent

Larry Koops
Terri Jo Umlor

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

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

Communications: Andrea Robach, MSF Administrator advised the Board that the quarterly report of the Chief Compliance Officer was in the meeting packet for member review and comment.

A. CONSENT AGENDA

Resolution 2016-001 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – **December 15, 2015**

Alpena Prototype Bio-Refinery, LLC – Renewable Energy RZ Revocation – **2016-002**

MSF/MSHDA MOU – Rescission of CDBG MOU – **2016-003**

Tesla Motors, Inc. – Tool and Die Renaissance Recovery Zone Transfer – **2016-004**

Jody DePree Vanderwel seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

C. BUSINESS INVESTMENT

1. Entrepreneurship

Resolutions 2016-005 Next Energy – Services Grant Amendment

Fred Molnar, VP Entrepreneurship Services, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-005. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2016-006 Tech Town Detroit – Business Incubator Grant Amendment

Fred Molnar, VP Entrepreneurship Services, provided the Board with information regarding this action

item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-006. Jody DePree Vanderwel seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2016-007 Southwest Michigan Innovation Center – Grant Assignment

Fred Molnar, VP Entrepreneurship Services, provided the Board with information regarding this action item. Following brief discussion, Paul Anderson motioned for the approval of Resolution 2016-007. Dan Boge seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

2. Business Growth

Resolution 2016-008 Dieomatic, Inc. – MBDP Amendment

Mike Gietzen, Development Finance Manager, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-008. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2016-009 Key Plastics – MEGA Amendment

Christin Armstrong, Compliance Director, provided the Board with information regarding this action item. Following brief discussion, Jody DePree Vanderwel motioned for the approval of Resolution 2016-009. Wayne Wood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2016-010 Credit Acceptance Corporation – MBDP Amendment

Marcia Gebarowski, Development Finance Manager, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-010. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2016-011 Moran Iron Works, Inc. – MBDP Amendment

Josh Hundt, Development Finance Director, provided the Board with information regarding this action item. Following brief discussion, Paul Anderson motioned for the approval of Resolution 2016-011. Adan Boge seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2016-012 & -013 Watson Engineering/City of Taylor – Brownfield/MBT Amendments

Rob Garza, Program Specialist, provided the Board with information regarding these action items. Following brief discussion, Jay Wortley motioned for the approval of Resolutions 2016-012 & 2016-013. Dan Boge seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

D. COMMUNITY VITALITY

Resolutions 2016-014 Capitol Theatre Redevelopment - MCRP

Nate Scramlin, Community Assistance Team, provided the Board with information regarding this action item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-014. Mike Zimmer seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Mr. Anderson stepped out of the meeting from 10:55 am – 10:58 am

Resolution 2016-015 Stonehouse Village VI, LLC/City of East Lansing – Act 381 Work Plan

Marilyn Crowley, Community Assistance Team, provided the Board with information regarding this action item. Following brief discussion, Mike Zimmer motioned for the approval of Resolution 2016-015. Dan Boge seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

D. STATE BRANDING

Resolution 2016-016 michigan.org Redesign RFP – Award Recommendation

Kelly Wolgamott, Director Travel Michigan, provided the Board with information regarding this action

item. Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-016. Jody DePree Vanderwel seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Mr. Arwood adjourned the meeting at 11:10 am.

MEMORANDUM

Date: March 23, 2016

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: 1212 Griswold Street LLC
Michigan Community Revitalization Program
Request for Approval of a MCRP Loan Participation and Servicing Agreement
Amendment

Request

1212 Griswold Street LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program MCRP Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements. The Company is requesting time extensions of Milestones Three and Four to September 13, 2016.

Background

The Michigan Strategic Fund Board approved a \$6,000,000 loan on May 22, 2013 to the Company as end financing for the purpose of renovating the historic 13-story Chamber of Commerce building at 1212 Griswold Street in the City of Detroit, into approximately 56 residential apartments and approximately 51,000 square feet of commercial office space located in the basement and floors one through five, inclusive of the building. Since approval the project has been completed, 74% of the space has been leased, and is in compliance with MCRP requirements.

Financing to complete construction was provided by JP Morgan Chase Bank (Chase) and remains outstanding. Staff has confirmed that Chase is willing to extend their expiration date of March 13, 2016, provided they receive confirmation that the MCRP funds are in place throughout their term. The proposed extensions of the Milestones will satisfy this requirement.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Loan Participation and Servicing Agreement and any ancillary agreements to provide extensions of Milestones Three and Four per the Company’s request dated February 29, 2016.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2016-**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM LOAN PARTICIPATION AWARD FOR
1212 GRISWOLD STREET LLC**

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, by Resolution 2013-077 on May 22, 2013 the MSF Board awarded a CRP Loan Participation Award to 1212 Griswold Street LLC, in furtherance of the Project (“Applicant”) of up to \$6,000,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to extend Milestones Three and Four’s due dates in our agreements to September 13, 2016, with all other requirements remaining in place from the original approval.

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

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
March 23, 2016

MEMORANDUM

Date: March 22, 2016

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

From: Trevor Friedeberg, Development Finance Manager

Subject: Eberspaecher North America, Inc. (“Company” or “Applicant”)
Amendment to Approved Michigan Business Development Program Grant Agreement

Request

The MBDP Grant Agreement stipulated that the Qualified New Jobs (QNJ) would be created in Brighton as well as potential sites in Lyon Township and Novi. It was anticipated at the time the Agreement was executed, an amendment to the project description would be necessary to qualify these sites as locations where future QNJs could count. Since approval, the Company has met the first required milestone, creating 150 jobs above the Base Employment Level. At this time the Company does not anticipate meeting the full 545 QNJ number at the Brighton facility alone, therefore the inclusion of their facilities in Lyon Township and Novi are now necessary. The Grant Agreement required the company to receive property tax abatements in Lyon Township and Novi before the locations would be added, however, due to changes in real estate decisions and the personal property tax reform, the approval of the abatements are no longer necessary.

Staff recommends an amendment be made to the MBDP Grant Agreement to allow for the Company’s facility in Novi and Lyon Township be included as locations that count towards the QNJ requirement. Further, it is recommend to remove the requirement of abatements from these communities in order to receive grant disbursement. All other terms and conditions of the agreement should remain intact.

Background

On February 25, 2014 the Michigan Strategic Fund approved a \$4,500,000 award for Eberspaecher North America, Inc. under the Michigan Business Development Program (“MBDP”). The Company proposed to invest and expand their upstream component manufacturing to replace steel bending, milling, and stamping components in the City of Brighton which would result in the creation of up to 545 Qualified New Jobs and a capital investment of up to \$122 million. The City of Brighton committed to provide a property tax abatement in support of the project.

Recommendation

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

- a) Amend the MBDP Grant Agreement to include the Company locations at 43700 Gen Mar Road, Novi, Michigan 48375 and 30220 Oak Creek Drive, Wixom, Michigan 48393;
- b) Remove the requirement for tax abatements on real and/or personal property for the aforementioned addresses from the Grant Agreement;
- c) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2015-

**APPROVAL OF AN AMENDMENT TO THE MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT TO
EBERSPAECHER NORTH AMERICA, INC**

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

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

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

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

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

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

WHEREAS, the MSF approved A \$4,500,000 Michigan Business Development Program Performance based grant on 545 qualified new jobs to invest and expand their upstream component manufacturing to replace steel bending, milling, and stamping components (the “Project”);

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended and revised as follows: include the company locations at 43700 Gen Mar Road, Novi, Michigan 48375 and 30220 Oak Creek Drive, Wixom, Michigan 48393 and remove the requirement for tax abatements on real and/or personal property for these locations from the Grant Agreement; (“Amendment”);

WHEREAS, the MEDC recommends that the MSF approve the Company’s Grant Amendment 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 Amendment Award Recommendation”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

MEMORANDUM

Date: March 22, 2016

To: Michigan Strategic Fund (MSF) Board

From: Jennifer Rigterink, Manager, Technical Assistance Programs

Subject: Request approval of the Redevelopment Ready Communities (RRC) Program

Request

MEDC staff requests the MSF to approve the operation of the Redevelopment Ready Communities Program as part of the realignment of the Community Development teams at MSHDA and the MEDC.

Background

The Redevelopment Ready Communities (RRC) program is a technical assistance tool available to municipalities across the state. RRC is a voluntary, no cost certification program promoting effective development strategies through a set of best practices. The program measures and then certifies communities that integrate transparency, predictability and efficiency into their daily development practices. RRC assists communities to make them competitive places to attract talent and economic growth.

RRC was originally launched by the Michigan Suburbs Alliance in southeast Michigan in 2003. In 2012, the Michigan Economic Development Corporation, in collaboration with the Michigan State Housing Development Authority, purchased the program to build upon the foundation the Suburbs Alliance had created and expand the program to be statewide. The foundation of the program is the RRC Best Practices. Developed by experts in the public and private sector, the best practices are the standard to achieve certification, and designed to create a predictable and straightforward experience for investors, businesses and residents working within a community. In addition, the best practices challenge communities to be flexible while seeking quality development that supports a sense of place.

Currently, the program is formally engaged with over 40 communities and informally working with many more through the RRC Best Practice Training Series and guidance provided online for any community to use as it sees fit. Six communities have achieved RRC certification. The RRC certification is a formal recognition that a community has a vision for the future and the fundamental practices in place to get there. See appendix for the RRC program guidelines

Staff Recommendation

MEDC staff recommends that the MSF approves the operation of the Redevelopment Ready Communities Program under the direction of Community Development division.

MICHIGAN REDEVELOPMENT READY COMMUNITIES PROGRAM GUIDELINES

PROGRAM GOALS

The Redevelopment Ready Communities (RRC) program's goal is to promote and support communities who actively engage stakeholders and plan for the future to become development ready and competitive in today's economy. RRC looks to foster communities that creatively reuse space, embraces economic innovation and proactively plan for the future, making them more attractive for investments that create places people want to live, work and play.

ELIGIBLE APPLICANTS

Any community would be eligible to engage in the program.

COMMUNITY EVALUATION PROCESS

Engagement

1. Community review RRC information and contacts Community Assistance Team Specialist;
2. Community attends RRC Best Practice Training series;
3. Community completes RRC self-evaluations;
4. Community's governing body adopts resolution of intent to participate in program;
5. Kick-off presentation;
6. Memorandum of understanding.

Evaluation

1. Gathering of information and documentation needed;
2. Stakeholder interviews and meeting observations;
3. Data and information analyzed;
4. Report of Findings completed;
5. Report presented to community;
6. Community's governing body adopts resolution to proceed.

Certification

1. Community completes missing requirements;
2. Community submits quarterly progress reports;
3. Community accomplishes all requirements;
4. Certification awarded;
5. Community submits biannual progress reports.

redevelopment ready communities[®]

REGIONS

1 Upper Peninsula region

- ◆ Escanaba (Delta County)
- Gladstone (Delta County)
- Iron Mountain (Dickinson County)
- Ishpeming (Marquette County)

2 Northwest region

- ★ Boyne City (Charlevoix County)
- ◆ Manistee (Manistee County)
- Petoskey (Emmet County)
- ◆ Traverse City (Grand Traverse County)

3 Northeast region

- ◆ Alpena (Alpena County)
- Grayling (Crawford County)

4 West Michigan region

- ★ Allegan (Allegan County)
- Grand Haven (Ottawa County)
- Grand Rapids (Kent County)
- ◆ Middleville (Barry County)
- ◆ Muskegon (Muskegon County)

5 East Central Michigan region

- ◆ Midland (Midland County)
- Mt. Pleasant (Isabella County)
- ◆ Saginaw (Saginaw County)

6 East Michigan region

- ◆ Flint (Genesee County)

7 South Central region

- ◆ East Lansing (Ingham County)
- ◆ Lansing (Ingham County)

8 Southwest region

- Albion (Calhoun County)
- ◆ Battle Creek (Calhoun County)
- ◆ Kalamazoo (Kalamazoo County)
- ◆ Marshall (Calhoun County)

9 Southeast Michigan region

- Adrian (Lenawee County)
- ◆ Ann Arbor (Washtenaw County)
- ◆ Hillsdale (Hillsdale County)
- Howell (Livingston County)
- ◆ Jackson (Jackson County)
- ★ Ypsilanti (Washtenaw County)

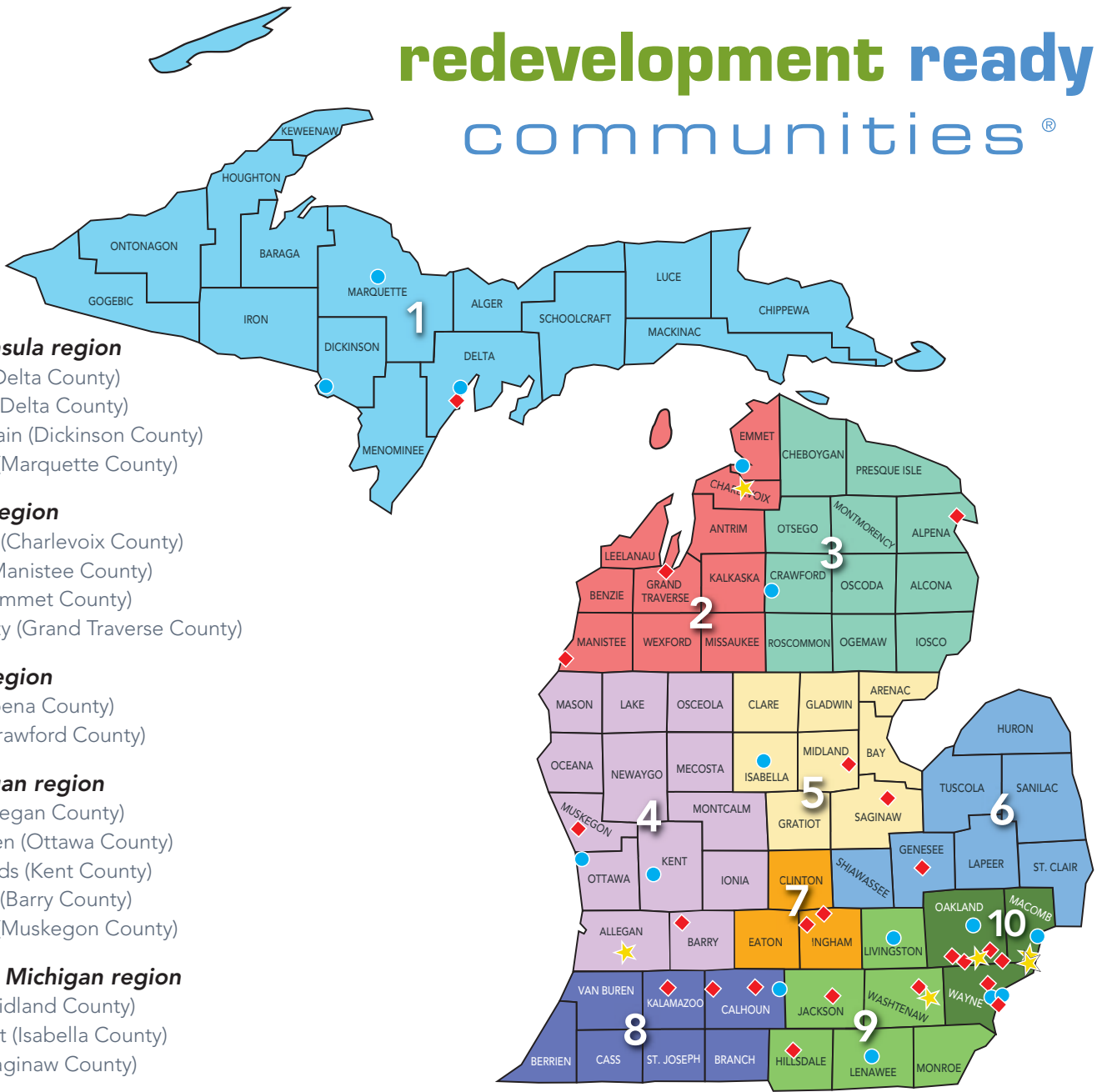
10 Detroit Metro region

- ◆ Dearborn (Wayne County)
- ★ Eastpointe (Macomb County)
- ◆ Farmington (Oakland County)
- ◆ Ferndale (Oakland County)
- ★ Lathrup Village (Oakland County)
- Lincoln Park (Wayne County)
- Mt. Clemens (Macomb County)
- ◆ Novi (Oakland County)
- Pontiac (Oakland County)
- River Rouge (Wayne County)
- ★ Roseville (Macomb County)
- ◆ Southfield (Oakland County)
- ◆ Wyandotte (Wayne County)

★ RRC Certified Community[®]

◆ RRC evaluation completed

● RRC evaluation in progress



MEMORANDUM

Date: March 22, 2016

To: Michigan Strategic Fund (MSF) Board

From: Jennifer Rigterink, Manager, Technical Assistance Programs

Subject: Request approval of the Michigan Main Street (MMS) Program

Request

MEDC staff requests the MSF to approve the operation of the Michigan Main Street Program.

Background

In 2003, Michigan established its Main Street Program housing it at the Michigan Economic Development Corporation (MEDC). In 2005, the program was transferred to the Michigan State Housing Development Authority (MSHDA). The program has operated at MSHDA until its return to the MEDC earlier this year through the realignment of the Community Development teams at MSHDA and the MEDC.

In its thirteen years of operation Michigan Main Street has helped 92 communities with design, planning, staff training, and capacity building. Michigan's program is set up in a tree-tiered system that allows communities to receive additional services as they step up in capacity and commitment. The highest-capacity and longstanding Main Street towns mentor "younger" towns in the program. The first tier, the Associate Level, is a one year commitment introducing the communities with training. The intent is for communities to gain a basic understanding of Main Street's four points and gather community support for the program. We currently are working with 24 Associate communities. The Selected Level is a five year commitment assisting communities with implementing a fully-functioning and sustainable local program. This included an active board of directors, committees of volunteers, completing project and hiring a Main Street director. There are currently 9 Select Level communities. Upon their sixth year in the program, Michigan Main Street communities can move up to the Master Level. This top level included communities that have successfully integrated a full Main Street program in their town and can act as a mentor to other communities. There are currently 11 Master communities. See appendix for the MMS program guidelines.

Staff Recommendation

MEDC staff recommends that the MSF approves the operation of the Michigan Main Street Program under the direction of Community Development division.

Michigan Main Street Program Guidelines

PROGRAM GOALS

The Michigan Main Street program's goal is to support and improve Michigan's downtowns and neighborhood commercial districts by promoting and implementing the Main Street Four-Point Approach® in rural communities and urban neighborhood commercial districts across the state. The program builds partnerships that offer resources and empowers communities to create successful and sustainable Main Street programs reflecting the value of preservation-based economic development.

ELIGIBLE APPLICANTS

Any community with a traditional downtown or commercial district would be eligible for our program.

THE BENEFITS OF MICHIGAN MAIN STREET

When a community participates in a comprehensive revitalization effort, its downtown can experience a return of economic vitality. Benefits of the Main Street program include the following:

- Protecting and strengthening the existing tax base and property values
- Creating a positive community image
- Creating visually appealing and economically viable downtown buildings
- Creating new jobs
- Increasing investment in the downtown
- Preserving historic architectural resources
- Supporting specific community needs
- Creates a network that supports independent businesses and entrepreneurs

COMMUNITY EVALUATION PROCESS

Associate Level

The Associate Level assists communities with understanding the steps necessary to implement the Main Street Four-Point Approach. The program puts a strong emphasis on building consensus with all sectors in the community in order to identify needs, develop volunteer leadership support and assemble appropriate resources. Communities also become familiar with the benefits and requirements that prepares them to reach the Selected Level.

- Applications process in November
- Staff review applications
- Take applications to the Main Street Advisory Committee for approval
- Community Announcements in January
- Trainings start in March and go through August

Select Level

The Selected Level provides communities with more than \$100,000 in specialized training within their own community. The Selected Level assists communities with revitalizing an existing organization or helping create new ones to host the Main Street efforts. At this level, the program staff includes an active board of directors, providing oversight and direction, four volunteer-driven committees completing projects, and a Main Street manager assisting with day-to-day needs. Michigan Main Street staff, along with other professionals, work closely with Selected Level communities to hire and train the right talent to lay the foundation for a successful program

- Letters of Interest to move up to Select Level due in September
- Application due in December

- Staff review applications
- Site Visit in January
- Community presentations to the advisory committee in February
- Community Announcements by Governor/Agency
- Provide technical assistance for the next 5 years
- Yearly review the 10 standers for accreditation by National

Master Level

The Master Level, the most prestigious of the three is available to communities only after they have successfully completed five years at the Selected Level. The Master Level continues assisting communities that have successfully integrated the full Main Street program. Communities achieve this goal by continuing to offer Select Level trainings and networking opportunities through MMSC, as well as acting as mentors for other Michigan Main Street communities.

- After the 5 year communities must meet all 10 standers for accreditation by National
- If a community meets the standards they are eligible to move up to the Master Level
- Continue to work with the community for 2 years, after the two year review the 10 standards to make sure the community is still in compliance.
- If a community doesn't meet the standards after 5 years or after 2 years at the Master Level we put the community on remediation and work with them for the next 6 month to get them back on track.

MAIN STREET FOUR-POINT APPROACH™

The Main Street Four-Point Approach™ is a community-driven, comprehensive strategy encouraging economic development through historic preservation in ways appropriate to today's marketplace. The Four-Points focus on:

- Design – enhancing the downtown's physical environment by capitalizing on its best assets such as historic buildings, and creating an engaging places through attractive like window displays, inviting and functional streetscapes, and quality building improvements.
- Economic Restructuring – helping existing businesses expand and recruiting new ones to respond to today's market, the Main Street program helps to convert unused space into productive property, sharpening the competitive climate for business enterprises.
- Promotion – developing a positive promotional strategy showcasing the downtown and the unique assets of its businesses through advertising, retail activities, special events, and campaigns to encourage commercial activity and investment in the area.
- Organization – engaging and managing all resources including volunteers and funding to ensure an even workload and clearly delineated responsibilities. A consistent communications effort on behalf of the program ensures consensus and cooperation among the various stakeholders.

2016 Main Street Communities

Associate Level

City of Alpena
City of Allegan
City of Benton Harbor
Village of Cassopolis
City of Davison
Village of Dundee
City of Gaylord
Village of Kalkaska
City of Lapeer
City of Ypsilanti
City of Dearborn
Village of Linden
City of Iron River
City of Inkster
City of Williamston
Village of Vicksburg
City of Sault Ste. Marie
Village of Sebewaing
REO Town Lansing
City of Brighton
City of Ithaca
City of Charlotte
Village of Hopkins
Village of Douglas

Selected Level

Master Communities

- Boyne City
- Grand Haven
- Niles
- Portland
- Old Town
- Manistee
- Howell
- Hart
- Blissfield
- Wayland
- Owosso

Select Communities

- Saline
- Lansing PSD
- Otsego
- Three Rivers
- Wayne
- Grayling
- Charlevoix
- Port Huron
- Milan

MICHIGAN STRATEGIC FUND

RESOLUTION

2016-

MICHIGAN MAIN STREET PROGRAM

WHEREAS, Public Act 270 of 1984 (the "Act") created the Michigan Strategic Fund ("MSF");

WHEREAS, Section 7(i) of the Act authorizes the MSF to engage personnel as necessary and engage the services of private consultants, managers, counsel, auditors, engineers, and scientists for rendering professional management and technical assistance and advice;

WHEREAS, pursuant to Section 2 of the Act, the MSF was created to help diversify the economy of this state, to assist business enterprise in obtaining additional sources of financing to aid this state in achieving the goal of long-term economic growth and full employment, to meet the growing competition for business enterprises, and to preserve existing jobs, to create new jobs, to alleviate and prevent unemployment through the retention, promotion, and development commerce and commercial facilities, industry and industrial buildings and facilities, including the sites therefor (the "MSF Objectives"); and

WHEREAS, the MSF Objectives are achieved by supporting and improving economic development through historic preservation and site reuse in Michigan's downtowns, rural communities and neighborhood commercial districts; and

WHEREAS, to further support of the MSF Objectives, the MSF wishes to create the Michigan Main Street Program and to adopt the program guidelines attached as Exhibit A to this resolution.

NOW, THEREFORE, BE IT FURTHER RESOLVED, the MSF Board approves the creation and operation of the Michigan Main Street Program and adopts the program guidelines attached as Exhibit A to this resolution; and

BE IT FURTHER RESOLVED, the MSF authorizes the Michigan Economic Development Corporation ("MEDC") to provide administrative services for the Michigan Main Street Program in accordance with the program guidelines attached as Exhibit A to this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

MEMORANDUM

Date: March 22, 2016

To: Michigan Strategic Fund (MSF) Board

From: Katharine Czarnecki, Vice President, Collaborative Community Development

Subject: Collaborative Community Development Follow-up Activities – Approval to submit Housing Development Fund application to the Michigan State Housing Development Authority

Request

MEDC staff requests approval to submit the attached Michigan State Housing Development Authority (MSHDA) Housing Development Fund (HDF) application in FY16 to support ongoing Collaborative Community Development (CCD) activities.

Background

At the December 15, 2015, MSF board meeting, action was taken on the realignment of the community development activities of both the Michigan Economic Development Corporation (MEDC), acting on behalf of the MSF, and the MSHDA. As part of the approved Memorandum of Understanding (MOU) between the two agencies, the MSF would be submitting an HDF application for a ten-year grant to MSDHA to support CCD. Support includes funding for staffing, travel, training and other items as necessary. Funding will be set on an annual basis depending on previous year's costs and other anticipated changes but it is not expected to be greater than \$4.5 million per year.

Recommendation

MEDC Staff recommends that the MSF authorize the submission of the HDF grant application to MSHDA.



Statewide Partnership Grant Application

In order to apply for a Statewide Partnership Grant funded by the Michigan State Housing Development Authority (MSHDA), please fill out the following application completely and submit it to Jess Sobel at sobelj@michigan.gov. A hard copy should also be mailed to Jess Sobel at P.O. Box 30044, Lansing, MI 48909. Your organization must be a nonprofit or local unit of government to apply.

A. Background

Name of Organization: _____

Street: _____ Suite #: _____

City: _____ State: _____ ZIP: _____

Primary Contact Person: _____ Title: _____

Email: _____ Telephone: _____ Fax: _____

Authorized Signatory: _____ Title: _____

B. Program Eligibility Questionnaire

In order for a proposal to be eligible for MSHDA's Statewide Partnership Grant program, the proposed activities must fit within one of the five categories listed below (Demolition, Land Acquisition & Development, Neighborhood Service Centers, Capital Improvements, or Community Development). Select each activity you propose to undertake and answer all activity-related questions that follow. **NOTE: Activities and/or expenses incurred prior to grant approval are not eligible.**

Demolition Grants

Does the program for which you intend to use Authority funds involve demolition of property (e.g. housing demolition)? YES NO

If YES, you must complete the following questions:

1. MSHDA Statewide Partnership grants may cover up to the entire cost of acquiring and demolishing those structures whose clearance is necessary or desirable to support low or moderate-income housing or the implementation of a program of neighborhood conservation or renewal. In order to obtain grant assistance, the

structures must have one of the following characteristics (in no particular order of priority). Please select the characteristic(s) that apply to your proposal below:

- Structurally unsound or unfit for human habitation;
- Not suitable for rehabilitation
- Incompatible with the creation of roadways or recreation, scenic or parking areas necessary for neighborhood conservation or renewal; or
- Incompatible with the development of new housing

2. An applicant must have title to the land on which demolition is proposed, or authorization from the owner of the land to proceed with demolition.

- Applicant holds the title.
- Applicant has authorization from the owner(s).

3. For buildings proposed for demolition that are 50 years old or older, demolition will not be funded without prior consultation with the State Housing Preservation Office ("SHPO"). Projects involving historic buildings proposing to use HDF grant proceeds that may be supplemented or matched with federal funds must consult with SHPO in accordance with Section 106 of the National Historic Preservation Act of 1966, as amended.

- The building(s) proposed for demolition are less than 50 years old.
- The building(s) proposed for demolition are 50 years old or older, and:
 - Consultation with the State Historic Preservation Office is complete (attach documentation).
 - Consulted with the State Historic Preservation Office has not yet occurred.

Land Acquisition and Development Grants

Does the program for which you intend to use Authority funds involve land acquisition and development? YES NO

If YES, you must complete the following section:

1. An Authority grant may cover up to the entire cost of the acquisition and development of real property for low or moderate-income housing or a program of neighborhood conservation or renewal. Real property acquired with an Authority grant may not be converted to other uses without the approval of the Authority. The Authority may

authorize grants for the acquisition of title or other permanent interests in land. Such land must be intended for one of the following types of uses. Please select the characteristic(s) that apply to your proposal below:

- Providing low or moderate-income housing;
- Providing recreation, conservation, or scenic areas;
- Preserving, restoring and rehabilitating areas, sites or structures of architectural or historic significance; and/or
- Providing opportunities for economic development that have a positive impact on the level of employment or services available to residents of the area.

2. The types of improvements, facilities and equipment eligible for assistance from the Authority must serve or improve an area in which housing for low or moderate income persons is located, consistent with MCL 125.1401, including, but not limited to, the following. Please select the characteristic(s) that apply to your proposal below:

- Construction, rehabilitation or preservation of low and moderate-income housing;
- Paths, paving, walkways, footbridges;
- Retaining walls, bulkheads, curbing, fencing, signs, and fixtures necessary for safety measures;
- Basic utilities needed to serve the area, including sanitary sewers, storm sewers and draining systems, water lines and water facilities, and electric facilities, and lighting fixtures;
- Basic recreational facilities and equipment having long-term usefulness, including equipment for use by particular age groups, such as the elderly or the young;
- Small buildings and structures such as rain shelters, lavatories and equipment sheds;
- Trash receptacles, benches, tables, and other facilities and equipment having long-term usefulness;
- Landscaping and tree planting;
- Malls, squares, plazas;

- Commercial buildings that serve or improve the area in which housing for low or moderate-income persons is located and are within walking distance of such housing;
- Parking areas or facilities; or
- Similar or related improvements in a proposed housing development

Briefly Describe: _____

Development of Neighborhood Service Center Grants

Does the program for which you intend to use Authority funds involve the development of neighborhood service centers? YES NO

If YES, you must complete the following section.

1. An Authority grant may cover up to the entire development cost of facilities designed to provide a wide range of services such as health, welfare, recreational, cultural, social or similar community services needed in a low or moderate-income housing development or in the surrounding area or in an area undergoing neighborhood conservation or renewal. Examples of services and activities for which such facilities may be used are the following. Please select the characteristic(s) that apply to your proposal below:

A. Social Services:

- Individual and family counseling Homemaker education
- Legal advice and service Consumer education
- Day care centers Welfare services Information and referral service
- Information on Social Security and other governmental assistance programs

B. Education:

- Basic adult literacy Citizen classes Head Start and related programs
- Tutorial services

C. Employment and Training:

- Job Training and vocational counseling Youth opportunity center
- Vocational rehabilitation

D. Health:

- Medical, dental and other health services Referral services
- Environmental health information services Mental health referral services
- Special health services to the elderly, disabled or handicapped

E. Housing:

- Relocation information
- Rehabilitation assistance (including advice on loans and grants)
- Code enforcement (advice on rights and duties of owners and tenants)
- Assistance in landlord-tenant relations

F. Civic Participation and Community Organizations

G. Cultural Activities

H. Recreational Activities

Capital Improvement Grants

Does the program for which you intend to use Authority funds involve capital improvements? YES NO

If YES, you must complete the following section.

An Authority grant may cover up to the entire development cost of capital improvements that are necessary or desirable for the economic or social viability of low or moderate-income housing or a program of neighborhood conservation or renewal, including, but not limited to the following. Please select the characteristic(s) that apply to your proposal below:

- Parking areas, structures and facilities;
- Streets, roads, curbs, gutters and sidewalks;
- Water lines and water supply installations;
- Sewer lines, sewer disposal installations and street drainage facilities;
- Steam, gas and electric lines and installations; or
- Other on-site or off-site installations or work that the Authority determines are necessary or desirable to prepare or develop land, or to provide facilities for low or moderate-income housing or a program of neighborhood conservation or renewal.

Community Development Grants

Does the program for which you intend to use Authority funds involve community development? YES NO

If YES, you must complete the following section.

An Authority grant may cover up to those amounts required by a grant applicant to participate in a program designed to improve the quality of life of the residents of low or moderate-income housing or of an area undergoing neighborhood conservation or renewal. Please select the characteristic(s) that apply to your proposal below:

- Arresting blight and decay
- Providing educational, health and social services
- Creating maximum opportunities for vocational training and employment
- Enhancing opportunities for economic development
- Improving neighborhood security, harmony and cooperation
- Combating discrimination
- Providing other types of community services
- Promoting community development, including but not limited to infrastructure improvements, economic development projects, blight elimination, or community facilities

C. Description of Proposal

On the following pages, provide a detailed description of your overall program purpose as related to the eligible activities selected in Section B. For each activity, provide a brief narrative explaining the activity, why it is needed, who will be performing the activity, and their relationship to your organization (i.e., staff, consultant, etc.).

Provide a detailed description of the proposed activities including the population and/or target area to be served. Indicate the overall intended impact along with specific outcomes that are anticipated with the use of MSHDA's Housing Development funds.

NOTE: Each outcome should be specific, measurable, achievable, realistic, and timely. These outcomes will form the basis of deliverables in the grant agreement, should this proposal be approved.

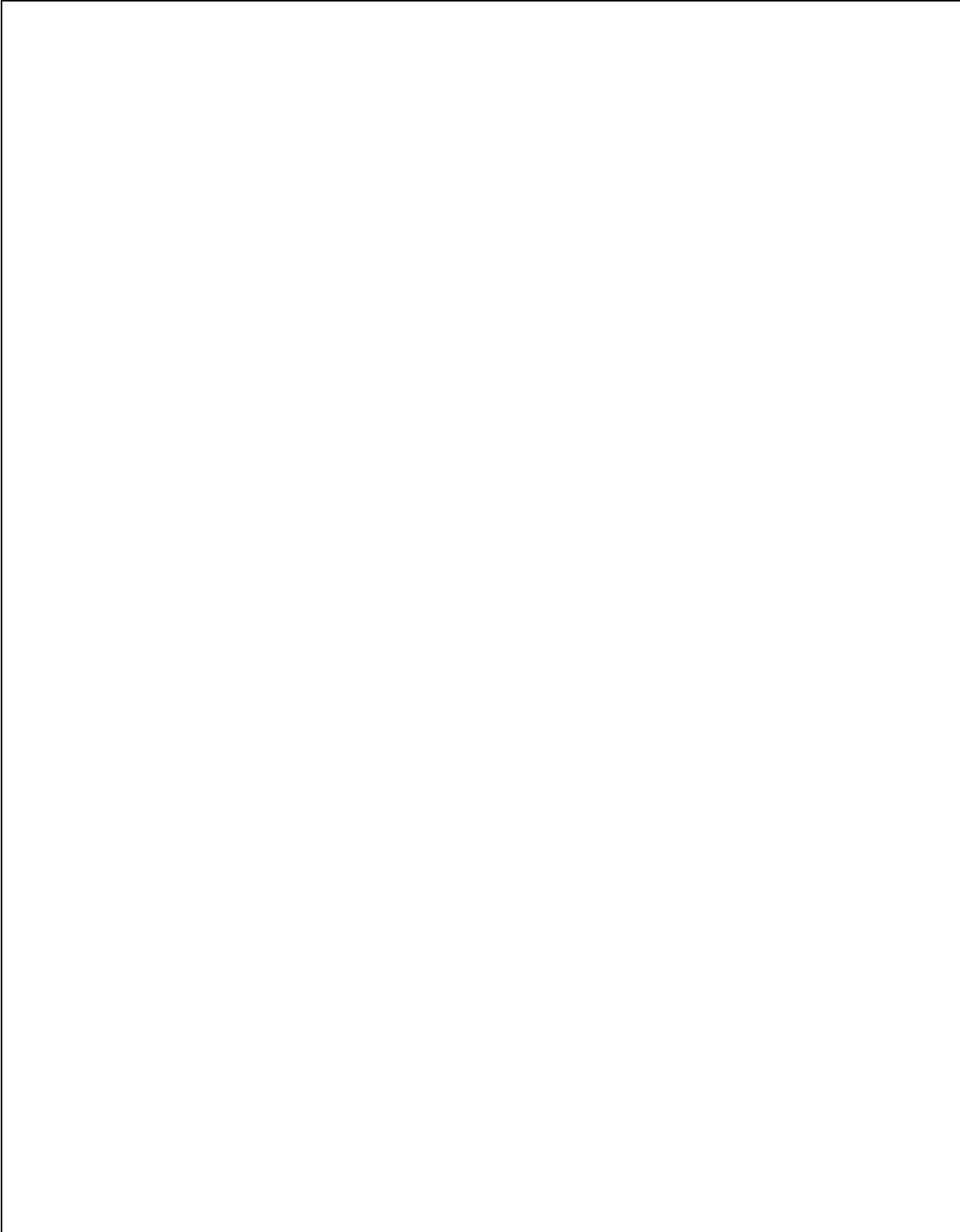
Indicate how the proposal furthers MSHDA's mission to create and preserve decent, affordable housing for low and moderate-income Michigan residents and to engage in community economic development activities to revitalize urban and rural communities.

Describe any activities that will be conducted by other organizations in connection with this proposal to support successful results.

Proposal Page 1:

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Proposal Page 2:

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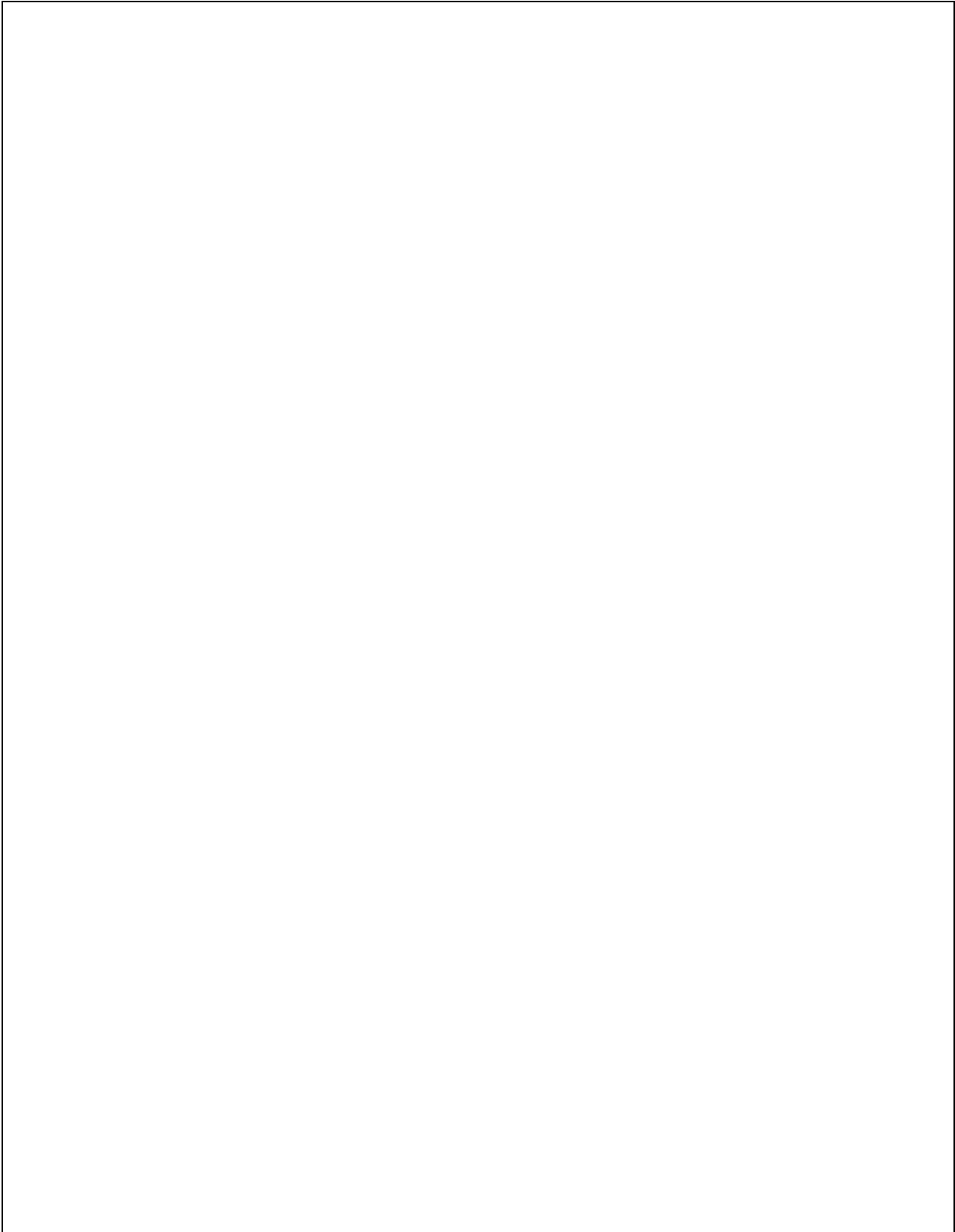
Proposal Page 3:

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D. Sponsor Track Record

Describe your organization's experience within the last five years in working on similar projects as proposed above. Include a description of projects completed or underway and any quantitative measures that will indicate meeting the desired result.

If your organization has previously received MSHDA funds, explain when the funds were received, how much was awarded, and what the funds were used for.



E. Eligible Costs

The following costs are eligible for inclusion in the amount upon which a grant from MSHDA's Statewide Partnership Grant program is based.

- . Acquisition. The cost required for the acquisition of land or other permanent interests in land and those buildings, structures and improvements on the land, as authorized by the Authority; title insurance policies; and the preparation and recording of legal documents and other miscellaneous costs.
- . Site Preparation. The net cost of demolition or removal of structures or improvements (i.e., the cost of demolition less any salvage or sale value which may be involved and of site preparation).
- . Professional Services. The cost of planning, architectural and engineering fees, surveys, environmental analyses, preliminary feasibility studies, tests and borings, housing and community development studies, economic development studies related to housing or community development, technical assistance and/or training related to housing and community development.
- . Application Fees. The cost of necessary application and other fees to Federal and other government agencies.
- . Construction. The cost of construction (or rehabilitation) of the project to be assisted by the Authority; utility connections; fixed equipment; landscaping and other exterior improvements.
- . Construction-Related Costs. The cost of interest, builder's risk insurance, performance and payment bonds, bid bonds and property damage insurance; project signs and photographs; fees for inspection and audit; relocation expenses and services for displaced persons; and other construction related costs.
- . Administrative Costs. Administrative costs of the grantee, not to exceed 10% of the grant.

F. Budget: Proposed Sources and Uses

Proposed Budget:

Using the form below, detail the specific activities for which the grant is being requested.

Eligible Activity	Proposed Budget	
	MSHDA	OTHER
TOTAL		

Describe the Proposed Budget for Each Activity:

For each activity where additional funding sources will be used, identify if the additional funds are anticipated or committed, state who has committed the other funding, and the nature of the funds (cash or in-kind, i.e., donated time, space, material, etc.).

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G. Required Attachments Checklist

- IRS 501(c)3 Designation, if applicable
- Articles of Incorporation
- Organizational Bylaws
- Organizational Chart – including a staff roster with relevant project staff
- List of Board of Directors & their titles
- Organizational mission statement and service area
- Federal Employer ID Number
- CHDO Tax ID Number (if applicable)
- Fiscal year beginning and ending date
- Current fiscal year operating budget
- Audited financial statements (last 2 years)
- Most recent 990 (corporate tax return)
- Certificate of Good Standing, dated within the last 12 months

H. Basic Program Parameters

If grant funds are awarded, the grantee is required to provide written quarterly progress reports which will give a detailed description of the deliverables, accomplishments, and related outcomes as outlined in this application. Progress will be measured based on benchmarks outlined in a grant agreement. Narrative progress reports should also include financial status reports/payment requests. Grants under this program are cost-reimbursable and as such require detailed documentation, including invoices, itemized receipts, employee time dedicated to professional service delivery, and other such documentation that the Authority deems necessary to make a reasonable determination for eligible cost reimbursements in accordance with the Authority's Act and Rules governing Housing Development Fund grants. Travel, if necessary to the delivery of programming outlined in the application and grant agreement, shall be reimbursed up to the limits set annually by the Michigan Department of Technology, Management and Budget. Reports are to be submitted on the 15th day of the month following the end of each calendar quarter. MSHDA staff will review the progress reports and will advise the grantee in a timely manner if any problems arise that may affect the terms of this agreement.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2016-**

APPROVAL RELATED TO COMMUNITY DEVELOPMENT ACTIVITIES

WHEREAS, the Department of Talent and Economic Development (“TED”) was created by Executive Order 2014-12 (“EO 2014-12”), effective March 16, 2015 (the “Effective Date”);

WHEREAS, under EO 2014-12, the Michigan Strategic Fund (“MSF”) was transferred from the Department of Treasury to TED and the Michigan State Housing Development Authority (“MSHDA”) was transferred from the MSF to TED;

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

WHEREAS, at its December 15, 2015 meeting, the MSF Board authorized the MSF Fund Manager to enter into a Memorandum of Understanding to achieve the objective of aligning community development programs, the MSF, the MEDC, and MSHDA and to define the roles and responsibilities of each with respect to community development activities and operations (the “Community Development Activities”);

WHEREAS, in furtherance of the Community Development Activities, the MSF Board wishes to authorize the MSF Fund Manager to submit an application to MSHDA for a Housing Development Fund grant to support Community Development Activities.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the MSF Fund manager to submit an application to MSHDA for a Housing Development Fund grant to support Community Development Activities; and

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to finalize all documents necessary to effectuate the terms and conditions of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

MEMORANDUM

Date: March 22, 2016

To: Michigan Strategic Fund Board

From: Katharine Czarnecki, Vice President, Collaborative Community Development
Christine Whitz, Manager, Community Development Block Grant Program

Subject: *Community Development Block Grant Program
Water Street Redevelopment Project MSC 201017-EDIG - Amendment
City of Ypsilanti, County of Washtenaw*

Request

The MEDC Staff is requesting an amendment to the existing repayment grant with the City of Ypsilanti for the Water Street Redevelopment Project.

Background

In 2002, the City of Ypsilanti received a repayment grant in the amount of \$2,750,350 for their Water Street Redevelopment Project. The repayment grant dollars were used for property acquisition and local match was used for demolition, engineering and planning and design. By resolution 2003-123, the repayment grant was increased by \$300,000.00 to the amount for \$3,050,350.00. Under the terms of the amended repayment grant, the City was to repay grant funds in the principal amount of \$2,750,350.00 with 4% interest, which was to begin accruing on January 1, 2010. In 2012, the grant agreement was amended to allow for \$100,000 of repayment grant to be forgiven for every \$5,000,000 of private investment and to extend initial payment to begin in 2017. The interest rate was lowered to 2%.

The Water Street property still has significant barriers to development. The largest barrier is the continuing environmental issues; including PCBs and heavy metals that require remediation prior to any development. There are no roads remaining onsite; electric and gas service are inadequate for modern needs; water service is vastly outdated and has been abandoned; and stormwater infrastructure is nonexistent. The City is working with DTE and other partners to develop and implement an infrastructure plan.

The project as awarded has been completed and has met a federal CDBG National Objective. Since then, the repayment grant has been amended several times to extend the repayment terms in the grant agreement. Recently, MEDC staff met with City officials to discuss the repayment terms of the existing repayment grant agreement. The City expressed that their budget has been in crisis mode for over a decade, resulting in staff and public safety cuts, and other department reductions. The pending annual payment of approximately \$304,000 is more than 2% of the annual general fund budget and will be in addition to almost 10% currently being paid out of the general fund balance. The debt payments plus annual budget shortfalls will lead to complete fund balance depletion in less than five years.

Recommendation

- The MEDC staff recommends the existing repayment grant to the City of Ypsilanti for the Water Street Redevelopment Project be converted to a grant without the repayment terms.



BARRIERS TO DEVELOPMENT ON WATER STREET

Environmental issues onsite. Several areas of contamination remain on the property, including PCBs and heavy metals that require remediation prior to development.

Lack of infrastructure onsite. There are no roads remaining onsite; electric and gas service are inadequate for modern needs; water service is vastly outdated and has been abandoned; and stormwater infrastructure is nonexistent.

Debt service obligations. The pressure of annual debt service reduces the City's ability to continue to provide basic public services, such as public safety and road maintenance.

Lack of available incentives. Due to the annual debt service and lack of other funding streams for incentives that reduce purchase price, construction cost, or both, it has been difficult to gain commitments from developers.

Perception. The Water Street Redevelopment Project is contentious at best. The citizenry is frustrated with having spent so much for so little for so long, for a development they don't believe will ever happen on land they believe contaminated beyond repair.

BROWNFIELD PLAN IN PLACE



OVERCOMING THOSE BARRIERS

To address the environmental issue, we are performing further soil sampling and creating a document of due care and compliance to direct future development and the responsible use of Brownfield Redevelopment Incentives.

To address the lack of infrastructure, we are working with DTE and other partners to develop and implement an infrastructure plan, and connecting the site to amenities via the Washtenaw County Border to Border Trail, part of the statewide Iron Belle Trail.

We're working to improve our tax base by creating measures to improve housing values, including attracting housing developments via a Neighborhood Enterprise Zone and by establishing a new Amtrak stop in Depot Town.

We're addressing the negative perception partly with MEDC's help- by achieving Redevelopment Ready Community status- and using that status to foster a public-private partnership that could lead to an anchor development within Water Street.



Ypsilanti is a small city with a lot of spirit. We balance new and old, featuring one of the largest historic districts in the state, yet also a youthful and entrepreneurial population. We recently achieved the coveted Redevelopment Ready Community certification. However, the City also faces significant budget shortfalls in the coming five years due to the lingering effect of the Great Recession - both in terms of its impact on property values and in luring developers to the Water Street Redevelopment Project. We are seeking assistance from the MEDC to help address our financial condition.



CURRENT CONDITIONS

MEDC DIRECT INVESTMENT

2002 – Michigan Economic Development Corporation/ Michigan Strategic Fund authorized a grant of \$300,000 for administration, environmental, and development plans for the Water Street Redevelopment Project, and a loan of \$2,750,350 for relocation, engineering, and design, for a total contribution of \$3,050,350.
 2005 – Grant/loan terms were amended to extend repayment period, and Certificate of Completion was granted.
 2012 – Loan Agreement was amended to allow for \$100,000 of loan to be forgiven for every \$5,000,000 of private investment, and to extend initial payment to begin in 2017.

CURRENT TERMS

Loan Amount - \$2,750,350

- 2% APY Beginning on 1/1/2017.
- 10 year repayment
- Credits equal to \$100,000 for each \$5,000,000 prior to 2015; less than \$5,000,000 in private investment occurred prior to 2015, so no credits were attained.

Total Repayment - \$3,041,394 (\$291,044 in interest); approximately \$304,000 per year

CITY BUDGET

General Fund Budget – \$14,471,555
 2016 General Fund Balance - \$8,184,181

Water Street Annual Maintenance and Marketing Budget - \$32,183
 Water Street Annual Debt Service Budget – \$1,377,603
 Water Street Total Debt (principal only) - \$18,096,815 (Bond = \$15,346,465; CDBG Loan = \$2,750,350)

The annual payment of approximately \$304,000 per year is more than 2% of annual general fund budget, and will be in addition to almost 10% currently being paid out of fund balance. The debt payments plus annual budget shortfalls will lead to the fund balance fully depleted in less than five years.

The City's budget has been in crisis mode for over a decade, resulting in crumbling roads, staff and public safety cuts, and even the complete cut of our Parks and Recreation Department. The impact to Ypsilanti's amenities has been an impediment to new development. The already-struggling tax base took a hit in the Great Recession, and taxable values are slowly beginning to recover.



MICHIGAN STRATEGIC FUND

RESOLUTION 2016- _____

**APPROVAL OF CITY OF YPSILANTI'S WATER STREET REDEVELOPMENT PROJECT
AMENDMENT**

WHEREAS, Executive Order 1999-1, issued pursuant to Article V of the Michigan Constitution of 1963 and the laws of State of Michigan, consolidated the State's economic development functions and programs and their accompanying powers of the Michigan Strategic Fund ("MSF");

WHEREAS, Executive Order 1999-1 transferred from the Michigan Jobs Commission to the MSF all authority, powers, duties, functions, grants, and responsibilities, including the functions of budgeting, procurement, personnel, and management related functions, of the Community Development Block Grant ("CDBG") program;

WHEREAS, The CDBG program has policies, criteria, and parameters that are enumerated in the 2015 Program Guidelines, as amended (the "Criteria"). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the Criteria and the MSF, by Resolution 2015-039, authorized and approved the 2015 Application Guide which includes guidelines for area benefit grants;

WHEREAS, pursuant to SFCR 10.1-1, 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 or decisions approved under the CDBG program;

WHEREAS, the MSF awarded the City of Ypsilanti (the "Community") a repayment grant for their Water Street Redevelopment Project in 2002 (the "Project");

WHEREAS, the original amount of the grant was \$2,750,350.00 and was later increased to \$3,050,350.00, and was otherwise amended for various reasons;

WHEREAS, the project has been completed and the national objective for the grant has been met;

WHEREAS, staff recommends that the existing repayment grant be converted to a grant without repayment terms be authorized and amended for the reasons set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant amendment to the Community to convert their existing repayment grant for the Project to a grant without repayment terms; and

BE IT FURTHER RESOLVED, the MSF Fund Manager, in coordination with MEDC staff is directed to negotiate the terms of a grant agreement amendment for the Project consistent with this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016



MEMORANDUM

Date: March 22, 2016
To: MSF Board
From: Christin Armstrong, Senior Corporate Counsel & Director, Compliance
Subject: Plasan Carbon Composites, Inc. – Michigan Business Development Program Grant – Forbearance Request

Request

Plasan Carbon Composites, Inc. (the “Company”) requests that the MSF Board forbear on exercising its rights to repayment of approximately \$667,000 until the earlier of 1) June 30, 2017 or 2) the Company’s cure of the underlying event of default (the “Forbearance Request”). In consideration for the Forbearance Request, the Company will pay a fee of \$60,000.

Background

On September 17, 2014, the Company was awarded a \$6,000,000 Performance-based other economic assistance incentive. A total of \$3,000,000 of the incentive is to be paid back to the MSF in annual payments beginning December 1, 2018 and continuing through December 1, 2026. This project involves the creation of 620 Qualified New Jobs (“QNJ”) and a capital investment of up to \$29,022,005 in the City of Walker in Kent County. The Company is required to maintain 369 Base Jobs. The table below shows the Company’s milestone performance to date:

Milestone	QNJ	Total Michigan Headcount Requirement	Milestone Deadline	Award	Actual Milestone Achievement	Months ahead of schedule
MS1	50	419	12/31/2014	2,000,000	11/7/2014	1 month
MS2	100	469	6/30/2015	600,000	1/27/2015	5 months
MS3	150	519	12/31/2015	600,000	4/27/2015	8 months
MS4	275	644	12/31/2016	1,000,000	5/26/2015	19 months
MS5	410	779	6/30/2017	600,000	7/10/2015	23 months
MS6	545	914	12/31/2017	600,000		
MS7	620	989	6/30/2018	600,000		

Shortly after disbursement under Milestone 5, the Company eliminated 69 QNJs, leaving them with a current total employee headcount of 710. This triggered repayment of \$667,742 plus 7%

interest (the “Repayment Amount”) upon expiration of the cure period 12/8/15. The Company expects its headcount to drop by an additional 35 QNJs (to 675) by the end of 2016 before rebounding to 825 by June 30, 2017.

At this time, the MSF is entitled to seek the Repayment Amount. Understanding that this would cause significant financial hardship for the Company and given the Company’s overall economic impact to the State of Michigan, MEDC Staff recommends a forbearance agreement under which the MSF would forbear on exercising its right to the repayment event until the earlier of 1) cure of the default or 2) June 30, 2017. In consideration for this forbearance, the Company will pay a forbearance fee of \$60,000.

Recommendation

MEDC Staff recommends that the Michigan Strategic Fund (“MSF”) Board approve the Forbearance Request and further recommends that the MSF President or MSF Fund Manager, with only one required to act, be authorized to negotiate the final terms and conditions of and execute all documents necessary to effectuate the Forbearance Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2016-**

**PLASAN CARBON COMPOSITES, INC.
MICHIGAN BUSINESS DEVELOPMENT GRANT FORBEARANCE REQUEST**

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, on September 17, 2014, the MSF Board authorized a performance-based MBDP other economic assistance incentive of up to \$6,000,000 to Plasan Carbon Composites, Inc. (the “Company”);

WHEREAS, on October 14, 2014, the Company and the MSF entered into an MBDP Grant Agreement under which the Company agreed to create 620 Qualified New Jobs;

WHEREAS, pursuant to the terms and conditions of the MBDP Grant Agreement, the Company received disbursements of \$4,800,000 for creation of 410 Qualified New Jobs;

WHEREAS, the Company is in default under Section 5.2(b)(i) for eliminating Qualified New Jobs and has triggered repayment of \$667,742 plus 7% interest (the “Repayment Event”);

WHEREAS, the Company has requested that the MSF enter into a forbearance agreement with respect to the Repayment Event with terms and conditions that shall include:

- (a) Forbearance by the MSF from exercising its rights under the Repayment Event until the earlier to occur of 1) cure of the Repayment Event by the Company or 2) June 30, 2017 (the “Forbearance Period”); and
- (b) Payment by the Company of a forbearance fee in the amount of \$60,000.

(the aforementioned, collectively the “Forbearance Request”);

WHEREAS, the MEDC has reviewed the Forbearance Request and has determined that the Forbearance Request would allow the Company sufficient time to eliminate the Repayment Event while also providing satisfactory consideration to the MSF;

WHEREAS, given the Company's overall economic impact in the State of Michigan and the significant financial hardship on the Company if the MSF were to seek the full amount owing under the Repayment Event, the MEDC recommends that the MSF approve the Forbearance Request; and

WHEREAS, the MSF wishes to approve the Forbearance Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Forbearance Request and

BE IT FURTHER RESOLVED, that the MSF Fund Manager or the MSF Chairperson, in coordination with MEDC Staff, is authorized to negotiate all final terms and conditions and execute all documents necessary to effectuate the Forbearance Request, provided that all final documents must be executed within sixty (60) days from the date of this Resolution or this Resolution shall have no effect.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

MEMORANDUM

Date: March 22, 2016
To: Michigan Strategic Fund Board
From: Tony Vernaci, Vice President, Global Business Development;
Andrea Robach, Investment Manager
Subject: *Michigan-China Innovation Center Award*

Summary

The Michigan Economic Development Corporation (MEDC) Global Business Development Team requests that the MSF Board authorize a grant not to exceed \$5,000,000 from the 21st Century Jobs Fund to support the creation, start-up costs, and capital needs of the “Michigan-China Innovation Center” (MCIC). MCIC will be located in Michigan, and will focus on operating an entrepreneurial and bi-directional business gateway between Michigan and China to, among other things, generate jobs, increase private foreign investment, and expand business-to-business matchmaking in Michigan.

Background

As the world’s most populous and fastest growing economy, China represents an unprecedented opportunity for new market growth. While the State of Michigan has actively organized and supported activities in China, a concerted effort to improve coordination and performance across all China operations was prompted by Governor Snyder’s trade and investment mission in November of 2014. Following his return, a work group comprised of key staff across state departments collaborated to develop a strategic plan focused on maximizing results with China. The “Michigan China Plan” was delivered to Governor Snyder in June of 2015, identifying four major strategic goals: align and focus appropriate resources to achieve goals in China, tell Michigan’s compelling story through all marketing and communications channels, centralize data and work cross-functionally to better respond to rapidly emerging China opportunities, and to make Michigan the most welcoming state for Chinese visitors and investors in North America. Establishment of the MCIC positions Michigan to capitalize on the well-established business attraction and export facilitation efforts, which have demonstrated strong returns on investment, and continue the momentum necessary achieve Michigan’s goals; a dedicated resource with bilingual professionals can better adapt to the specifics of working with China, including operating across cultures, languages, and time zones.

With Board approval, the MSF/MEDC plans to enter into a \$5,000,000, 5-year agreement with MCIC, a newly-created organization that shall secure non-profit status. In return, MCIC will supply business development services and deliverables to the MEDC based on a mutually agreed upon timeline. Business development efforts shall be focused on marketing Michigan opportunities to Chinese business investors; maintaining relationships with public, private and non-profit organizations; delivering business-to-business matchmaking services; and deploying economic development professionals to build relationships, host investors in Michigan, and close deals, the sum of which is expected to generate jobs in Michigan.

Approved funding shall be used to support MCIC’s direct and indirect operating expenses, under the supervision of the MEDC appointed investment manager. The \$5,000,000 will be disbursed upon meeting performance milestones. No more than \$1,000,000 will be disbursed in each year of the agreement, with disbursements made quarterly for the first two years and semi-annual for the remaining three years of the agreement. Activities of the MCIC shall be governed by a board of directors, and

supported by an advisory board which will include MEDC/MSF representation. MCIC shall exist to serve the people of Michigan; Chinese entities will neither be directly involved in the governance of nor have any measure of control over MCIC. MCIC will operate within the applicable laws of the State of Michigan and United States of America.

Recommendation

MEDC Staff recommends the MSF Board approve a grant in the amount of \$5,000,000 be awarded to the Michigan China Innovation Center. MEDC staff also recommends that the MSF Board delegate to the MSF Fund Manager the authority to negotiate the final terms and conditions of, and sign, all documents necessary to effectuate the Michigan-China Innovation Award.

MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

**APPROVAL OF FUNDING AND 21CJF AWARD
FOR A MICHIGAN-CHINA INNOVATION CENTER**

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

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

WHEREAS, pursuant to Chapter 8A of the MSF Act, specifically, MCL 125.2088(b)(2)(c), 21CJF monies are authorized to be expended for programs or activities authorized under the MSF Act as long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

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

WHEREAS, the Michigan–China Innovation Center has requested a grant of up to \$5,000,000 to fund the creation, start-up costs, and capital needs for its Michigan-China Innovation Center in Michigan which will focus on enhancing an entrepreneurial and bi-directional business gateway between Michigan and China to, among other things, generate jobs in Michigan, increase private foreign investment in Michigan, and expand business to business matchmaking in Michigan (the foregoing, collectively, “Michigan-China Innovation Award”);

WHEREAS, the MEDC recommends that the MSF approve funding of up to \$5 million from 21CJF monies appropriated and dedicated to entrepreneurial activities to fund the Michigan-China Innovation Award (“Funding”);

WHEREAS, the MEDC recommends that the MSF approve the Michigan-China Innovation Award, subject to: (i) available Funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of transaction documents (the foregoing, collectively, the “Recommendation for Michigan-China Innovation Award”); and

WHEREAS, the MEDC recommends that the MSF Board delegate to the MSF Fund Manager the authority to negotiate the final terms and conditions of, and sign, all documents necessary to effectuate the Michigan-China Innovation Award (“Delegation to Finalize the Michigan-China Innovation Award”).

NOW THEREFORE, BE IT RESOLVED, the MSF approves the Funding;

BE IT FURTHER RESOLVED, the MSF approves the Recommendation for Michigan-China Innovation Award; and

BE IT FURTHER RESOLVED, the MSF approves the Delegation to Finalize the Michigan-China Innovation Award.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

MEMORANDUM

Date: March 22, 2016

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

From: Eric Shreffler, Managing Director, Automotive Office

Subject: Grant and Equity Award to Willow Run Arsenal of Democracy Landholdings Limited Partnership

Request

This is a request for the MSF to 1) enter into a limited partnership as a limited partner, and 2) to transfer \$3,000,000 from the MBD Program for up to a \$2,999,900 performance-based grant and a \$100 equity investment to the Willow Run Arsenal of Democracy Landholdings Limited Partnership (under formation) under MCL 125.2088b(2)(c) of the MSF statute. The grant request is to fund environmental, consultant, and other professional due-diligence, and toward the property acquisition, and to provide start-up support for the American Center for Mobility, the proposed operating entity. The equity request is necessary to form the limited partnership.

Background

The transportation system is facing a revolution in the near future. The commercial implementation of Vehicle-to-Vehicle¹, Vehicle-to-Infrastructure², driver assistance systems, and automated features (including highly automated/driverless driving) have the potential to significantly increase passengers’ convenience. And if implemented purposely, these technologies can potentially increase safety while improving mobility, as well as create smarter, more efficient transportation networks that reduce energy use and greenhouse gas emissions for moving people and freight. A survey of industry analysts predicts that the market for vehicles with semi-autonomous or fully autonomous capability will reach ~\$80 billion by 2035.

However, manufacturers, private industry, government and academia must overcome significant challenges to realize the full potential of this technology. They will need an appropriate testing, standard setting, and product development environment to do so – one that can validate the safe and efficient operation, commercial viability, and cybersecurity of the new technologies and transportation systems in the full range of environments.

These transforming technologies are at varying levels of readiness for deployment, ranging from current early deployment to still in the research stage. The foundational cellular-based connected technology is currently in wide deployment, and the ADS technologies are growing quickly. Dedicated Short Range Communication (DSRC) technology is nearing readiness, and will deploy quickly once mandated. Low-level automation will appear in light vehicles and commercial vehicles in the very near future, however despite media reports and popular belief,

¹ Vehicle-to-vehicle (V2V) is an automobile communication technology designed to allow automobiles to “talk” to each other.

² Vehicle-to-infrastructure is an automobile communication technology designed to allow automobiles to “talk” with roadside infrastructure

broad deployment of high automation and full automation are still in the research stage, though moving very rapidly.

Many technical, standards, and policy challenges remain to be solved to ensure safe deployment:

- *Operation in all driving scenarios, weather, and mixed traffic conditions*
- *Cybersecurity and data systems*
- *Human Machine Interface and operation requirements*
- *Verification and validation methods, including minimum standards*
- *Driver, other-road-user, and consumer acceptance*
- *Integration with transit and alternate modes to maximize energy benefits*
- *Policy issues, such as liability, licensing, data ownership, laws, regulations*
- *Sensor capability and affordability*
- *Machine intelligence and decision making capability*

A combination of simulation, track testing, and on-road testing will be required to validate these systems sufficiently for safe, efficient, and effective deployment. Collaboration of government, industry, and academia will be required to address these challenges and develop real-world products to maximize benefit for society. Many countries have recognized the national importance of these technologies, for both international competitiveness of their auto industry, as well as social and economic benefits for their country as a whole. There are several known facilities throughout the world that are already up and running or in planning/construction phases, as well as 3-4 repurposed facilities around the US.

To ensure Michigan's continued global leadership in an automotive industry that will become increasingly dependent on autonomous vehicle technologies, Governor Snyder, in his 2016 State of the State address, announced his intent to support the establishment of a national Connected and Autonomous Vehicle (CAV) research, testing, standards, product development, validation, and certification facility at the 313 acre Willow Run site in Ypsilanti Township, Michigan.

The American Center for Mobility (ACM) would meet the U.S. national need for a CAV facility. Willow Run, and adjacent currently under-utilized state roadway infrastructure, would encompass a comprehensively wide range of realistic road and weather scenarios in a concentrated and fully-instrumented and professionally-operated test facility. The site represents a uniquely cost-effective opportunity for this project, as approximately \$120 million worth of already-existing infrastructure will be repurposed without a great deal of extra cost.

The center will include the following environments and facilities:

- *High Speed divided highway, with overpasses and tunnels*
- *Urban Area, with roads, traffic lights, building facades, pedestrians, etc*
- *Commercial Area, with retail, industrial, and freight configurations*
- *Suburban/Residential, residential roads, mixed traffic environment and pedestrian*
- *Rural area, with rural roads, curves, elevation changes, and railroad crossings*
- *Off-Road. with gravel and dirt road surfaces with vegetation & water features*
- *User-Defined specialized testing with configurable open slab testing space*
- *User Campus, with shop, garage, office, and convening space*

The Willow Run site is in very close proximity to most auto industry OEMs and suppliers to maximize utilization and potential for collaboration. Michigan is home to 70% of the automotive industry's research and development, and 25% of all U.S. auto plants. Sixty-three (63) of the top 100 automotive suppliers in North America are headquartered here. Over 1.1 million (11%) of Michigan's citizens are employed by the automotive industry.

The facility is centrally located in the heart of America's automotive industry, near almost all major OEMs and suppliers' research and development facilities. It is also located completely within the MDOT Connected Corridor and very close to the University of Michigan's Mcity, and numerous other universities and industrial stakeholders. The site experiences significant real-world weather variation, of which CAVs will have to operate in for full-scale deployment.

The coordinated pairing of Willow Run ACM with Mcity, a research test facility nearby in Ann Arbor, Michigan, will capture the best of both facilities and provide customers with the tools they currently lack. Mcity will focus on Technology Readiness Levels (TRL) 1-6, while Willow Run's American Center for Mobility will focus on TRL levels 5-9. This coordinated approach provides a full, uninterrupted range of capabilities throughout all of the development cycles: research and advanced development activities, and product development, validation, and certification activities.

Initial concept, design, and layout of the American Center for Mobility have been completed, along with projections for operational expenses and revenues. The initial design has been vetted with future users, and costed by a knowledgeable construction company who specializes in large scale automotive testing and research facilities.

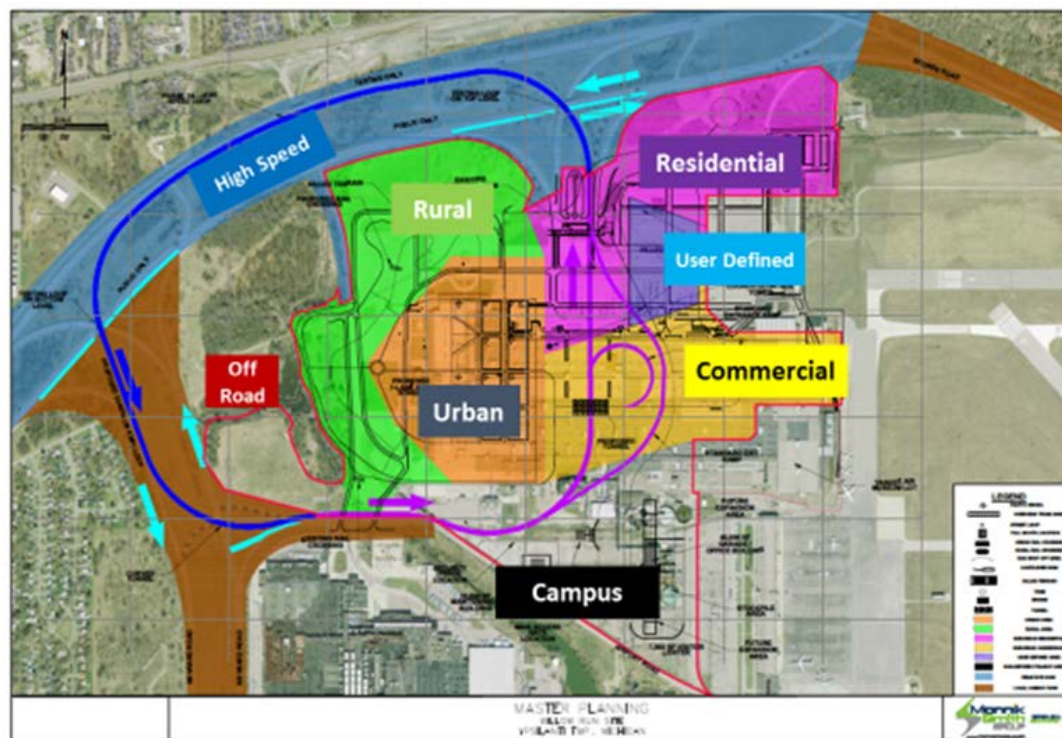
The facility outlined above is expected to require \$79M (including land purchase,) to build out, and will heavily leverage \$120+ million worth of existing infrastructure (public roads, bridges, traffic control, slab, utilities, etc.) which will be repurposed for this project. ACM will seek \$20 million in state funds, and is working to identify the remaining \$59 million from the federal government and/or other sources for build-out. Industry will provide the majority of operational funds and revenue through its use of the facility and respective services, estimated at ~\$20 million over the first three years. At the time of this writing, 8 letters of support have been received by industry OEMs, suppliers, and other organizations interested in using the center, with many more expected in the weeks ahead.

The site, which is currently owned by RACER Trust, would be sold to the formed limited partnership. The LP would lease the land to the ACM non-profit for operations of the facility including contracting with users/stakeholders.

Property background & legal structures

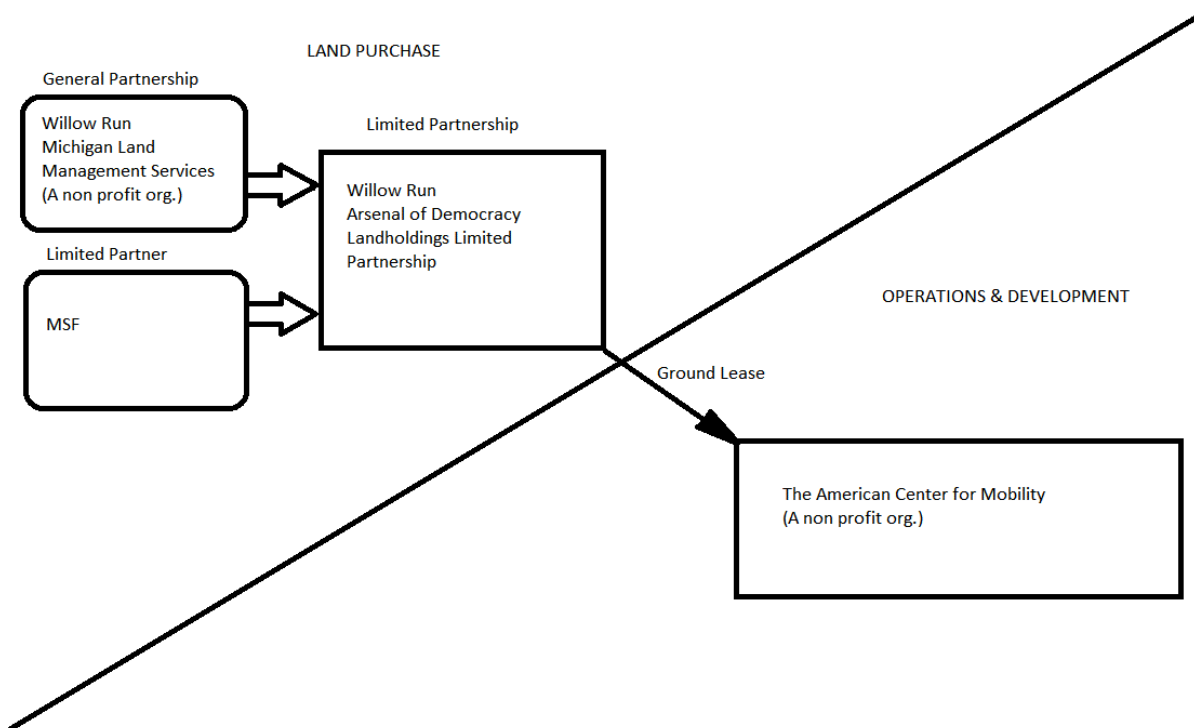
The Willow Run Property is an approximately 313 acre site that was used for bomber airplane production in World War II, and the production of automotive parts thereafter until 2010. Decommissioning and building demolition activities began in 2013 and were completed in 2015.

An 85 acre concrete floor slab was left in-place on-site, and there is significant soils and groundwater contamination beneath this slab. There are other pockets of contamination on-site, mostly located near the concrete slab. The MDEQ and RACER Trust are continuing to investigate site environmental conditions, and are working toward development of a groundwater remediation treatment system for the site and resolution for an outstanding storm water run-off issue on the east side of the Willow Run Property. It is also a RCRA site under EPA jurisdiction. In purchasing the Willow Run Property, the proposed Limited Partnership owner would be advised to undertake certain steps to limit its liability for any on-site historical contamination. These steps include, but not limited to, conducting a Phase I Environmental Site Assessment, completing and providing MDEQ with a Baseline Environmental Assessment, obtaining a Prospective Purchaser's Agreement from the EPA, and developing and implementing a Due Care Plan to prevent exacerbation of the existing contamination. As part of this transaction, the intent is to pursue all of these protections on behalf of the new owner.



Key partners who are supporting and/or participating in the formation of the site into the proposed test center include Ann Arbor SPARK, University of Michigan, Business Leaders for Michigan, the Detroit Regional Chamber, the Michigan Department of Transportation, and the Michigan Department of Environmental Quality.

The proposed entity structure for the project is best described in two parts: the land purchaser side, and the development and operational side.



The proposed land purchaser is a limited partnership in the process of formation, the **Willow Run Arsenal of Democracy Landholdings Limited Partnership**. Its members will be the Willow Run Land Management Services, a Michigan directorship based non-profit corporation, as General Partner, and the MSF, as the initial limited partner. The Limited Partnership will engage the necessary professional consultants, who will work with RACER, MDEQ, EPA, MDOT, and other State and local agencies to conduct due diligence activities including, but not limited to, geotechnical, hydrological, environmental, site engineering, and developmental aspects of the Willow Run Project. The property acquisition phase is expected to be concluded within 10 to 12 months after the LP is formed and funded.

Upon acquisition of the property, the Limited Partnership is expected to enter into a ground lease or a similar arrangement with the American Center for Mobility (ACM), a Michigan directorship based non-profit corporation, which will primarily act as a developer and operator of the Willow Run site. ACM may enter into various engagements with private developers, private automotive companies, higher educational institutions, or other research and development entities to achieve the developmental goals for the Willow Run site, which include building a national-scale inter-agency research, testing, and validation center for the Connected and Automated Vehicles. It is anticipated that there will be significant fees generated from the various users of the property,

which ultimately will involve some percentage of net revenues being paid to the Limited Partnership for ACM's use of the site.

Pursuant to the described land acquisition activities proceeding as anticipated, receipt of a final pro forma operational budget, site development plan from ACM, and subject to an acceptable investment payback structure for recommendation, the intent is to come back to the Board with a request for up to a \$17 million investment in the Limited Partnership to reach the \$20 million state investment threshold, begin build-out of the site, and use as leverage to secure federal investment.

Recommendation

Start-up seed money is being sought to facilitate steps necessary to prepare for the land purchase phase of the activities of the Limited Partnership. The MEDC recommends the MSF:

1. Authorize MSF participation as a limited partner in the Limited Partnership
2. Award a grant of up to \$2,999,900 to the Limited Partnership
3. Award an equity investment by the MSF into the Limited Partnership of up to \$100

These funds will permit the Limited Partnership to begin substantive and active discussions toward access to, and pursuit of the potential purchase of, the property, engage environmental consultant and other future professional services toward this project, and provide up to \$645,000 as seed funds to ACM as it begins its start-up activities.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2016-**

**APPROVAL OF AN MSF GRANT TO, AND INVESTMENT IN,
WILLOW RUN ARSENAL OF DEMOCRACY LANDHOLDINGS
LIMITED PARTNERSHIP**

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

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

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

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

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

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

WHEREAS, it is proposed that the MSF participate in the formation of a limited partnership as a senior, Class A limited partner;

WHEREAS, upon the formation of the limited partnership, it is proposed that the Willow Run Arsenal of Democracy Landholdings Limited Partnership (“LP”) pursue the purchase of the former Willow Run Powertrain Plant real estate parcels (“Real Estate”) in Ypsilanti, Michigan with a view toward facilitating the ultimate re-development and operation of the parcels for connected and automated vehicle technology research, validation and testing facilities (“Project”);

WHEREAS, the LP has requested grant of up to \$2,999,900 (“Grant Request”), and an equity investment by the MSF of up to \$100 (“Equity Request”), (the Grant Request and Equity Request, collectively, the “Award Request”) to facilitate the environmental, consultant and other professional services for the LP for the Project, and toward the purchase of the Real Estate by the LP, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

WHEREAS, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available funding and (ii) final due diligence performed to the satisfaction of the MEDC (“Award Recommendation”);

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves MSF’s participation as a senior, Class A limited partner in the LP;

BE IT FURTHER RESOLVED, the MSF Board approves the Award Recommendation from the funds appropriated in 2015 PA 84 of 2015, Article VIII, Part 1 Section 109, Subsection 3, for business attraction and community revitalization;

BE IT FURTHER RESOLVED, the MSF Board approves the transfer of BDP Funds in the amount of the Award Request to be used for the Project under MCL.125.2088b(2)(c); and

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions of, and in consultation with the Department of Attorney General and the Chief Compliance Officer and further subject to the approval of the Department of Attorney General, to execute, all final documents necessary to effectuate the formation of and MSF's participation in LP, and the Award Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

EXHIBIT A

Awardee Name: Willow Run Arsenal of Democracy Landholdings Limited Partnership

Awardee Address: Lansing, Michigan

Project Site: The former Willow Run Powertrain Plant real estate parcels
(currently owned by the Racer Properties, LLC)
Ypsilanti, MI

Project Description: Activities arising out of, and related to, the purchase of and securing access to the Real Estate, including the Award Request, toward facilitation of the ultimate re-development and operation of the Project Site for connected and automated vehicle technology research, validation and testing facilities

Award Amount: Up to a total of \$3,000,000

Award Type: (i) Grant of up to a total of \$2,999,900 to the LP
(ii) Initial MSF equity investment of up to a total of \$100 in the LP

Grant Disbursements: Grant disbursements from the MSF to the LP are to be made based upon LP requests for payment of approved environmental, consultant, and other professional service invoices, expense reports, contracts and other approved terms and conditions, including funding a grant of up to \$645,000 from the LP to the American Center for Mobility for its start-up costs. In addition, the MSF Grant to the LP includes funds to be used toward the purchase price of the Real Estate Grant disbursements are anticipated to span over approximately the next 12 to 24 months, and shall be subject to the approval of the MSF Fund Manager.

LP Information: General Partner: Willow Run Land Management Services, anticipated to be a non-profit directorship-based entity, that will contribute services and provide for the management of LP

Limited Partner: MSF as a senior, Class A limited partner, and/or other limited partners as available and agreed upon

Terms and conditions of LP to include: Purpose of the LP consistent with Project Description
MSF as a senior, Class A limited partner, with Class A priority distribution rights
GP management of the LP (administrative service contracts with third parties shall be permitted)
Payment of reasonable GP expenses, in addition to LP expenses

MEMORANDUM

Date: March 22, 2016

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

From: Trevor Friedeberg, Development Finance Manager

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

Summary

This is a request from the Applicant for a \$1,400,000 Performance-based grant. This project involves the creation of at least the creation of at least 70 highly-paid jobs, as well as provide flexibility for up to 70 additional new jobs to support the company’s future growth needs, and a capital investment of up to \$5,150,700 in the City of Novi, Oakland County.

The Applicant has demonstrated a need for the funding. The Company will be responsible for equity buy-outs, severance costs, and relocation costs relevant to employees at the current Warren, Ohio location. The Company has a global presence and access to real estate in many different locations. The final real estate decision will be based on the most talent-driven and cost-effective location, which includes access to incentive programs in both Ohio and the Kansas City area. Locating in Kansas City or remaining in Ohio would allow the company to remain close to its customers and supplier base and offer up new business development targets. Further explanation of need will also be included in considerations section.

Background

The Company was founded in 1965 in Warren, Ohio, as a one-customer, contract manufacturing business serving the automotive market. The Company has continued to evolve to become a worldwide technology leader within the industry. Acquisitions and internal growth has continued to drive expansion into more diverse product lines and geographic markets.

With incentive assistance, the Company will relocate their headquarter operations from Warren, Ohio. This will bring in 70 new highly paid individuals to Michigan, and a potential of an additional 70 positions, and further bolster the automotive technology market segment in the state. This location will be deemed the new Global Headquarters for the Company and will cement them in the state which could lead to future job growth and further consolidation opportunities.

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

The Applicant plans to relocate headquarter operations in the City of Novi, make investments and create jobs related to motor vehicle electrical and electronic equipment manufacturing.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project.

Considerations

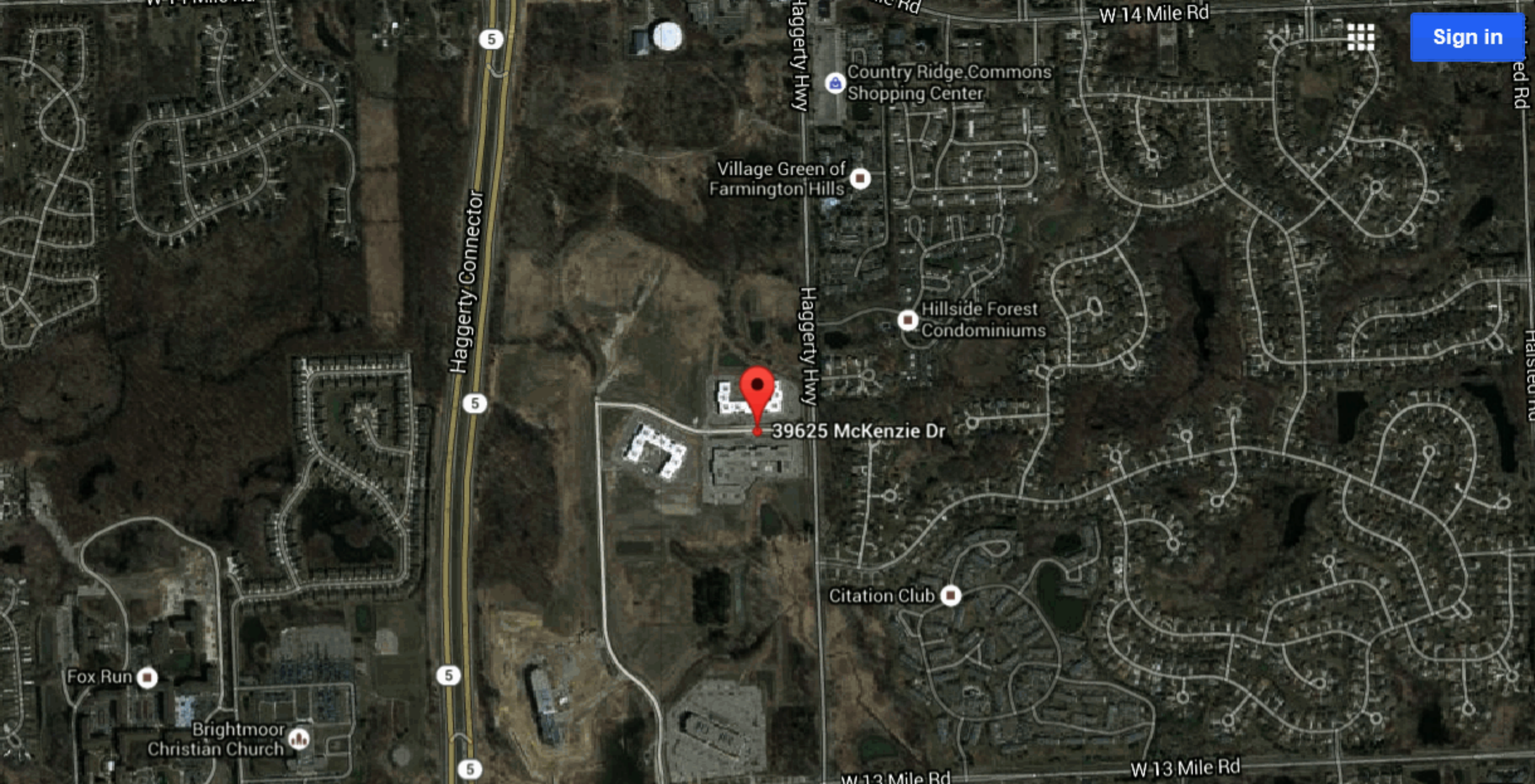
- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Novi. The City of Novi has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement on real and/or personal property.
- c) The Applicant has demonstrated a need for the funding. The Company will be responsible for equity buy-outs, severance costs, and relocation costs relevant to employees at the current Warren, Ohio location. The Company has a global presence and access to real estate in many different locations. The final real estate decision will be based on the most talent-driven and cost-effective location, which includes access to incentive programs in both Ohio and the Kansas City area
- d) The Applicant plans to create 70 Qualified New Jobs and an additional 70 jobs above a statewide base employment level of 21.
- 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 strong out-of-state competition; has a net positive return to Michigan; prospect of near-term job creation; wage level for new jobs; projected employer benefits; project has strong links to Michigan suppliers.

Recommendation

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

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

Sign in



Haggerty Hwy

W 14 Mile Rd

Country Ridge Commons Shopping Center

Village Green of Farmington Hills

Hillside Forest Condominiums

Haggerty Connector

Haggerty Hwy

39625 McKenzie Dr

Citation Club

Fox Run

Brightmoor Christian Church

W 13 Mile Rd

W 13 Mile Rd

MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Grant - Term Sheet

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

Date: March 9, 2016

- 1. Company Name:** Stoneridge, Inc., (“Company” or “Applicant”)
- 2. Company Address:** 9400 East Market Street
Warren, OH 44484
- 3. Project Address (“Project”):** 39625 Mackenzie Drive
Novi, MI 48377
- 4. MBDP Incentive Type:** Performance Based Grant
- 5. Maximum Amount of MBDP Incentive:** Up to \$1,400,000 (“MBDP Incentive Award”)
- 6. Base Employment Level** 21 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement (“Agreement”) between the MSF and the Company.
- 7. Total Qualified New Job Creation:** 140 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of
(above Base Employment Level)

the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award

- 8. **Company Investment:** \$5,150,700 in leasehold improvements, annual lease costs, furniture and fixtures, and computers or any combination thereof, for the Project.

- 9. **Municipality supporting the Project:** City of Novi
 - a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: a tax abatement on real and/or personal property. The final terms and conditions demonstrating this support shall be included in the final Agreement.

- 10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
 - a. **Disbursement Milestone 1:** Up to \$337,500 Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2016.

 - b. **Disbursement Milestone 2:** Up to \$312,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 50 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.

 - c. **Disbursement Milestone 3:** Up to \$250,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 20 additional Qualified New Jobs (for a total of 70 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.

d. Disbursement Milestone 4:	Up to \$178,500	Upon completion of Disbursement Milestone 1 Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 95 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.
e. Disbursement Milestone 5:	Up to \$178,500	Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 120 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.
f. Disbursement Milestone 6:	Up to \$143,000	Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and Disbursement Milestone 5, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 120 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2021.

11. Term of Agreement: Execution of Agreement to December 31, 2023

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

14. Public Announcements:

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

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by March 11, 2016, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Stoneridge, Inc.

Michigan Economic Development Corporation

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

MEDC LEGAL DRAFT 11-04-15 FOR DISCUSSION PURPOSES

MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
STONERIDGE, 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, Stoneridge, Inc. (“Company”) has requested a performance based MBDP grant of up to \$1,400,000 (“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
March 22, 2016

MEDC LEGAL DRAFT 11-04-15 FOR DISCUSSION PURPOSES

EXHIBIT A

Company Name: Stoneridge, Inc.

Company Address: 9400 East Market Street
Warren, Ohio 44484

Project Address: 39625 Mackenzie Drive
Novi, Michigan 48377

MBDP Award Amount: Up to \$1,400,000

MBDP Award Type: Grant

Base Employment Level: Estimated be at least 21

Total Qualified New Jobs: Estimated to be at least 70

Municipality supporting Project: City of Novi

Disbursement

Milestone Amounts/Dates: Performance-based milestones **incremental milestones over a 5 year period**

*The actual numbers, and statutorily required repayment and reporting provisions, will be reflected in the Transaction Documents.

MEMORANDUM

Date: March 22, 2016

To: Michigan Strategic Fund Board

From: Rob Garza, Brownfield, MCRP, and SmartZone Program Specialist

Subject: Whirlpool Corporation - Request for Approval of MBT Brownfield Credit Amendment #2 (MBT Brownfield Credit M-1010)

Request

The proposed project will be undertaken by the Whirlpool Corporation. The project is redeveloping 15.35 acres of property located next to 600 West Main Street in the city of Benton Harbor. The project is located in a traditional commercial center and qualifies for an MBT Amendment because it is a facility.

Whirlpool Corporation requests the following amendments be made to the Brownfield MBT credit for the New Downtown Campus Phases 2 & 3 project, originally approved by the MEGA Board on November 17, 2010: An additional 1 year to complete the project and a material change to the project.

The original plan for the New Downtown Campus project was to have a planned cadence of investment that would have resulted in a completion date of 2015. However, in 2012, Whirlpool had an opportunity to invest another \$30 million in another location in Benton Harbor by undertaking a project that redeveloped a former manufacturing plant into Whirlpool's new Global Refrigeration Technology Center. Commencement of Phase 3 was not able to begin until the Global Refrigeration Technology Center project was completed.

The project has a total capital investment figure of approximately \$43 million, and has retained approximately 868 permanent full-time equivalent jobs with an average hourly wage of \$60. Job numbers and wage figures are shared with the companion New Downtown Campus Phase 1 project (a separate MBT Credit M-1009). Both credits comprise Whirlpool Corporation's New Downtown Campus project.

Background

The first phase of the original project called for the construction of a 3-story office building while the second phase called for the construction of a 50,000 square foot 2-story office building and a one story retail building. The first phase was completed in October of 2013 and the Certificate of Completion will be submitted in the near future. The second phase now anticipates a three-story building with approximately 100,000 square feet of office space while removing both the retail building and the surface parking components. Based on the project's budget, the second phase of this project is 37% complete through December of 2015 and the estimated completion date is the fourth quarter of 2016.

Whirlpool Corporation has received several other incentives linked to the larger downtown campus project including an additional Brownfield MBT, Brownfield Tax Increment Financing, a Renaissance Zone, and Michigan Economic Growth Authority (MEGA) Credits.

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

Recommendation

MEDC staff recommends approval of the following:

- a) The Brownfield MBT credit amendment request to add 1 year to complete the project.
- b) A material change to the project by removing both the retail building and surface parking component from Phase II and constructing a three-story office building instead of a two-story office building.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Brownfield MBT Credit Amendment Request By:

Mr. Lee Utko
Senior Director, Real Estate
Whirlpool Corporation
2000 North M-63
Benton Harbor, Michigan 49022

Contact: Amanda Miscisin, Senior Tax Manager, State and Local Taxes

	Previous Approval	Amendment
Project Eligible Investment:	\$38,700,000	\$38,700,000
Requested Credit Amount:	\$7,740,000	\$7,740,000
Requested Credit Percentage:	20%	20%

The project is a multi-phase project and will be completed in two (2) phases as described below:

Phase I – Construction of a three story office building and the addition of all furniture and fixtures within, and;

Phase II – Construction of a three-story office building and the addition of all furniture and fixtures within.

COST OF ELIGIBLE INVESTMENTS BY PHASE

Phase I

Site Improvements	\$	408,100
New Construction	+	12,259,000
Addition of Machinery and Equipment	+	1,800,000
Phase I Total	\$	14,467,100

Phase II

Site Improvements	\$	3,707,650
New Construction	+	16,963,030
Addition of Machinery and Equipment	+	3,562,220
Phase II Total	\$	24,232,900

TOTAL COST OF ELIGIBLE INVESTMENTS

Site Improvements	\$	4,115,750
New Construction	+	29,222,030
Addition of Machinery and Equipment	+	5,362,220
Total	\$	38,700,000

APPENDIX B – Project Map and Renderings



MICHIGAN STRATEGIC FUND

Resolution 2016 –

**New Downtown Campus (Phases 2&3)
Whirlpool Corporation
Brownfield Redevelopment MBT Credit – Amendment #2
City of Benton Harbor**

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) Board is authorized by Public Act 24 of 1995, as amended, and in particular the Chairman for purposes of small and mini credits, to approve and amend projects for brownfield redevelopment tax credits authorized by Section 437 of the Michigan Business Tax Act, PA 36 of 2007, as amended (the “Act”) or by former section 38(g) of the Michigan Single Business Tax Act PA 228 of 1975;

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

WHEREAS, by Resolution 2010-197 on November 26, 2010, the MEGA Board awarded a Brownfield MBT Tax Credit to Whirlpool Corporation (the “Applicant”) to make eligible investment up to \$38,700,000 at an eligible property in the City of Benton Harbor (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application at any time before a certificate of completion has been issued;

WHEREAS, a request has been submitted to amend the Project to add one year to complete the project, remove the surface parking and retail components, and increase the office building from two to three stories;

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$7,740,000.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the project by modifying the scope of the Project by removing the surface parking and retail components and increasing the office building from two to three stories.

BE IT FURTHER RESOLVED, that the Project is amended by extending the date of completion by one year to January 26, 2017.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

MEMORANDUM

Date: March 22, 2016

To: Michigan Strategic Fund Board

From: James Espinoza, Senior Community Assistance Team Specialist
Jennifer Schwanky, Brownfield and MCRP Program Analyst

Subject: City of Bay City Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
Bay City Hospitalities, LLC

Request

The proposed project will rehabilitate a functionally obsolete commercial building located in downtown Bay City into a modern 100-room hotel. The proposed project will be undertaken by Bay City Hospitalities, LLC. The project will redevelop one parcel on 1.47 acres of property located at 501 Saginaw Street in the City of Bay City. The project is located in a downtown and qualifies for Act 381 work plan because it is a functionally obsolete building.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Bay City Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$742,350.

The redevelopment integrates design elements and economic development to further the goals of the City of Bay City. The proximity of this location will provide a catalyst for redevelopment and will support the capacity of downtown Bay City to attract major events and conferences, and therefore the local economy. It will result in increased property taxes on the subject property, a substantial improvement to the appearance and aesthetics of the subject property, and significant public space improvements. Without the Brownfield TIF, the project does not have enough debt coverage to make the project viable. The developer is making a reasonable return and has demonstrated substantial commitment to the project by contributing over 22% equity into the project. Significant costs are present on the site related to Brownfield conditions. The eligible activities will alleviate Brownfield conditions across the site. Without Brownfield tax increment reimbursement, the cost burden related to extraordinary Brownfield conditions would make the project financially unfeasible.

The project is anticipated to result in total capital investment in the amount of \$6,727,000, along with the creation of approximately 20 permanent full-time equivalent (FTE) jobs through commercial portions of the project. Average wages are estimated to be \$14 per hour.

Background

The proposed project will be rehabilitation of a functionally obsolete building, into a modern, 100-room hotel. When completed, 23,000 private square feet will be redeveloped to the downtown.

Asbestos abatement will be necessary prior to demolition activities in order to protect human health. Demolition activities will be necessary for interior demolition and site work because the existing building features cannot feasibly be used for modern commercial operations due to configurations, building materials, and damage from weather and neglect. There is an additional cost of rehabilitation of this property due to its location at a busy thoroughfare, and the eligible activities therefore include traffic control, off-site materials storage and other related costs.

The development team has significant experience in the hotel management and hotel development fields and have developed five hotels to date. In September of 2014, the MSF approved \$1,000,000 in Community Revitalization Program dollars and \$374,366 in TIF School Tax Reimbursement for the development of a hotel at 22324 Michigan Avenue, Dearborn, Michigan.

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

Recommendation

MEDC staff recommends approval of the following:

- a) Local and school tax capture for the Act 381 eligible activities totaling \$742,350. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$442,366.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the city of Bay City, which is a Qualified Local Governmental Unit, and has been deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on February 24, 2015.

The property is the subject of a Brownfield Plan, duly approved by the city of Bay City on July 28, 2015.

In addition, the project is requesting from the DEQ \$24,750 in TIF to assist with environmental eligible activities.

Key Statutory Criteria

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

This Project will provide a catalyst for redevelopment and will support the capacity of downtown Bay City to attract major events and conferences and therefore the local economy. This Project will also redevelop a Property which is currently occupied by a functionally obsolete building in a downtown area. In addition, the development of this Project will create a hotel that will bring tourists to the center of the city, and will support local individuals and businesses with meeting spaces and lodging.

b) Jobs Created (Excluding Construction and other Indirect Jobs):

This project is expected to create approximately 20 new, permanent full-time equivalents in the city of Bay City through the commercial portion of the project. Average wages are estimated to be \$14 per hour.

c) Area of High Unemployment:

The State of Michigan's seasonally adjusted unemployment rate in June 2015 was 5.5% compared to the national unemployment rate of 5.3% for the same month. The Bay City metropolitan statistical area seasonally adjusted unemployment rate for the same month was 5.9%.

d) Level and Extent of Contamination Alleviated:

The property is not a facility as defined by Part 201 or Act 451, based on previous investigations conducted in 2014.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

The former hotel building in its current state is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from changes in technology, and deficiencies in design. The project will reuse the existing functionally obsolete

building into a modern 100-room hotel. The project will feature site work, selective demolition, asbestos abatement, and substantial renovations of all interior spaces.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:

This is the preferred site because it is located in the City of Bay City and within close proximity to regional attractions and businesses that require the use of the proposed hotel facilities. However, as described above, the Property has additional costs not typically associated with a comparable Greenfield site.

g) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the project is financially and economically sound.

i) Other Factors Considered:

No additional factors need to be considered for this project.

Tax Capture Breakdown

There are 59.3913 non-homestead mills available for capture, with school millage equaling 24 mills (40.41%) and local millage equaling 35.3913 mills (59.59%). Tax increment capture will begin in 2016 and is estimated to continue for 18 years. The Project was awarded an Obsolete Properties Rehabilitation Act (OPRA) tax abatement at the local and state levels. The total value of the abatements for the 12 years approved is estimated to be \$898,000. This alters the ratio between state and local taxes to 59.59% to 40.41% for 12 years of capture. The blended requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(59.59%)	\$	<u>442,366</u>
Local tax capture	(40.41%)	\$	<u>299,984</u>
TOTAL		\$	742,350

Cost of MSF Eligible Activities

Demolition		\$	500,000
Lead and Asbestos Abatement			25,000
Site Preparation		+	114,000
Sub-Total		\$	<u>639,000</u>
Contingency (15%)		+	95,850
Sub-Total		\$	<u>734,850</u>
Brownfield/Work Plan Preparation		+	7,500
TOTAL		\$	742,350

APPENDIX B – Project Map and Renderings



MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF BAY CITY BROWNFIELD REDEVELOPMENT AUTHORITY
501 SAGINAW**

WHEREAS, 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 or asbestos abatement, and for structure demolition and site preparation that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the City of Bay City Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 501 Saginaw, within the City of Bay City, known as 501 Saginaw (the “Project”);

WHEREAS, the City of Bay City is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and f) 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, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 59.59% to 40.41% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and lead and asbestos abatement as presented in the revised Work Plan dated February 5, 2016. Any change in millage that increases the capture percentage of school operating taxes 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 a maximum of \$734,850 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$7,500 for Brownfield/Work

Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$442,366.

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. Eligible activities authorized by this resolution must be completed within three (3) years.

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
March 22, 2016

MEMORANDUM

Date: March 22, 2016

To: Michigan Strategic Fund Board

From: Ryan Kilpatrick, Community Assistance Team Region 4
Jenny Schwanky, Brownfield and MCRP Program Analyst

Subject: City of Grand Rapids Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
One Carlton, LLC

Request

One Carlton, LLC, under the management of Orion Construction, is proposing to redevelop a total of three parcels (approximately 1.23 acres) of property at the corner of Carlton and Fulton Street in the City of Grand Rapids. The development will consist of two new buildings, one located at the corner of Fulton and Carlton and one further south along Carlton. The project is located within a traditional business district and a corridor improvement district, and qualifies for an Act 381 work plan because it is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$837,598.

The project site is currently vacant and characterized by poor soils and buried foundations from a previous manufacturing use. In order to prepare the site for redevelopment, the development team must first demolish and remove the original building foundations and conduct significant land balancing, grading and permanent retaining walls to level the site. These costs and the significant costs associated with infrastructure improvements are considered extraordinary brownfield costs. 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 projected cash flow for the project does not meet minimum bank financing requirements. The cost burden related to the Brownfield conditions would make the project financially unfeasible.

The Applicant anticipates that the project will result in total capital investment in the amount of \$8,650,000, along with the creation of approximately 17 permanent full-time equivalent jobs with an average hourly wage of \$10.00.

Background

The development will consist of two new buildings, one located at the corner of Fulton and Carlton and one further south along Carlton. The proposed corner building will be four stories and will include two ground floor retail spaces (3,070 square feet), one ground floor restaurant space (3,460 square feet) and

three upper stories with 27 market rate apartments. The second building will be three stories with 20 market rate apartments. The apartments total 34,535 square feet and consist of studios, one, two and three bedroom units. The Project also includes extensive site work. A retaining wall will be necessary along the west property line along the alley; green space, landscaping, and parking areas will also be created. A total of 76 parking spaces will be created.

Demolition activities will be necessary to remove buried foundations from prior industrial facilities. Site preparation activities include excavation, site security, land balancing and grading, as well as construction of a retaining wall. Infrastructure improvements will include construction of new public streetscape, to include sidewalks, curb and gutter and landscape infrastructure surrounding the site.

One Carlton, LLC is managed by Orion Construction, a full service construction contractor which has recently been a participant in several projects which have received MCRP incentives. Such projects include the Arena Place and Easttown Flats projects in the City of Grand Rapids. Arena Place is an 11 story mixed use project in downtown Grand Rapids that is approximately mid-way through the construction process. Easttown Flats is a three to four story mixed use project in the Traditional Business District of Easttown and was completed in the fall of 2015.

Appendix A addresses the programmatic requirements and **Appendix B** 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 up to \$837,598. Utilizing the blended state to local capture ratio, the amount of school tax capture for this project is estimated at \$481,954.

APPENDIX A – 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 (DEQ) on January 7, 2016.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on November 5, 2015.

In addition, the project is requesting from the DEQ \$10,300 in TIF to assist with environmental eligible activities.

Key Statutory Criteria

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

The project will result in a significant investment within a core urban neighborhood business district in the City of Grand Rapids. The project will provide new retail to better serve the neighborhood and new residents occupying the apartments at the eligible property. The project will increase residential density in the City, and support and promote a vibrant neighborhood. The project will also add jobs to the neighborhood and improve public infrastructure around the eligible property.

b) Jobs Created (Excluding Construction and other Indirect Jobs):

This project is expected to create approximately 15-20 new, full-time equivalent jobs.

c) Level and Extent of Contamination Alleviated:

The Property contains several metals (arsenic, chromium, cobalt, copper, iron, lead, mercury, selenium and zinc) and PNAs (acenaphthylene, anthracene, flouranthene, flourene, naphthalene and phananthrene) in the soil as well as PCE in groundwater exceeding Michigan's Generic Residential Cleanup Criteria. One Carlton will undertake due care and additional response activities, as necessary, to address the existing contamination during the construction process.

d) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

The project is not qualifying as functionally obsolete or blighted.

e) Cost Gap that Exists between the Property and a Similar Greenfield Property:

The Brownfield TIF is needed to offset approximately \$837,598 in brownfield eligible expenses associated with site clean-up improvements, which are related to the former industrial use and the fact that the property is an urban site within a constrained area requiring additional site retention and public infrastructure which would not be required on a greenfield site.

f) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the project is financially and economically sound.

h) Other Factors Considered:

No additional factors need to be considered for this project.

Tax Capture Breakdown

There are 45.28419 non-homestead mills available for capture, with school millage equaling 24 mills (53.00%) and local millage equaling 21.28419 mills (47.00%). The Project is seeking a Neighborhood Enterprise Zone (“NEZ”) property tax abatement that will provide for a total projected property tax savings of approximately \$420,112 over a 12 year period. This alters the ratio between state and local taxes to 57.54% to 42.46% for the 12 year period. Tax increment capture will begin in 2017 and is estimated to continue for 13 years. The blended requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(57.54%)	\$	481,954
Local tax capture	(42.46%)	\$	<u>355,644</u>
TOTAL		\$	837,598

Cost of MSF Eligible Activities

Demolition	\$	15,000
Infrastructure Improvements		284,300
Site Preparation	+	420,350
Sub-Total	\$	<u>719,650</u>
Contingency (15%)	+	107,948
Sub-Total	\$	<u>827,598</u>
Brownfield/Work Plan Preparation	+	10,000
TOTAL	\$	837,598

APPENDIX B – Project Map and Renderings



MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
FULTON SQUARE**

WHEREAS, 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 or asbestos abatement, and for structure 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 1, 25 and 29 Carlton Avenue within the City of Grand Rapids, known as Fulton Square (the “Project”);

WHEREAS, the City of Grand Rapids is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and f) 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, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 57.54% to 42.46% 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 revised Work Plan dated November 5, 2015. Any change in millage that increases the capture percentage of school operating taxes 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 a maximum of \$827,598 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 \$481,954.

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. Eligible activities authorized by this resolution must be completed within three (3) years.

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
March 22, 2016

MEMORANDUM

Date: March 22, 2016

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

From: Stacy Esbrook, Senior Community Assistance Team Specialist

Subject: RecoveryPark & RecoveryPark Farms (“Company”)
MSF Incentive Performance-based Grant Request

Summary

This is a request to transfer \$400,000 from the Michigan Business Development Program (BDP) for a performance-based grant to RecoveryPark & RecoveryPark Farms (joint applicant) under MCL 125.2088b(2)(c) of the MSF statute. This request will serve as bridge financing to keep the development, hiring and operations of RecoveryPark (RP) and RecoveryPark Farms (RPF) moving as full phase 1 financing is secured. Additional information regarding phase 1 financing and demonstration of need are below.

This project involves the creation of 43 Qualified New Jobs and anticipates capital investment of up to \$1.9 million in the City of Detroit.

Based on the project parameters and the guidelines for the BDP and the Community Revitalization Program (CRP), this project is not a good candidate under either program. The CRP incentive is limited to 25% of “eligible investment” (primarily hard construction costs) and this project does not involve enough hard construction investment to generate sufficient eligible investment to meet the funding need of the company. The BDP program requires a minimum of 50 jobs be created in the near-term and this project is only expected to create 42 jobs within the first two years. In addition, BDP preference is given to second stage companies posed for growth, where this project is in the start-up phase. It is also the start-up nature of this project that limits the ability of the company to obtain this funding from another entity.

Background

RecoveryPark is an independent, 501(c)(3) nonprofit organization established in 2010 with a mission to create sustainable jobs accessible to people with barriers to employment. RecoveryPark Farms is a social enterprise that launched in 2014 as a pilot in Detroit with the intention of growing branded, specialty herbs and produce sold to local chefs for farm-to-table sourcing, as means to provide job opportunities and sustainable funding for RecoveryPark. RPF expanded to a second facility in 2015 to meet growing demand for specialty produce and they are currently scaling the business up in Detroit, preparing for expansion and hiring.

RP & RPFs business plan calls for the acquisition and redevelopment of 105 acres of land on the eastside of Detroit (northeast of the Eastern Market district – see Appendix A for site map). RP has entered into a development and lease-to-purchase agreement with the City of Detroit Planning and Development Department and the Detroit Land Bank for 40 of the 105 acres and they current own 15% of the privately owned parcels in the development area, which is comprised of three development (phased) areas. RPFs will

develop indoor and climate controlled growing technology using high-tunnel and greenhouse facilities. Such facilities enable year-round growing, a key factor to satisfying customer demand. These facilities utilize crop specific systems and growing techniques including soil based and hydroponic mediums. Many of the facilities will utilize advanced technology for light augmentation, energy conservation and water management.

Unfortunately the land/development agreement with the City experienced significant and costly delays, which have diminished RecoveryPark's necessary cash flow to launch phase 1 without a short-term cash infusion. RP is working with Illinois Facilities Fund (IFF) on underwriting a \$1.5 million loan; a loan that MEDC's Capital Access team is evaluating for a possible loan guarantee recommendation in the near future. With the land development and acquisition under negotiation with the City, IFF and MEDC have been unable move forward with financing which has created a gap in available cash to launch phase 1. Without the MSF performance-based grant, RecoveryPark Farms will be unable to hire an experienced hydroponic grower/farming director that is needed to fully develop the high-technology systems. The proposed grant will also enable RPFs to proceed with full design, environmental review, and zoning and Master Plan updates required for phase 1. RPF is working closing with an existing produce supplier, Del Bene, who is likely going to occupy 6 acres in the development area that will include a new distribution center. Del Bene and RP are in serious discussions regarding an exclusive supply contract, which will be subject to financing and launch of phase 1. They are also discussing the possibility of co-venturing with RP, but the legal framework of that arrangement will not be fully explored until well into phase 1.

The jobs RecoveryPark Farms will create are low-barrier, entry level positions that are very much needed for unemployed or underemployed Detroiters. RPF will be recruiting "recovering" citizens (former inmates, recovering addicts or others with structural unemployment barriers) and will be providing wrap-around services to boost employment success rates. All employees, regardless of specific challenges, will have access to the wrap-around services provided. Wrap-around services will include housing and transportation assistance, medical/mental health care assistance, professional and personal coaching, soft skills training and basic needs. Even though the positions will be entry level, recovering citizens will develop highly valuable agriculture skills and will have opportunities for advancement. Entry level employees will be paid \$11 per hour, plus benefits.

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

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project.

Recommendation

MEDC Staff recommends the following (collectively, "Recommendation"):

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

MICHIGAN STRATEGIC FUND Performance Based Grant - Term Sheet

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF"). This document is for discussion purposes only and should not be considered a commitment of any sort. While this is operated and funded through the MSF, recommendation for approval of this incentive award ("Incentive") is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: [Click here to enter a date.](#)

- | | |
|---|---|
| 1. Company Name: | RecoveryPark and RecoveryPark Farms, Inc. ("Company" or "Applicant") |
| 2. Company Address: | 5470 Chene Street
Detroit, Michigan, 48211 |
| 3. Project Address ("Project"):
<i>if different than above</i> | See Appendix A
Project limited to Area 1 |
| 4. MSF Incentive Type: | Performance Based Grant |
| 5. Maximum Amount of MSF Incentive: | Up to \$400,00 ("MSF Incentive Award") |
| 6. Base Employment Level | 3

The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MSF Incentive Award agreement ("Agreement") between the MSF and the Company. |
| 7. Total Qualified New Job Creation:
<i>(above Base Employment Level)</i> | 25

The minimum number of total Qualified <u>New</u> Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MSF Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and |

conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MSF Incentive Award, shall be included in the final Agreement.

a. **Start Date for Measurement of Creation of Qualified New Jobs:** March 22, 2016

8. **Company Investment:** Company will invest approximately \$1.9 million to build first acre of high-tunnel greenhouses, develop and plan for the hydroponic greenhouse launch in phase 2 and to develop and plan the Associate Support Platform or any combination thereof, for the Project.

9. **Municipality supporting the Project:** City of Detroit

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: A 5-year lease agreement for the City of Detroit and Detroit Land Bank Authority parcels within the “project area” (see Appendix A). The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. **Disbursement Milestone 1:** Up to \$200,000 Upon demonstrated support that the Company has maintained the Base Employment Level and upon submittal of an executed 5-year lease agreement, with option to purchase with Recovery Park, the City of Detroit and the Detroit Land Bank Authority for the land identified as the “project area.”

b. **Disbursement Milestone 2:** Up to \$200,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level, by no later than December 31, 2017.

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

12. **Repayment Provisions:**

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

14. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed MSF Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MSF Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MSF Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by March 11, 2016, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Recovery Park and Recovery Park Farms, Inc.

Gary Wozniak
CADD83BDCAF240B...

By:

Gary Wozniak

Printed Name:

President and CEO

Its:

3/10/2016

Dated:

Michigan Economic Development Corporation

Stacy Esbrook
A8F3EDC7D04C479...

By:

Stacy Esbrook

Printed Name:

Senior Community Assistant Specialist

Its:

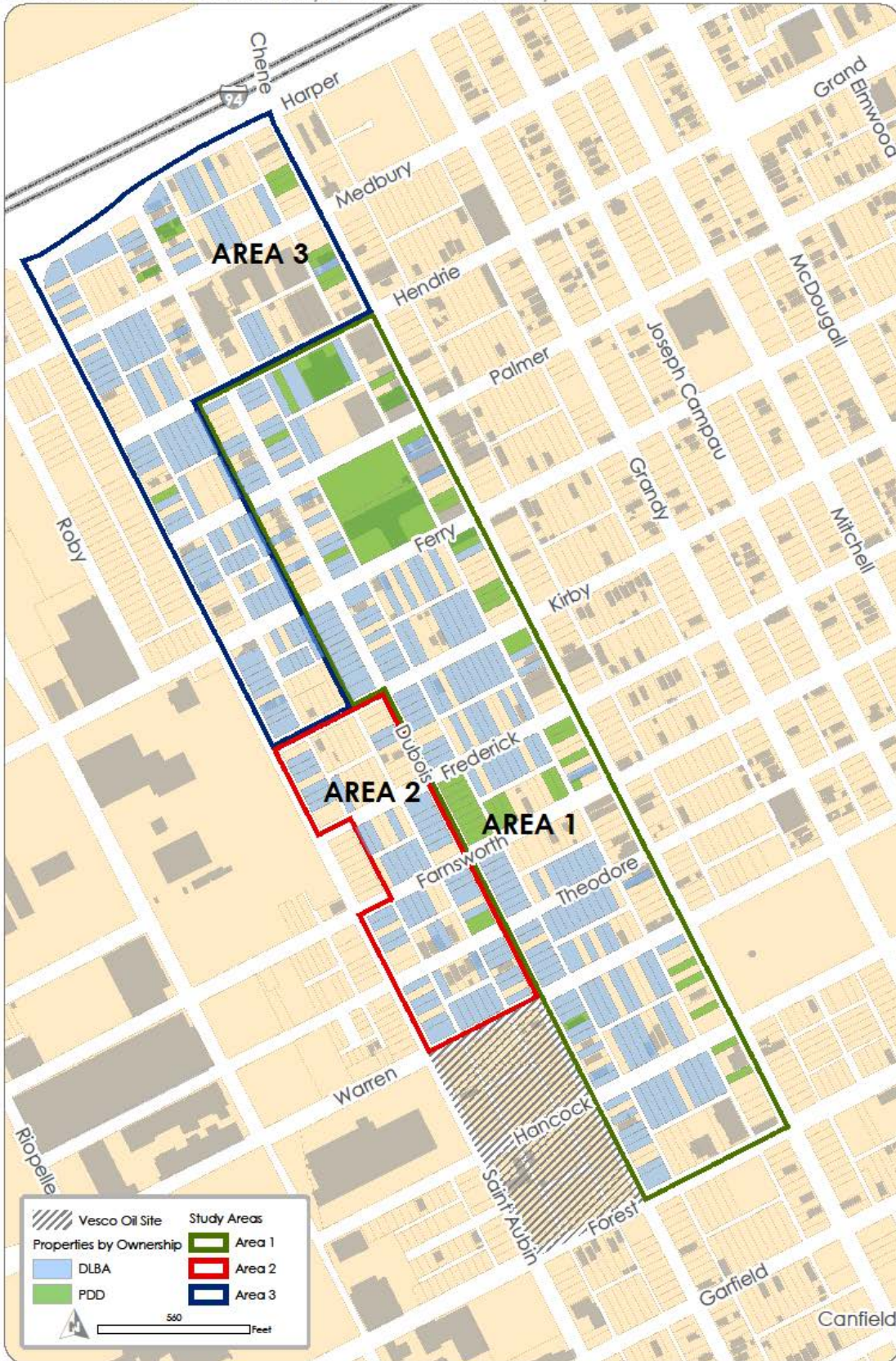
3/10/2016

Dated:

RECOVERY PARK STUDY AREAS

PROPERTIES IN PUBLIC OWNERSHIP, BY OWNER - OCTOBER 8, 2015

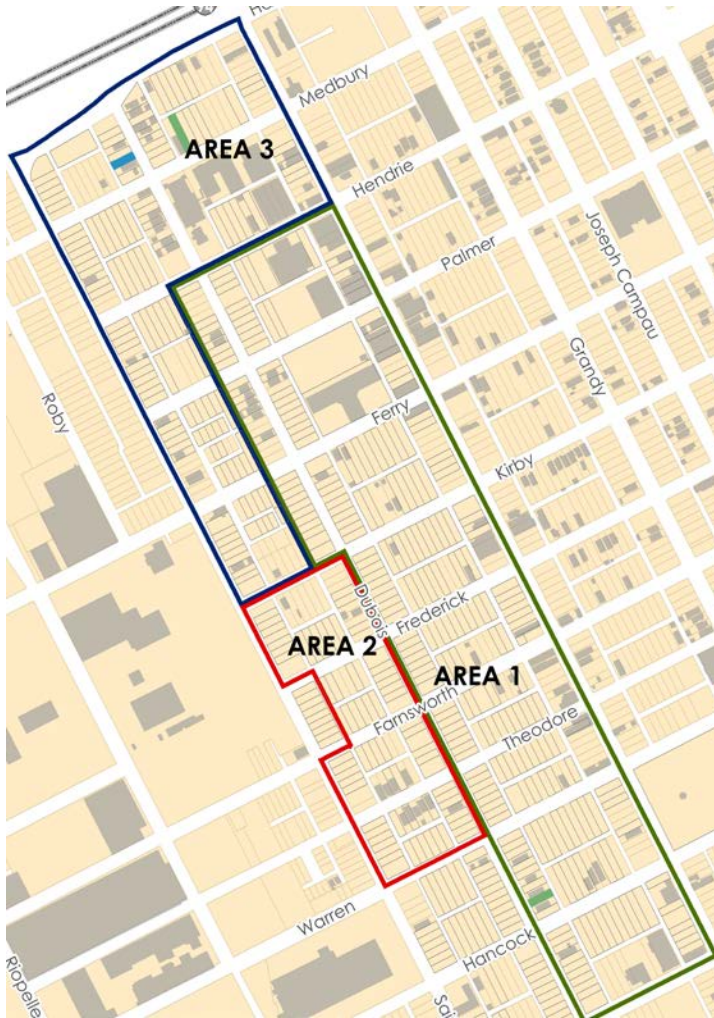
Appendix A



RecoveryPark

2016

RecoveryPark Farms' Business Plan



RecoveryPark

Executive Summary

RecoveryPark Farms is specialty produce for chefs, grown by Detroiters. Our chefs continuously push the limits of their artistry through innovative use of unique ingredients. Their desire to deeply understand the story behind the produce they use created the opportunity from which our farm was born.

Our chefs want delicious, nutritious, and responsibly grown ingredients, and prefer to have it locally grown. This inspires RecoveryPark Farms to care deeply not just about WHAT we grow, but WHY.

What We Do

What we do is driven by our partnerships with our chefs and our mutual love for great food. In order to best bring out the qualities of each dish, our chefs believe they must intimately understand where their ingredients come from, and how they are grown. It's this intimacy that drives them to seek local sources and the type of collaborative partnership that RecoveryPark Farms offers.

RecoveryPark Farms is our 105-acre home in Detroit's near middle east district where our suite of 70+ varieties of specialty produce will be grown year round. To accomplish this, our farmers will be using both soil based and hydroponic growing solutions in climate controlled environments.

Our operational diversity is all centered on our simplicity of objective. We aim to grow things that taste great, grow them in harmony with our environment and community, and have it on your plate within 48 hours from time of harvest.

Why We Do It

The stories and pictures of Detroit's residents that are often used to illustrate the depth of our city's decline dictate our core mission and describe our "why". Thirty percent of Detroit's residents are unemployed, two thirds of which are considered functionally unemployable. These are alarming numbers.

RecoveryPark Farms is focused on employing Detroiters facing social difficulties that come with limited education, substance abuse and/or prior criminal convictions, as well as a lack of resources to obtain transportation to their jobs.

The residual effects of these issues, particularly when they become long-term, are immense. Without employment, the likelihood of recidivism is much greater. A different structure is needed to help this population of Detroit residents gain and retain employment. We believe meaningful, sustainable employment must also include wraparound developmental support and life coaching to help our associates incorporate new ways of living and working.

RecoveryPark

What's Next

People are loving our produce and social mission! – RecoveryPark Farms now grows the ingredients for some of the best dishes currently featured on the menus of leading Metro Detroit restaurants such as:

- Chartreuse (Detroit)
- Republic (Detroit)
- Townhouse (Birmingham and Detroit)
- The Root (White Lake)& Mabel Grey (Hazel Park)
- Gold Cash Gold (Detroit)
- Selden Standard (Detroit)
- Bacco Ristorante (Southfield)
- StreetSide Seafood (Birmingham)

Over the next 5 years RecoveryPark Farms will:

- Employ 170+ people
- Grow 70 different varieties of specialty produce
- Capture in excess of \$20,000,000 in sales
- Fully inhabit and revitalize our 100 acre neighborhood
- Invest over \$30,000,000 in capital infrastructure

Current Funding/Investment Opportunity:

Our agreement with the City of Detroit provides an immediate opportunity to begin clearing the land, developing facilities and creating jobs in 2016!

We are seeking to raise \$7,100,000 in 2016 to build out our first phase of growing operations. These funds will allow us to start making immediate economic improvements, including removal of blight, create critical new jobs for Detroiters that most need them, and increases access of high quality, delicious, and locally grown produce for Detroit's innovative chefs.

We are driving to create jobs and a healthy Detroit - Join us in investing in our city and our people!

Gary Wozniak

President & Chief Executive Officer
(313) 737 - 3710

www.recoverypark.org

www.recoveryparkfarms.com



Business Overview

Mission and Description

RecoveryPark is an independent, 501(c)(3) nonprofit organization [Appendix 01A-B] established in 2010. Our mission is to create jobs for people with barriers to employment. Our mission will help revitalize Detroit by creating jobs in blighted neighborhoods, thereby restoring the lives of deserving people and communities.

Our core development strategy is to leverage a number of the city's underutilized assets: a large addressable workforce, abundant open space, ready access to fresh water, and extensive infrastructure.

Our core implementation strategy is to launch an agricultural business, RecoveryPark Farms. Importantly, RecoveryPark Farms [Appendix 02] is a for-profit business, to ensure the long-term sustainability of our organization.

Our core vision is to connect RecoveryPark, the nonprofit that provides wrap around human services with RecoveryPark Farms, a for-profit business that employs challenged residents and creates a financial engine that in turn supports the activities of the non-profit.

By repurposing vacant land and creating employment opportunities that are available to residents in disadvantaged neighborhoods, RecoveryPark can begin to make an impact quickly. In part, this is why we have the explicit support of, and strong relationships with, organizations like Detroit Future City, Tech Town and the State of Michigan.

RecoveryPark and RecoveryPark Farms espouse triple bottom line principles – economic stability, social impact and environmental stewardship. By putting Detroit's residents and resources to work in a food-focused ecosystem, we will significantly reduce costs to society. All while increasing Detroit's assets, creating a productive work environment, revitalizing families and establishing healthy communities.

Products and Services

Locally Grown Produce

USDA estimates that farm-level value of local food sales totaled about \$4.8 billion in 2008, or about 1.6% of the U.S. market for agricultural products¹. An estimated 107,000 farms are engaged in local food systems, or about 5% of all U.S. farms².

As part of the larger, local, live and fresh food movement, RecoveryPark Farms will grow a variety of produce, with an initial emphasis on the foodservice industry. We plan to premier customer service and rapid harvest to delivery times for foodservice customers.

¹ <http://www.ers.usda.gov/amber-waves/2011-december/local-foods-marketing.aspx#.U4yoeR1dUfU>

² <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5097249>

RecoveryPark

All RecoveryPark Farms produce is harvested, delivered to customers and served within 24-48 hours. We are growing as nature intended, with little reliance on growth enhancements such as fertilizer and pesticides. Each product is traceable to its date of planting. A 300-mile trade area ensures freshness, maximizes quality and customer satisfaction, while minimizing loss of sales through shrinkage.

All of this translates into a premium-pricing model for RecoveryPark Farms over conventional growers. As we expand from our pilot farms and scale to full production, we will be able to compete more aggressively on price without sacrificing profits.

Management Team and Key Functions

Gary Wozniak, Executive Management

Gary Wozniak established the overall vision and framework for RecoveryPark. Gary has over 30 years of experience in business development and finance. He has owned and managed a successful financial consulting company, placing over \$1 billion in loans and guarantees. He recently served as the Chief Development Officer of Self Help Addiction Rehabilitation (SHAR), a Detroit-based substance abuse treatment program, where he was an integral part of the team that balanced the budget, stabilized the organization, and significantly increased capacity. His experience includes project planning, financial crisis management, and troubleshooting organizational performance. Gary earned a Bachelor's Degree in psychology from Oakland University.

Commercial Grower, Farming Director

RecoveryPark has been collaborating with a commercial hydroponic grower with expertise in sustainable agriculture and horticulture who has been providing support on crop planning, facility design and operational design. Their professional experience includes three years managing all aspects of a commercial greenhouse operations including crop selection, supply chain and growing. Currently as a technology specialist for a major seed producer, they assist regional growers in climate zones 3-5 by testing and recommending international seed varieties for use in US and Canadian greenhouses. A 2016 MBA candidate at the University of Michigan, the grower has a BS in plant science from Cornell University.

Michelle Lutz, Farming Manager

Michelle Lutz serving as RecoveryPark Farm's manager is a certified organic farmer with 20 years of experience and dedication to the local organic food & farming movement. She is skilled in all aspects of growing organic fruits, vegetables, herbs and small livestock. Michelle owned and operated Maple Creek Farms (Yale, MI), a Community Supported Agriculture (CSA) model. Prior to joining RecoveryPark, Michelle oversaw the development of and managed the indoor organic hydroponic facility at The Henry Ford West Bloomfield Hospital. She advises Detroit Public Schools on local food issues and has a passion for education and feeding those in need and training those who wish to work in agriculture. Additionally, Michelle possesses excellent marketing,

RecoveryPark

business and personal skills, resources and experience that have contributed to the growth of organic farming.

Charlie Wilson, Business Development

Charlie Wilson leads RecoveryPark's business development efforts and is focused on helping RecoveryPark Farms create, launch and sell its products, and importantly, to grow its base of customers. Charlie started his career in the finance and consulting industry, working for both UBS and Accenture. He later joined Steel Card LLC, an insurance software startup in Santa Barbara, California, and helped them streamline their products and operations to improve scalability, resulting in its acquisition by ChoicePoint. Charlie is a Michigan native, having lived here during his childhood, and holds a B.S. in Public Finance from Indiana University.

Anna Kohn, Associate Support

Anna Kohn leads the associate support platform development and is an accomplished nonprofit strategist with proficiencies in training programs for incarcerated persons, anti-recidivism programs as well as fundraising, grant writing, project management and community engagement/organizing. Anna is a graduate of CUNY Baruch's National Urban Fellows program where she received her MPA, focused on performance measurement and management of prisoner reentry initiatives and Hampshire College where she received her BA. During her career, she has worked with underprivileged populations beginning at the age of nine when she started her own nonprofit for Detroit's homeless.

George Gardiner, Operations

George Gardiner oversees RecoveryPark's planning, finance, business development, facilities management, human resources and information technology initiatives. Prior to RecoveryPark, he consulted on information technology strategies, and solution implementations for Fortune 500 and municipal clients on behalf of Spherion, PwC Consulting, Coopers & Lybrand and Computer Consultants of America. George holds a B.A. in Economics from Western Michigan University and an MBA from Walsh College of Business and Accountancy.

Joe Heaphy, Real Estate Development

Joe Heaphy is the President of Ethos Development Partners, consulting to organizations on the preservation of affordable housing disadvantage communities. Joe is currently advising RecoveryPark on urban planning, land acquisition and facility design. Prior to joining Ethos, Joe was the Vice-President of Real Estate Development for the Neighborhood Service Organization (NSO), a 60-year-old nonprofit social service agency that serves Detroit, Wayne County and Oakland County, Michigan, where he worked to develop permanent supportive housing for those with special needs. Joe's major accomplishments include the \$50 million redevelopment of the Michigan Bell Building, which now provides 155 units of permanent supportive housing for formerly homeless individuals, and serving as Executive Director of Lighthouse Community Development in Oakland County, Michigan. He has a BA in Political Science from the State University of New York at Buffalo and a MPP from Columbia University.



Annie Hakim, Program Development

Annie Hakim came to RecoveryPark as a Challenge Detroit Fellow in 2104. Annie oversees development of community engagement, social media, volunteer planning around site clean-up and coordination of special events. Prior to RecoveryPark, she managed economic development projects in Ghana and was a recipient of the Glenn A. Niemeyer Award, a Teach for America Corps member/Teacher. Annie graduated from Grand Valley State University (Frederick Meijer Honors College), Grand Rapids, MI.



Technical Support Partnerships

While RecoveryPark has attracted substantive talent to its management team, we are purposefully collaborating with experts in a variety of disciplines. These resources will be critical to activating the necessary approvals from key political and community stakeholders, as well as the financial support from both traditional and nonconventional financing providers.

Here is a summary chart with some of our key support partners:

Project Partners		Community Partners	
<i>Company</i>	<i>Role with RecoveryPark Farms</i>	<i>Organization</i>	<i>Role with RecoveryPark Farms</i>
DTE Energy	Gas and electric infrastructure	Eastern Market	Retail outlet for healthy fresh food
Next Energy	Business incubator program for technology	Detroit Future City	Framework for revitalizing and improving quality of life in Detroit
Jaffe Raitt	Legal Counsel	Challenge Detroit	Leadership development program for young business people
O'brien Construction	Construction management	Raven Lounge	Local Area Business
Detroit Denovo	Land acquisition strategy	Access for All	Apprenticeship and training program
Ethos Development	Real Estate Development Consulting	Detroit Water and Sewage Department	Develop plan for water, wastewater and blue-green infrastructure
Michigan State University	Research, intellectual property, and education	Michigan Rehabilitation Services	Provides services to help employers with disabled employees
Sustainable Waterworks	Expertise in environmentally sustainable technologies	Motor City Grounds Crew	Blight removal and neighborhood maintenance
Priva	Farm technology and management	Gratiot McDougall United CDC	Community development and housing

Market Definition and Opportunity

Industry Overview

Increasing Demand for Local Food across the U.S.

Over the past decade, consumer demand for locally produced and marketed food has increased significantly. Based on data from the USDA's Agricultural Resource Management Survey (ARMS), local food sales have grown from \$4.8 billion in 2008 to upwards of \$7 billion in 2011³. In addition, according to the USDA's Agricultural Marketing Service, the number of farmers' markets in the U.S. (one of the main sales channels for local foods) rose to 8,144 in 2013, up from 5,275 in 2009 and 2,746 in 1998⁴.

Several studies have also explored how shifting consumer preferences, combined with federal and local governmental support, have built the foundation on which local food has become one of the fastest-growing segments of agriculture in the U.S. Consumer motivation for "buying local" includes perceived quality and freshness of local food and support for the local economy. Consumers who are willing to pay higher prices for locally produced foods place importance on product quality, nutritional value, environmental sustainability of the growing methods, and support for local farmers.⁵

From a governmental perspective, a number of programs and policies support local food initiatives. Federal policies include the Community Food Project Grants Program, Specialty Crop Block Grant Program, the Women, Infants, Children (WIC) Farmers' Market Nutrition Program, and the Federal State Marketing Improvement Program. State and local policies include farm-to-institution procurement, promotion of local food markets, incentives for low-income consumers to shop at farmers' markets, and creation of State Food Policy Councils to discuss opportunities and potential impact of government intervention.⁶

Overall, the local food market is poised to continue its recent growth trend over the next five to seven years and generate a larger percentage of U.S. agricultural sales.

Produce and Local Agriculture Consumption in the Midwest

Much like the rest of the country, the Midwest, and southeast Michigan have experienced a surge in demand for locally grown produce and products. Consumers in the Midwest are allocating an increasingly larger portion of their grocery spend to fruits and vegetables, and are spending a larger percentage of their overall expenditures on food.⁷

³ http://foodsystems.msu.edu/uploads/file/Feasibility_Report_for_a_Food_Hub.pdf

⁴ <http://www.usda.gov/wps/portal/usda/usdahome?contentid=2013/08/0155.xml>

⁵

<http://www.restaurant.org/Restaurant/media/Restaurant/Sitelimages/News%20and%20Research/Whats%20Hot/What-s-Hot-Top-Ten.jpg>

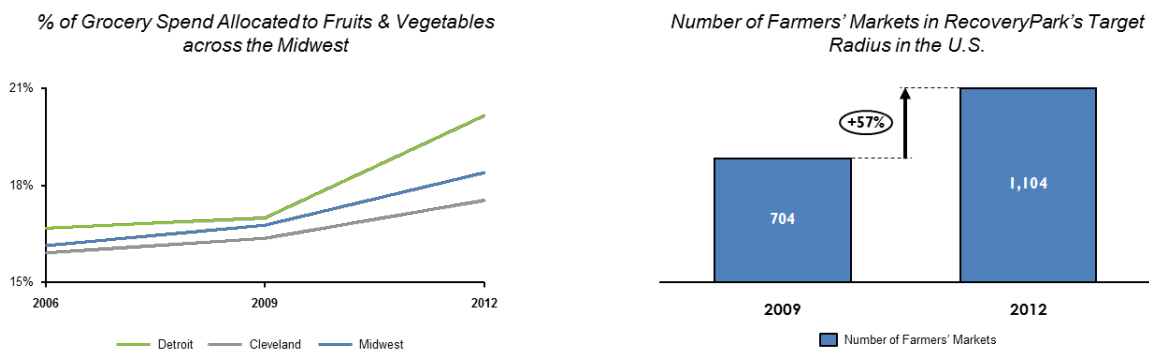
⁶ <http://www.ers.usda.gov/publications/err-economic-research-report/err97/report-summary.aspx#.U4yyqB1dUfU>

⁷ <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1576>

RecoveryPark

Consumer demand for locally grown product is also increasing dramatically. The number of farmers' markets in RecoveryPark Farm's 300-mile trade area has increased significantly over the past three years, from 704 to 1,104 farms, which, in other markets, has been correlated with a significant growth in demand.⁸

Local food demand has also been increasing within the foodservice channel. As of May 2012, 117 of Michigan's 143 acute care hospitals had pledged to purchase 20% of their food from Michigan by 2020, with nine hospitals having already reached this mark.⁹ In addition, according to a 2012 survey, approximately 85% of school food service directors in Michigan reported purchasing local foods, more than double the percentage reported in 2009.¹⁰



Vegetable and Local Agriculture Consumption Trends in the Midwest

Market Size

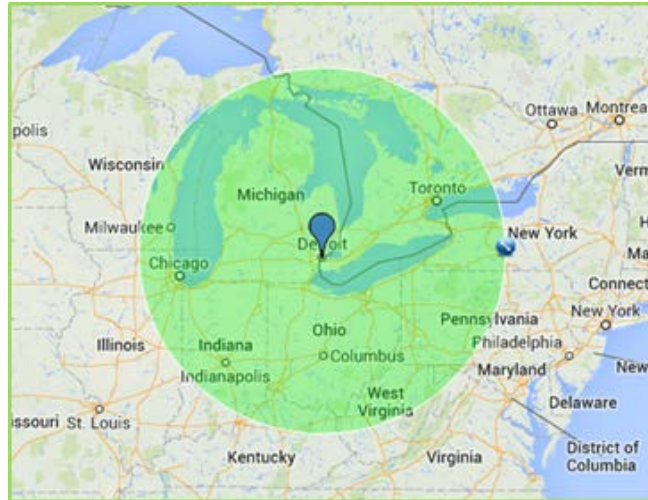
Overall Market Opportunity

In addition to its home market of southeast Michigan, (with a population of 4.7 million), RecoveryPark Farms has access to 46 million potential customers within its target 300-mile trade area. As noted below, this marketplace includes cities in Michigan, Ohio, Illinois, Indiana, Kentucky, New York, Pennsylvania, West Virginia, Wisconsin and Ontario.

⁸ http://www.ers.usda.gov/ersDownloadHandler.ashx?file=/media/122868/err97_1_.pdf

⁹ http://www.michigan.gov/documents/deq/HealthyFoodInHealthCare_434221_7.pdf

¹⁰ <https://recoverypark.box.com/FarmtoInstitutioninMichigan>



300-mile trade area around Detroit, Michigan

Competitive Landscape

Today, the market for “fresh” produce is serviced by a complex network of distribution channels linking producers in temperate climates to local, regional, and national demand centers often hundreds of miles from the site of production. Without this vast network, consumers in less moderate climates would face long winters of limited access to produce, and substantially diminished volume and variety year-round.

According to the Worldwatch Institute¹¹, in the U.S. food travels an average of 1,500 to 2,500 miles from farm to table. In many cases, climate, labor conditions, government subsidies and regulatory requirements make it economically feasible for producers in countries as distant as Peru to overcome shipping expenses and product perishability to deliver competitively priced produce, often at lower price points than local producers.

Given the global competitiveness of the produce industry, RecoveryPark Farms will face competition from a wide variety of international, national, regional and local food producers.

National Competition

In the U.S., most produce production originates in the southwest, Florida and Mexico¹² and is then trucked to the major terminal markets for distribution to regional and local consumers. Given the initial strategy of focusing on the foodservice channel, RecoveryPark Farms will be competing for market share from large, integrated national foodservice distributors, such as Sysco and US Foodservice.

¹¹ <http://www.worldwatch.org/globetrotting-food-will-travel-farther-ever-thanksgiving>

¹² <http://www.fas.org/sgp/crs/misc/RL34468.pdf>

RecoveryPark

Regional and Local Competition

Agriculture is Michigan's second largest industry, employing 923,000 workers—or approximately 22% of the state's workforce—either directly or indirectly.¹³ At the regional, local and urban level, there are approximately 50,000 farms in the state of Michigan and over 1,100 farmers' markets in RecoveryPark Farms' delivery area. This means there are a large number of providers to purchase local produce throughout the year.

In addition, there are a number of regional and local distributors serving the foodservice channel in Michigan, such as Gordon Food Service (based in Grand Rapids) and Lipari (based in metro Detroit).

Competitive Advantages

RecoveryPark Farm's business structure, growing model, branding and sales strategies gives us several distinct competitive advantages:

- *Year-round availability of high quality produce*

While locally sourced fresh produce is available through food distributors, foodservice operators and grocery stores, the quality is not as high during the off-season, if available at all. Our hybrid growing model (which includes greenhouses for year-round production, high-tunnels for season extension and outdoor field crops as weather permits), allows us to maintain product quality year-round, and reduce distribution times from harvest to table.

- *Our cause-related brand story*

All things being equal (quality, price, etc.), we know a majority of people will choose a brand that supports a motivating social mission. As of 2012, consumers want to include support for causes and social impact in their buying decisions especially those related to their local communities.¹⁴ RecoveryPark Farms clearly excels on these dimensions, both locally and throughout our 300-mile trade area. We are a tangible solution to some of Detroit's most vexing structural issues: vacant land and unemployment.

- *Local, environmental friendliness*

As noted previously, fresh produce in the U.S. typically travels between 1,500 and 2,500 miles from farm to plate. Growing locally, as RecoveryPark Farms does, reduces many of these environmental issues. In addition, RecoveryPark Farms' hybrid growing model also minimizes the use of herbicides and pesticides, as well as the use of other harmful chemicals during washing and processing. This makes RecoveryPark Farm's produce a healthier, more environmentally friendly alternative.

¹³ <http://www.michigan.gov/mdard/0,4610,7-125-1572-7775--00.html>

¹⁴

http://www.causemarketingforum.com/site/c.bkLUKcOTLkK4E/b.6448131/k.262B/Statistics_Every_Cause_Marketer_Should_Know.htm



Business Development and Marketing

Sales Strategies

RecoveryPark Farms conducted pilot operations in 2014 and 2015 to test sales strategies, pricing assumptions, develop a customer base and initiate relationships with key industry partners.

Based on the results of the pilot operations we have been able to test out direct sales and delivery to customers, as well as delivery through an established distribution partner. Because of the success of the pilot relationship with a distribution partner, RecoveryPark Farms and the distribution partner wish to continue developing a RP Farms as a premium product line, with the distributor receiving exclusive distribution rights.

Over the next three years, RecoveryPark Farms will continue building into the exclusive distribution model by transferring sales responsibilities to our distribution partner. Collectively, the partnership will target local innovative chefs that wish to source the majority of their produce locally.

In parallel to increasing capacity through building into our distribution partners existing chef clientele, RecoveryPark Farms and its distribution partner wish to leverage its premium produce line to enter into a new market segment of large institutional buyers.

Several large institutional buyers have made it a priority to source as much of their produce needs from local providers as possible. These buyers have the same quality and freshness expectations as the chefs, while also requiring steady produce volumes regardless of season. As RecoveryPark Farms is the only local produce company seeking to build the ability to grow 12 months a year, this represents a great new market opportunity.

Implementation Plan

Develop Brand Strategy

Our brand as RecoveryPark Farms is core to our ability to increase scale in production while still maintaining our premium price point. It is the margin that premium pricing creates that allows us to continue to operate and expand our social mission.

Chefs are using their buying power to drive environmentally sustainable growing practices, and establish quality and taste as the driver of new innovation in agriculture. These tenets drive how we build RecoveryPark Farms.

We hope to build upon our grassroots public relations success achieved in 2015 as we scale. As we shift the bulk load of our sales and marketing responsibilities to our distribution partner, it is important we structure this relationship so our story does not get lost.

In 2016, we will need to deepen our strategy for how to increase our branding effectiveness so we can leverage our identity to break into new market segments.

Integrate with Distribution Partner

RecoveryPark Farms has identified a partner that can provide access to a large existing book of chef's and restaurants that closely align with our primary target market segment.

This partner has indicated a willingness to enter into a partnership that allows RecoveryPark Farms to build capacity while also maintaining its core brand identity.

For 2016, RecoveryPark Farms will be working on developing the following:

Partnership Goals:

- Develop a crop plan that is sensitive to our chef's desire for innovative, unique, local and responsibly grown produce
- Integrate sales and delivery processes that take advantage of RecoveryPark Farms close proximity to chef's by developing real-time harvesting capability to maximize nutritional content and taste
- Work together to identify and take advantage of supply gaps in high-demand and high-profit produce
- Create coordinated sales and marketing strategies that leverage the partnership to hasten both companies individual branding and sales goals.

Finalize Growing Solution Strategy

How we grow our produce is core to our ability to ensure what we give our chef's is unique, colorful, and tastes great. Finalizing our growing solutions for each crop we look to grow in the future is important in helping us build our long-term expansion strategy.

We will be working with our industry and technology providers to finalize our long-term growing solution strategy that focuses on:

Growing Solution Goals

- selecting technology and developing processes that deliver produce that meets our chef's needs and meets the RecoveryPark Farms brand ideals
- build mix of growing solutions that can match the evolving menus of our chefs
- continue to deliver on our commitment to be environmentally responsible and provide long-term employment opportunities for Detroiters

Launch Associate Support Platform

Our social mission of providing long-term job opportunities to those with barriers to employment is as much about who we are as the amazing produce we grow for our chefs.

In 2016, we will be launching the wrap around services for our associates and working to build a deeper relationship with our partners that are integral in delivering these needed services. These services and support will ensure our associates stay happy and healthy so we can grow happy and healthy produce.

2016 Detroit Expansion Plan

Securing the Development Agreement with the City of Detroit was a major milestone for us as a company, and is the bedrock that gives us the opportunity and space to grow into an investment grade company.

Now that we know where we can break ground, it is time to work on bringing together the cost projections that are both partner and site specific. These cost estimates are core to structuring and securing the necessary long-term financing.

As part of this initiative, we will be working on:

- hiring an Urban Planning firm that will help us build a development strategy that maximizes the potential of our real estate asset, create the materials necessary to obtain required permitting, and provides the infrastructure for us to deliver on our business model
- launching request for proposal activities to identify and chose construction, technology and marketing partners that will help us realize our vision
- Secure long-term financing

Business Requirements

Infrastructure

Greenhouse

Each RecoveryPark Farms' greenhouse is a 300' x 144' (43,200-square-foot) structure, composed of polycarbonate, and gutter-connected to allow additional greenhouses to be added in the future. The greenhouse facility includes areas for plant propagation, nursery, and finishing.

In terms of construction timeline and costing, six to eight weeks are required to manufacture the greenhouse components, with shipping and installation requiring an additional month. An entire facility, including materials, construction, and installation, is estimated at \$27/per square foot or \$4,500,000 for a 3 acre facility.

High-Tunnel

Each RecoveryPark Farms' high-tunnel will be a 30' x 144' (4,320 square-foot) structure, composed of galvanized steel tubing and translucent polyethylene sheeting. The high-tunnel facility includes areas for plant propagation, nursery, and finishing.

In terms of construction timeline and costing, one to two weeks are required to manufacture the high-tunnel components, with shipping and installation requiring an additional two days. An entire high-tunnel, including materials, construction, and installation, is estimated at \$30,000.

Systems and Processes

Harvest Cycle

In order to normalize RecoveryPark Farms' revenue throughout the year, we are utilizing a staggered growing and harvesting cycle. As opposed to planting all of the produce at once, we will plant staggered channels week-by-week, with plants going from seed to final transplant and from nursery to finishing. This staged planting method allows for consistent, weekly product harvesting.

RecoveryPark

Processing and Packaging

Because RecoveryPark Farm's initial customer base is foodservice, our products will not require as much cleaning or processing as is required for produce sold at retail. The majority of processing for RecoveryPark Farms will include sorting, washing and bulk packaging, unless a customer requires its produce to be chopped or cut prior to packaging. The most traditional types of packaging are:

- Large, lined boxes
- Plastic bags
- Plastic "clamshell" containers, with or without roots

Maintenance

Primarily RecoveryPark Farms associates will perform maintenance, with technical assistance supplied as needed from equipment suppliers.

Food Safety

The RecoveryPark Farms Manager has developed a Hazard Analysis and Critical Control Points plan, according to the FDA's food safety and handling guidelines. This will ensure food grown by RecoveryPark Farms is healthy for customers, and that the safety of the workers is protected. Best practices, including proper preparation of the nutrients, handling of the plants, pest control, and post-harvest care such as cooling, cleaning, packaging and dry storage will be implemented.

Market Analysis

It is the long-term goal of RP Farms to establish a strong brand and local clientele reducing the risk of supply and demand influencing its price competitiveness.

While we are building brand trust, RP Farms will continually monitor current market pricing, local supply and demand, and available sources of produce market to ensure its crop plan and inventory can maintain premium pricing.

Staffing Requirements

Growing

At full-scale production, we estimate that between 4 and 6 RecoveryPark Farms associates are needed to make each high-tunnel greenhouse operational and 10 and 12 RecoveryPark Farms associates are needed to make each acre of high-tech greenhouses operational.

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Site Assessment

The RecoveryPark “footprint” [Appendix 03A-C] covers approximately 100 acres. 20 acres (20%) is public right-of-way such as roads and sidewalks. 10 acres (10%) is the Great Lakes Restoration Initiative (GLRI), which is independent of RecoveryPark. 30 acres (30%) is private property that RecoveryPark is acquiring through private acquisition.

40 acres (40%) is municipally owned land that RecoveryPark is leasing, with the option to purchase, from the City of Detroit and the Detroit Land Bank Authority (DLBA). The development agreement, dated October 5, 2015 [Appendix 04A-C], is a phased agreement over a five year timeline. The lease and purchase pricing is based on an annual analysis of agricultural land in the State of Michigan (Appendix 05) and is prepared by the School of Agriculture at Michigan State University (MSU). The lease and purchase pricing considers the cost of demolition and/or deconstruction of abandoned buildings.

Coordination is necessary with all the major infrastructure partners as well as blight removal authorities and others. We have MOUs with DTE Energy, Detroit Water and Sewer Department and Detroit’s Department of Public Works. [Appendix 07A-E] Other departments from the City of Detroit, where necessary, are invited to the table as well. Detroit Future City has been our host for these sessions.

Environmental issues are important to our development process. November of 2012, ASTI Environmental, NTH Consultants and Dragun Corporation conducted a thorough analysis of the site. This analysis is the basis for our estimates for site testing, demolition and deconstruction and preparation for build-out. [Appendix 06]

Current zoning, and the agriculture ordinance overlay, allow RecoveryPark to develop according to the business model.

Associate Support Platform

Overview

RecoveryPark's Associate Support Platform (ASP) is the program framework we are utilizing to effectively employ and retain our associates. We are collaborating with selected service providers to transform the lives of these associates from a culture of chronic unemployment and poverty, to one of sustained employment and long-term career development.

Target Groups and Participation Requirements

A central tenet of RecoveryPark's mission is to create job opportunities for people with barriers to employment. This mission is reflected in RecoveryPark Farms' associate target groups, which include:

- *Returning individuals*

Individuals that were formerly incarcerated and/or have prior criminal histories that often preclude them from traditional employment.

- *Returning veterans*

Individuals who have served in the military and are experiencing transitional issues, such as substance abuse, physical disabilities, and/or mental health issues.

- *Recovering individuals*

Individuals coping with substance abuse and/or mental health issues.

- *Economically disadvantaged individuals*

Individuals living below the poverty line and the homeless.

RecoveryPark is collaborating with Michigan Rehabilitation Services (MRS), the Michigan Department of Corrections (MDOC), and SHAR to identify individuals from these targeted groups. Initially, we are focusing exclusively on returning individuals and veterans that are free of substance abuse and mental health issues. Success during this focused launch will allow RecoveryPark to further expand its target population and associated service offerings to these other deserving target groups.

In order to be eligible to participate in this initial RecoveryPark Farms program, individuals will be required to:

- Be at least 18 years of age at time of enrollment
- Have a high school diploma or GED
- Have a Social Security card and birth certificate
- Be either unemployed or underemployed
- Be physically able to work
- Have math and reading skills at or above an 8th grade level
- Be committed to completing the entire, full time, eight week training program
- Be interested in careers in agriculture and environmental sustainability

Initial Training Program

In 2016, individuals selected through MRS, MDOC and SHAR will be trained in all aspects of growing quality, seasonal produce using high tunnel production. We will use the pilot program to train associates in various forms of seeding, planting, crop maintenance,

RecoveryPark

harvesting, packaging and selling the produce. Michelle Lutz, RecoveryPark Farms' Farm Manager, will coordinate all training activities.

The pilot program will also allow the opportunity to begin training on hydroponic growing techniques. During the fall and winter of 2016, associates will complete a training program focusing on the components of growing produce hydroponically. Additionally, seeding schedules, harvesting schedules, crop planting, maintenance, nutrient needs, and testing will be covered. The associates will help develop daily, weekly, and monthly growing responsibilities they can achieve and be successful at. Together, we will plan and train so that when the first greenhouse is built, the team will be ready to execute. Training will be ongoing as new crop plans are introduced, based on market needs and feedback.

During the winter and early spring of 2017, associates will begin training for the first half-acre of field production. This training will be similar to the procedures used with high tunnel production. Training will include weather scouting and forecasting, as well as weekly weed control, crop and pest scouting. The half-acre field will include new crop selection techniques, keeping associates engaged and challenged.

Associates will have a balanced amount of tutorial, hands-on, and observational experience, so that by the fall of 2016 we can evaluate our team, changes in our growing strategies and best practices. This will provide a well-rounded opportunity for our associates to become skilled at various growing techniques, which most growers never have the opportunity to learn or experience.

We collaborate with a number of like-minded organizations to aid in our associate training, as well as various operations that can be visited to assist in training. Examples include Detroiters Working for Environmental Justice (DWEJ), JVS and Easter Seals Michigan.

Ongoing Program Support

Case Management and Rationale for Continued Support

As part of RecoveryPark's Associate Support Platform, all associates will be assigned a case manager to help those overcome barriers they may face, and sustain employment long-term. In addition, case managers will work to ensure our associates' long-term career goals are being met. This means RecoveryPark Farms can be a permanent employer, or one for a period of time (3 years) before seeking opportunities within the RecoveryPark family of companies or with other employers.

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The case manager role involves a variety of responsibilities to support associates as they enhance their skills and capabilities. These include:

- Developing relationships with nonprofits and social service agencies to support associates' career and interpersonal needs.
- Meeting with associates on a regularly scheduled basis to manage their specific needs, help them navigate their recovery, the parole system, housing systems, career needs, etc.
- Providing proactive intervention for any workplace issues and/or other interpersonal issues that arise.

The rationale for our case management initiative and ongoing life skills and career support is as follows:

1. Substantial progress can only be made with these target groups if the workforce development model is changed from short-term training, (usually one to three months), to long-term, dedicated support.
2. Sustained employment is significantly more attainable in a culture that understands barriers to employment and supports an associate's need for assistance. We are creating a culture with the associate as client.
3. By defining success as long-term employment, we can break the cycle of leaving employment, returning to public assistance, and being placed in new training programs. We want to be the foundation for associates to grow their careers.

Employment Pathway for Target Groups

The figure below summarizes the pathway to employment we envision for RecoveryPark's associates.

Preliminary Pathway to Employment through Workforce Development Partners



RecoveryPark

Case Studies

Sustainable South Bronx

Business/Organization Summary

- Founded in 2003, SSBx's flagship program, BEST Academy, is dedicated to preparing low-income NYC residents for jobs in the growing green collar sector and address environmental/economic needs in the community.
- BEST 4 Buildings is a full-time 17-week program that covers a variety of topics including green construction, building operations and maintenance, financial education, etc. Graduates receive training and potential certifications across numerous disciplines.
- SmartRoofs LLC is a for-profit social enterprise established by SSBx that installs green roofing across the city of New York and offers some BEST Academy graduates immediate employment upon graduation (founded in 2007).

Business Model

- SSBx is a nonprofit, 501(c)(3) that is financed through both government grants, foundation donations, corporate support, and earned revenues from its projects with SmartRoofs.
- SmartRoofs is a for-profit company that generates revenues from both public and private entities through installation and maintenance contracts.

Management/Employee Structure and Outcomes

- BEST Academy has two sessions annually, one that takes place in the fall and one in the spring.
- BEST graduates a significant portion of its students, and 40 percent of these graduates secure with full-time jobs.

Verde

Business/Organization Summary

- Founded in 2005, Verde Landscape is a landscape contracting company operated by Verde, a non-profit providing ongoing local service to affordable housing residents and other disadvantaged communities in Portland, OR.
- The company trains and employs a workforce capable of installing and maintaining systems to manage storm water, as well as performing other landscape-related construction projects.
- The company is built on the premise that landscapers (called "Crew Members") will:
 1. Get promoted to crew leader and train new crewmembers.
 2. Seek employment at a for-profit landscaping firm.
 3. Start their own business.

RecoveryPark

Business Model

- The company generates revenue through securing contracts from both public and private entities.
- It offers landscape labor to general contractors and landscape subcontractors that need to fulfill the requirements of the City of Portland's Workforce Training & Hiring program registered apprenticeship program.
- The company is financed through government grants and foundation supports.

Management/Employee Structure and Outcomes

- Verde has six full-time and six part-time landscapers
- Verde also has a program manager and a training liaison who work with employees and/or program participants to help them get the training they need to continue to advance their careers.

Seattle Conservation Corps

Business/Organization Summary

- Seattle Conservation Corps is part of the Parks and Recreation department, where 80 to 100 homeless adults are provided a yearlong, structured program that provides them with training and work experience in landscaping, storm water management, etc.
- Each participant signs an individual performance contract agreeing to one year's employment, education, and life skills development.

Business Model

- Unlike most government programs, about 75 percent of the \$4MM budget is raised through project revenues.
- However, the organization does face funding issues at times as its association with the City of Seattle disqualifies it from certain grants, even when project revenues decline, but they are exploring other revenue streams such as selling green infrastructure products (e.g. cisterns and rain barrels)

Management/Employee Structure and Outcomes

- Seattle Conservation Corps has 80-100 participants per year
- Each participant joins a crew averaging 5 members with an experienced staff supervisor, or Crew Lead, to oversee the work that works 5 days a week
- Over half of the members finish the program and improve their living situations. More than 80 percent leave with stable housing, and more than 90 percent leave for long-term employment, paying an average wage of \$9.92 per hour.
- Since 1986, the Corps has launched more than 800 people into full participation in the community

Financials

Assumptions

Complete financial model is in [Appendix 08]

Marketplace Assumptions

- RecoveryPark Farms will be selling a product suite of over 70 different varieties of vegetables, herbs and fruits specifically designed for use by local chefs. The product suite is built and validated by a recent study of local restaurants and their food need, as well as leveraging the industry experience of team members and distribution partners.
- Product pricing is based on current sales stemming from the pilot project, customer research, coordination with our distribution partner, and team member industry experience
- RecoveryPark Farms will leverage two growing techniques to support product depth and 12-month growing cycle using greenhouse hydroponic systems using grow lights to maintain year round output, season extension soil based production using High Tunnel structures.

Cost Assumptions

- \$1,898,835 land purchase cost – municipal land and private ownership are both included in this estimate
- Equipment and Building costs provided by Crop King and Havecon
- Operational and Labor costs for hydroponic growing provided by Crop King and consistent with the industry, soil growing labor costs based on current operations
- Utility rates based on current provider published rates from 2015 or more recent
- 75% property tax abatement provided by City of Detroit – this coincides with the State of Michigan proposed amendment to the Agricultural Tax Abatement program
- Entry level jobs start at \$11/hour with full health benefits

Capital Assumptions

- Financial Model assumes a mixed capitalization structure of approximately 60% Debt to 40% Equity

Debt Breakout

- Primary Debt structure as interest only at 5%

RECOVERYPARK FARMS 5 YEAR PRO FORMA

REVENUE	Year 1	Year 2	Year 3	Year 4	Year 5
Acre of High-Tech Greenhouses	0	3	9	15	15
Acre of High Tunnel Greenhouses 30' x 144'	1	3	5	7	9
REVENUE RESOURCES					
Acre of High-Tech Greenhouses	\$ -	\$ 3,916,836	\$ 11,750,507	\$ 19,584,178	\$ 19,584,178
Acre of High Tunnel Greenhouses 30' x 144'	\$ 226,448	\$ 616,555	\$ 1,154,488	\$ 1,692,422	\$ 2,230,355
TOTAL REVENUE	\$ 226,448	\$ 4,533,390	\$ 12,904,995	\$ 21,276,599	\$ 21,814,533

COSTS	Year 1	Year 2	Year 3	Year 4	Year 5
COST OF GOODS SOLD					
Farm Management	\$ 43,284	\$ 477,990	\$ 1,388,957	\$ 2,155,225	\$ 2,276,448
Seed Costs	\$ 7,500	\$ 74,481	\$ 203,444	\$ 332,407	\$ 342,407
Medium Costs	\$ 1,516	\$ 4,547	\$ 13,640	\$ 40,920	\$ 122,759
Nutrient Costs	\$ 1,832	\$ 71,273	\$ 220,234	\$ 367,057	\$ 367,057
Biological Controls	\$ 5,000	\$ 31,995	\$ 77,515	\$ 122,524	\$ 132,524
Water Costs	\$ 2,100	\$ 65,546	\$ 172,489	\$ 279,805	\$ 284,005
Electricity Costs	\$ 7,600	\$ 621,674	\$ 1,834,621	\$ 3,047,569	\$ 3,062,769
Heating Costs	\$ 42,044	\$ 252,842	\$ 576,192	\$ 899,543	\$ 983,630
Packaging Costs	\$ 12,194	\$ 188,463	\$ 321,700	\$ 346,087	\$ 370,474
Processing & Packaging Labor	\$ 108,540	\$ 722,731	\$ 2,102,417	\$ 3,542,228	\$ 3,817,780
Total Delivery Costs	\$ 33,967	\$ 680,009	\$ 1,935,749	\$ 3,191,490	\$ 3,272,180
Farming Equipment Fuel	\$ 1,200	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Total - Costs of Goods Sold	\$ 266,776	\$ 3,193,951	\$ 8,849,359	\$ 14,327,253	\$ 15,034,432
Gross Margin - Net	\$ (40,328)	\$ 1,339,439	\$ 4,055,636	\$ 6,949,346	\$ 6,780,101
Gross Margin - %	-18%	30%	31%	33%	31%
OPERATING EXPENSES					
Staff Salaries and Benefits	\$ 7,470	\$ 643,406	\$ 675,577	\$ 709,355	\$ 744,823
ASP Management Fees	\$ -	\$ 41,000	\$ 75,000	\$ 150,000	\$ 250,000
Security Costs	\$ 3,600	\$ 36,792	\$ 51,509	\$ 72,112	\$ 100,957
Truck Lease Costs	\$ 6,800	\$ 11,600	\$ 16,400	\$ 21,200	\$ 26,000
Communications & IT	\$ 5,287	\$ 7,930	\$ 11,895	\$ 17,843	\$ 26,765
Office Supplies	\$ 2,000	\$ 2,200	\$ 2,420	\$ 2,662	\$ 2,928
Travel & Entertainment	\$ 4,000	\$ 28,000	\$ 56,000	\$ 56,000	\$ 56,000
Marketing	\$ 12,000	\$ 18,000	\$ 36,000	\$ 36,000	\$ 36,000
Insurance	\$ 4,529	\$ 45,334	\$ 129,050	\$ 212,766	\$ 218,145
Professional Fees	\$ -	\$ 48,000	\$ 72,000	\$ 96,000	\$ 96,000
Repairs & Maintenance	\$ 14,000	\$ 74,000	\$ 165,000	\$ 251,000	\$ 277,000
Land Maintenance	\$ -	\$ 26,180	\$ 26,180	\$ 26,180	\$ 26,180
Property Taxes	\$ 562	\$ 76,513	\$ 228,696	\$ 381,160	\$ 381,160
Depreciation	\$ 47,568	\$ 336,524	\$ 844,655	\$ 1,347,489	\$ 1,395,510
Total - Operating Expenses	\$ 107,816	\$ 1,395,480	\$ 2,390,381	\$ 3,379,768	\$ 3,637,468
TOTAL COSTS	\$ 374,592	\$ 4,589,431	\$ 11,239,740	\$ 17,707,021	\$ 18,671,900

NET INCOME	Year 1	Year 2	Year 3	Year 4	Year 5
NET INCOME					
Operating Income (EBIT)	\$ (148,144)	\$ (56,041)	\$ 1,665,255	\$ 3,569,578	\$ 3,142,633
Operating Margin	-65%	-1%	13%	17%	14%
Interest Expense	\$ 42,000	\$ 251,000	\$ 467,000	\$ 725,000	\$ 675,000
Income Before Taxes (EBT)	\$ (190,144)	\$ (307,041)	\$ 1,198,255	\$ 2,844,578	\$ 2,467,633
Taxes	\$ -	\$ -	\$ 238,364	\$ 967,156	\$ 838,995
Total - Net Income	\$ (190,144)	\$ (307,041)	\$ 959,891	\$ 1,877,421	\$ 1,628,638
Net Income Margin	-84%	-7%	7%	9%	7%
EBITA					
Operating Income (EBIT)	\$ (148,144)	\$ (56,041)	\$ 1,665,255	\$ 3,569,578	\$ 3,142,633
Add: Depreciation	\$ 47,568	\$ 336,524	\$ 844,655	\$ 1,347,489	\$ 1,395,510
Total - EBITA	\$ (100,576)	\$ 280,483	\$ 2,509,909	\$ 4,917,067	\$ 4,538,142
EBITA Margin	-44%	6%	19%	23%	21%
TOTAL EBITA	\$ (100,576)	\$ 280,483	\$ 2,509,909	\$ 4,917,067	\$ 4,538,142

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DEL BENE PRODUCE

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March 9, 2016

Gary Wozniak
President and CEO
RecoveryPark
5470 Chene
Detroit, MI 48211

Dear RecoveryPark Farms Supporter,

Del Bene Produce is a wholesale produce company in Detroit's Eastern Market. Our customers are restaurants and other foodservice businesses throughout metropolitan Detroit, Ann Arbor and Grand Rapids. Since 1988, we have been committed to providing quality service and delivering exceptional products for our customers. Our company is dedicated to exceeding customer expectations and delivering only the best products.

Part of our commitment to providing exceptional products includes stocking and shipping specialty and locally-grown produce. Both of these categories – particularly locally-grown specialty produce – are a growing and increasingly important part of our business. Given these trends and our customer expectations, Recovery Park Farms makes an excellent partner for Del Bene Produce.

Looking to provide both companies' customers the best possible service, we are working toward an exclusive distributor agreement with RecoveryPark Farms for the 2016 season. We hope to build on this agreement with a formal partnership in 2017 or 2018. This arrangement will allow RecoveryPark Farms to focus on growing top-quality, in-demand produce and Del Bene Produce to sell and deliver the products our customers demand.

Working from a distribution agreement into a closer relationship will create a strong brand for both companies. To build this brand and maximize success, RecoveryPark Farms will distribute all produce through Del Bene Produce. We will work with Recovery Park Farms to create effective crop plans, and our sales force will market products to existing and new customers.

Del Bene Produce is built on customer relationships, and these relationships are built on quality service and exceptional products. RecoveryPark Farms is an excellent complement to the business we have built and we look forward to the successes we can create together.

Sincerely,

Fred Del Bene
Del Bene Produce, Inc.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2016-**

**APPROVAL OF AN INCENTIVE GRANT TO RECOVERYPARK AND
RECOVERYPARK FARMS, INC.**

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

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

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

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

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

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

WHEREAS, RecoveryPark and RecoveryPark Farms (“Grantee”) is interested in developing, financing, building, owning and operating an urban agriculture farm for specialty produce, consisting of “high tunnel” and greenhouse facilities in Detroit, MI (“Project”);

WHEREAS, the Grantee has requested a performance based grant award from the MSF under MCL 125.2088b(2)(c) for the Project in an amount not to exceed up to \$400,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the Award Request will provide bridge financing that will allow RecoveryPark and RecoveryPark Farms Inc. to continue development while full, Phase 1 financing is obtained;

WHEREAS, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; (iii) a requirement that expenditure of any MSF funds by the Grantee is authorized by the Grantee’s Treasurer; and (iv) execution of the final documentation for the Award Request 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 (“Award Recommendation”);

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Award Recommendation from the funds appropriated in 2015 PA 84 of 2015, Article VIII, Part 1 Section 109, Subsection 3, for business attraction and community revitalization; and

BE IT FURTHER RESOLVED, the MSF Board approves the transfer of MBD Program Funds in the amount of the Award Request to be used for the Project under MCL. 125.2088b(2)(c); and

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate the above approved Award Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016



MEMORANDUM

Date: March 22, 2016

To: MSF Board

From: David Lorenz, Vice President, Travel Michigan
Michigan Economic Development Corporation

Subject: Tourism Promotion Representative in China Request for Proposals

REQUEST

That the Michigan Strategic Fund (“MSF”) issue an RFP seeking a representative for tourism promotion in China.

BACKGROUND

In an effort to promote tourism in China, MEDC/MSF wants to issue an RFP, for a firm with a business presence in China and experience representing U.S. destinations in China to represent Travel Michigan in the Chinese market. The scope of work includes, creating a strategy to attract more Chinese visitors, particularly leisure visitors, to Michigan; creating Chinese-language brochures, e-newsletters, social media and website; working with tour operators to get more Michigan product in Chinese tour operator catalogs; identifying Chinese travel journalists to invite to Michigan for Fam Tours; hosting Fam Tours in Michigan; identifying and representing Michigan at key Chinese travel and tourism trade shows; securing appointments with top Chinese tour operators and media; and devising and executing consumer promotions to build consumer awareness of Michigan as a destination.

RECOMMENDATION

The MEDC recommends that the MSF Board approve the release of the RFP seeking a representative for tourism promotion in China.

MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

MICHIGAN TOURISM PROMOTION IN CHINA REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF wishes to solicit proposals from vendors to develop and implement campaign for Michigan tourism promotion in China;

WHEREAS, the MEDC recommends that the MSF issue the attached Request for Proposals (“RFP”) to invite proposals from vendors to develop and implement campaign for Michigan tourism promotion in China (“Michigan Promotion RFP”);

WHEREAS, the MSF Board reviewed the Michigan Promotion RFP attached to this Resolution, which includes provisions required by the Act and establishes a standard process to evaluate proposals submitted as a result of the RFP; and

WHEREAS, the MSF Board desires to authorize issuance of the Michigan Promotion RFP.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the issuance of the Michigan Promotion RFP; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager to modify the Michigan Promotion RFP as may be necessary or appropriate, so long as the modifications are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

REQUEST FOR PROPOSALS

MICHIGAN STRATEGIC FUND

CHINA REPRESENTATIVE

RFP-CASE-167901

DRAFT

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-167901 Technical Proposal” and “RFP-CASE-167901 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

- **March 29, 2016, at 3:00 p.m.:** 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.
- **April 1, 2016, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, **INSERT URL**.
- **April 15, 2016, at 3:00 p.m.:** 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.**

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REQUEST FOR PROPOSAL
CHINA REPRESENTATIVE
RFP-CASE-167901

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

SECTION I STATEMENT OF WORK

PURPOSE

Travel Michigan, a business unit of the MEDC and on behalf of the MSF, is seeking representation for tourism promotion in China. Specifically, we are seeking a firm with a business presence in China and experience representing U.S. destinations in China to represent Travel Michigan in the Chinese market. The scope of work for this contract must include, but not limited to, creating a strategy to attract more Chinese visitors, particularly leisure visitors, to Michigan; creating Chinese-language brochures, e-newsletters, social media and websites; working with tour operators to get more Michigan product in Chinese tour operator catalogs; identifying Chinese travel journalist to invite to Michigan familiarization tours; hosting familiarization tours; identifying and representing Michigan at key Chinese travel and tourism trade shows; and devising and executing consumer promotions to build consumer awareness of Michigan as a travel destination.

The MSF anticipates executing a multi-year contract with the selected vendor and expects to add additional funding each year of the contract term to continue implementation and enhancement of the tourism promotion campaign in China. Travel Michigan's anticipated budget for tourism promotion in China is \$300,000 per year. Based on this total budget, Travel Michigan is requesting proposals for strategy, scope of work and detailed budget which would maximize those dollars to promote Michigan as a leisure destination in China.

QUALIFICATIONS

Vendors responding to this RFP must have a minimum of five years' experience representing American destinations for tourism promotion in overseas markets and two years' experience representing U.S. destinations for tourism promotion in China.

DELIVERABLES

Deliverables to be provided by the selected vendor include, but are not limited to, creating a strategy to attract more Chinese visitors, particularly leisure visitors, to Michigan; creating Chinese-language brochures, e-newsletters, social media and web sites; working with tour operators to get more Michigan product in Chinese tour operator catalogs; identifying Chinese travel journalists to Michigan for familiarization tours; identifying and representing Michigan at key Chinese travel and tourism trade shows; and devising and executing consumer promotions to build consumer awareness of Michigan as a destination.

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.

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 **3:00 p.m. on April 15, 2016**. 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-167901 Technical Proposal*" and "*RFP-CASE-167901 Price Proposal*" with *Company Name*, and "*message 1 of 3*" as appropriate if the bid consists of multiple emails.

**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 **3:00 pm on March 29, 2016**. 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 **3:00 p.m. on April 15, 2016**. 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 April 15, 2016. 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.

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.	Statement of Work	40
2.	Bidder Information	30
3.	Prior Experience	15
4.	Staffing	15
	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

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.

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 or the Foreign Corrupt Practices 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

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 **3:00 p.m. on April 15, 2016**. 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

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

Q) JURISDICTION

Any legal actions arising out of or concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, 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.

DRAFT

**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 **MONTH XX, 20XX** through **MONTH XX, 20XX**.
- 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) 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 brief written monthly summaries 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.

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. This amount includes all embedded expenses.
- B) 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.
- 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 Contract & Grant Payment Express website (www.cpexpress.state.mi.us).
- 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;
- 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.

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.

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.

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.

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 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 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 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.

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, 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: _____

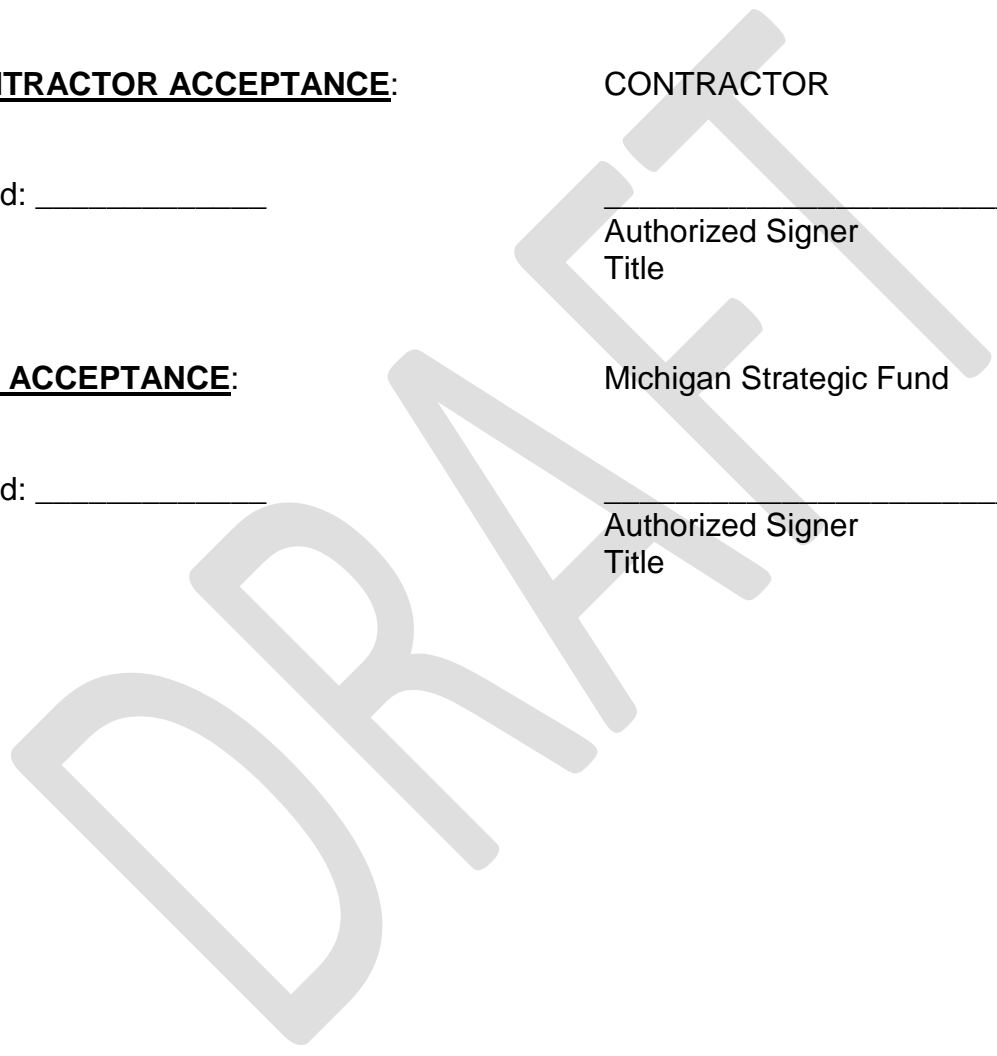
Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund

Dated: _____

Authorized Signer
Title



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 _____



MEMORANDUM

Date: March 22, 2016
To: MSF Board
From: Dave Lorenz, Vice President Travel Michigan
Subject: Travel Marketing and Advertising Request for Proposals

BACKGROUND

Travel Michigan currently works with an advertising agency to develop and implement the marketing efforts for the Pure Michigan campaign. In September 2015, the Board authorized the Fund Manager to enter into the final one year extension allowed under the contract agreement for travel marketing and advertising services.

In accordance with Section 88b(6) of the Michigan Strategic Fund Act, 1984 PA 270, as amended, MCL 125.2088b(5) the Michigan Strategic Fund (“MSF”) Board may select all vendors for all expenditures under this chapter by issuing a Request for Proposals (“RFP”) or an alternative competitive process as determined by the fund board.

OBJECTIVES

The primary objective of this RFP is to assist the MSF, MEDC and Travel Michigan in the development and implementation of an integrated marketing campaign to:

- Increase visibility of Michigan as the ideal vacation destination in the U.S. and International markets via the Pure Michigan campaign
- Drive traffic to michigan.org
- Increase leisure spending in all of Travel Michigan’s targeted markets

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

RECOMMENDATION

The MEDC recommends that the MSF Board approve the release of the RFP for the marketing and advertising services.

MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

TOURISM MARKETING REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF wishes to solicit proposals to develop and implement a tourism marketing campaign;

WHEREAS, the MEDC recommends that the MSF issue the attached Request for Proposals (“RFP”) to invite proposals from vendors to develop and implement a tourism marketing campaign (“Tourism Marketing RFP”);

WHEREAS, the MSF Board reviewed the Tourism Marketing RFP attached to this Resolution, which includes provisions required by the Act and establishes a standard process to evaluate proposals submitted as a result of the RFP; and

WHEREAS, the MSF Board desires to authorize issuance of the Tourism Marketing RFP.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the issuance of the Tourism Marketing RFP; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager to modify the Tourism Marketing RFP as may be necessary or appropriate, so long as the modifications are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

REQUEST FOR PROPOSALS
MICHIGAN STRATEGIC FUND
TOURISM MARKETING ADVERTISING
RFP-CASE-167582

DRAFT

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-167582 Technical Proposal” and “RFP-CASE-167582 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

- **April 8, 2016, at 3:00 p.m.:** 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.
- **April 15, 2016, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, **INSERT URL**.
- **May 4, 2016, at 3:00 p.m.:** 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.**

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REQUEST FOR PROPOSAL
TOURISM MARKETING ADVERTISING
RFP-CASE-167582

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

SECTION I STATEMENT OF WORK

A) PURPOSE

The purpose of this RFP is to obtain proposals from advertising agencies to develop and implement the Pure Michigan travel brand and promote tourism in the State of Michigan.

B) BACKGROUND STATEMENT AND OBJECTIVES

The MSF desires to develop and implement a fully integrated travel marketing and promotional campaign under the Pure Michigan brand that will influence travelers to visit Michigan and generate visitor engagement to michigan.org and social media platforms.

Pure Michigan is a brand representing business, talent and tourism initiatives across Michigan. These efforts are driven by the MEDC on behalf of the MSF. The MEDC serves as the state's marketing arm and lead advocate for business growth, jobs and opportunity with a focus on helping grow Michigan's economy. Leisure travel initiatives are headed by Travel Michigan which is a business unit within the MEDC and serves as the state's tourism promotion office.

Travel Michigan is the lead on all marketing, public relations, social media, event planning and industry outreach efforts related to leisure travel and tourism within the organization, and the state.

Tourism Industry

Tourism, as one of the state's largest industries, is crucial to Michigan's economy. In 2014, tourism contributed \$22 billion in visitor spending to the state's economy. Michigan's tourism promotion budget in 2015 was \$29 million, of which \$12.7 million was spent on media placement. In 2016 the MSF and MEDC tourism promotion budget is \$33 million. For planning purposes, the MSF and MEDC estimate a tourism promotion budget of \$33 million for fiscal year 2017. The MSF anticipates executing a multi-year contract with the selected vendor and expects to add additional funding each year of the contract term to continue implementation and enhancement of the tourism campaign.

The State's tourism mission is to increase visitor spending in Michigan. The overall tourism marketing goals are:

- Sell Michigan as the ideal vacation destination to U.S. and International markets
- Drive traffic to michigan.org
- Generate awareness of michigan.org as a travel planning tool

To accomplish its mission and goals, the MSF and MEDC apply an integrated marketing approach that includes media (television, cable, radio and digital campaigns), print, e-newsletter, search engine optimization, paid search, outdoor advertising, travel guide (*Pure Michigan travel guide*), public relations, Pure Michigan store, michigan.org, and social media:

Facebook, Twitter, Instagram, Pinterest, Snapchat, You Tube and Pure Michigan Blog. Many of these promotional avenues are managed by other contractors. The selected vendor will be required to work with other Travel Michigan partners in coordination of creative needs.

In 2015, michigan.org had 12.7 million user sessions, making it the most popular state tourism web site in the U.S. by volume. All marketing efforts direct potential travelers to the web site. The michigan.org travel web site offers information on Michigan attractions, events, hotels, deals, resorts, campsites, museums, parks, driving tours and other tourism related businesses. The web site also serves as an information source and portal for a majority of Michigan's travel destinations, destination marketing organizations, convention and visitors bureaus and tourism properties. The web site database is continuously updated with the most current information by the travel industry and the MEDC. The current website is slated for a complete redesign in 2016.

Michigan's target markets are categorized by:

- National -- Travel marketing is designed to showcase what makes Michigan unique and to increase visitation to Michigan from more-distant markets outside the Great Lakes region.
- Regional markets – They include Chicago, Cleveland, Indianapolis, Milwaukee, Cincinnati, Columbus, and Dayton.
- Feeder markets – Nearby markets that feed Michigan with high volumes of travel. They include Toledo, South Bend-Elkhart, Fort Wayne, Green Bay-Appleton, Minneapolis-St. Paul, and St. Louis
- Michigan market
- International markets – Canada, UK, Germany and China

International outreach

International marketing efforts are coordinated in cooperation with Brand USA to reach potential visitors in the Canadian, UK, German and China markets. Brand USA an entity of the U.S. Government was established to promote U.S. destinations to the international market. Travel Michigan is part of the Brand USA partner program and the selected vendor will work with Travel Michigan, and Brand USA in delivering media plans and creative elements. In 2015, the Canadian market media components included TV, digital, outdoor advertising and radio campaigns. Other promotional marketing efforts were developed for the UK, German and China markets in collaboration with our in-country agencies. These included a market guide, print advertising and destination-specific videos.

Partnership Program

At the desire to further collaborate with local travel destinations, the MEDC developed a tourism industry dollar-for-dollar advertising matching fund program in 2002. Each partnership was required to strategically fit Michigan's existing marketing strategy and advertising campaign. Individual campaigns utilized various media approaches, i.e., television, radio, outdoor advertising and e-mail blasts. The advertising campaigns were designed to cut through the clutter and heavily promote Michigan-featured destinations and michigan.org as a vacation planning tool. Interest in the program has grown since this program's initial launch in 2002 with three convention and visitors bureau ("CVB") partners. In FY 2016, more than 40 advertising

partners committed \$6.4 million in private sector funds for television, radio, and online advertising. Travel Michigan matched the private sector partnerships dollar-for-dollar for a total partnership advertising budget of \$12.6 million. The selected vendor will be responsible for working with Travel Michigan and its partners to implement the Marketing Partnership Program, including media planning/placement, advertising, creative development and invoicing that is completed on an individual basis for each partner.

2016 Pure Michigan Partnerships

National Cable TV Campaign Advertising Partners
Ann Arbor CVB (\$500,000 contribution)
Grand Rapids CVB (\$500,000 contribution)
Great Lakes Bay Region (Bay City, Birch Run, Chesaning, Frankenmuth, Midland and Saginaw) (\$500,000 contribution)
Traverse City CVB (\$500,000 contribution)
Henry Ford (\$500,000 contribution)
In-State and Out-of-State Campaign Advertising Partners
Alpena CVB
Beachtowns (Grand Haven, Holland, Muskegon, St. Joseph, Saugatuck/Douglas, Silver Lake Sand Dunes and South Haven) *
Charlevoix
Cheboygan
Coldwater/Branch County CVB
Escanaba
Frankenmuth CVB
Gaylord CVB
Holland CVB
Keweenaw Peninsula
Lenawee/Irish Hills
Ludington and SS Badger
Manistee CVB
Manistique

Marquette CVB
Michigan Apple Committee
Michigan Snowsports Industries Association
Mt. Bohemia
Mt. Pleasant CVB
Sault Ste. Marie CVB
South Haven CVB
St. Ignace CVB
Sunrise Coast (Alpena, Au Gres, Au Sable/Greenbush/Oscoda, East Tawas/Tawas, Harrisville and Rogers City/Presque Isle)
Tecumseh CVB
In-State Campaign Advertising Partners
Harbor Springs CVB
Mackinac Island
Mackinaw City CVB
Michigan Adventure
Out-of State Campaign Advertising Partners
Battle Creek CVB
Blue Water Area CVB (Algonac/Clay, Harbor Beach, Lexington, Marine City, Marysville, Port Austin, Port Huron, Port Sanilac and St. Clair)
Cadillac CVB
Detroit CVB
Flint CVB
Jackson CVB
Kalamazoo CVB
Greater Lansing CVB
Michigan Wine Council
Muskegon CVB
Petoskey CVB

Porcupine Mountains CVB
Silver Lake Sand Dunes CVB
The Henry Ford
Ypsilanti CVB

Passion Marketing

The Pure Michigan campaign is focusing efforts to promote activity, or passion-based marketing. Marketing strategies moving forward will need to emphasize this dynamic of promoting activities or interests and then funneling down to specific places. Travel Michigan has identified a list of passions, or interests, based on research, that Michigan excels at delivering for the leisure travelers. For 2016, the six passions Travel Michigan is focused on are: Pure Michigan Snow Day (winter), Lake Effect (summer), Scenic Route (fall), Golf, Craft Beer and Urban DNA/the Detroit Comeback story.

Corporate Partnerships

Travel Michigan has established key strategic partnerships with corporate partners to extend the awareness of the Pure Michigan brand. To leverage out-of-state reach, the Detroit Tigers and Pure Michigan 400 have collaborated with Travel Michigan. In addition, strong relationships have been created with Detroit Metro Airport, Coca-Cola, Kroger, Hudsonville Ice Cream and Absopure to name a few. The selected vendor will assist Travel Michigan in the creative development needed to execute these important relationships and others.

Paid Search Background

Travel Michigan also has an active paid search campaign designed to promote and increase web traffic to michigan.org. The campaign is used to promote specific destinations and initiatives throughout the year. The selected vendor will be required to recommend, design and implement a paid search campaign targeting prospective travelers in our key markets. The selected vendor will be responsible for managing and implementing the program with guidance from Travel Michigan.

Objectives

- Increase site traffic to michigan.org
- Increase conversions and Key Performance Indicators (“KPIs”)
- Decrease cost-per-conversion

Conversions include, but are not limited to, newsletter signups, Pure Michigan Digital Travel Guide downloads, outbound clicks to partner websites, and other key actions.

Please note: Travel Michigan prefers the selected vendor to maintain Google Partner status and be Google AdWords certified. Please identify your experience with automated bid management software in your technical proposal. Please also include an example of a client monthly report in the technical proposal.

Research Tools

Travel Michigan, in conjunction with Longwoods International, a research firm specializing in advertising research and return on investment, has been conducting yearly studies assessing the impact of the warm weather season advertising on a national level and regional level since 2004. The focus of the study is to show the impact Michigan's advertising has on the perceptions of Michigan as a travel destination, the levels of travel generated by the advertising, and the economic impact of the travel. The study also provides detailed findings relating to travel motivators and hot buttons of potential travelers in our target markets. Strategically, along with other research tools, this study will provide campaign guidance and invaluable data into the target market.

In 2014 Michigan hosted 113.4 million visitors in the state; more than 4.1 million trips were made to the state by out-of-state visitors influenced by the award-winning Pure Michigan campaign. Since its launch in 2006, visitors have spent over \$6.5 billion at Michigan businesses and paid \$459.4 million in Michigan taxes, primarily sales tax.

The campaign's 2014 return on investment (ROI) was \$6.87 in state revenue for each Pure Michigan advertising dollar spent -- the best ROI to date for the campaign. The cumulative ROI for 2006 through 2014 is \$4.81.

OBJECTIVES OF THE REQUEST FOR PROPOSALS

General:

The primary objective of this RFP is to assist MSF and Travel Michigan in the development and implementation of a marketing program under the Pure Michigan brand that results in increased leisure visitor spending in all of MSF and Travel Michigan's targeted geographic, industry and audience markets.

The selected vendor must have the proven ability to creatively promote the Pure Michigan brand and the media expertise to provide new outreach opportunities to continue the effectiveness of the campaign to our target markets.

The overall goal is to increase awareness of *michigan.org* as the official State of Michigan travel web site and drive inquiries to the web site and social media platforms and, to increase awareness of the state of Michigan as a desirable location for travel.

The primary measure of success will be the increase in annual visitor spending, the travel ROI as determined by the Longwoods annual report. The selected vendor must be able to work in partnership with MSF and MEDC to develop and implement a program that will be a key component of MSF and MEDC's advertising and marketing strategy.

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.

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 **3:00 p.m. on May 4, 2016**. 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-167582 Technical Proposal*" and "*RFP-CASE-167582 Price Proposal*" with *Company Name*, and "*message 1 of 3*" as appropriate if the bid consists of multiple emails.

**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 **3:00 pm on April 8, 2016**. 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 **3:00 p.m. on May 4, 2016**. 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 4, 2016. 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.

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.	Statement of Work	40
2.	Bidder Information	30
3.	Prior Experience	15
4.	Staffing	15
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

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.

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

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 **3:00 p.m. on May 4, 2016**. 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

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

Q) JURISDICTION

Any legal actions arising out of or concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, 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.

DRAFT

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 **MONTH XX, 20XX** through **MONTH XX, 20XX**.
- 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) **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 brief written monthly summaries 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.

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. This amount includes all embedded expenses.
- B) 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.
- 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.
- 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 Contract & Grant Payment Express website (www.cpexpress.state.mi.us).
- 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;
- 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.

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.

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.

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.

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 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 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, 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.

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, 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: _____

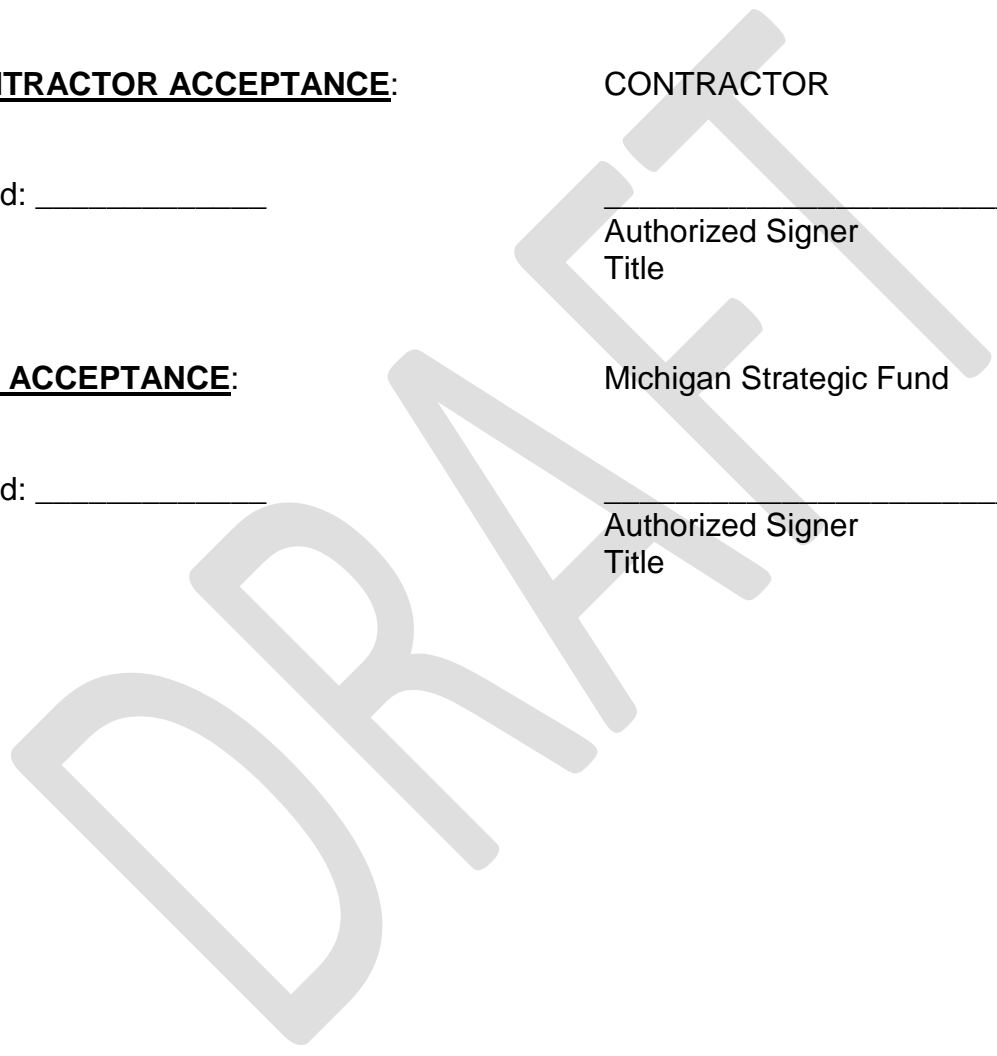
Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund

Dated: _____

Authorized Signer
Title



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 _____

MEMORANDUM

Date: March 22, 2016
To: MSF Board
From: Emily Guerrant, VP Marketing & Public Relations
Dave Lorenz, VP Travel Michigan
Subject: Public Relations and Social Media Request for Proposals

BACKGROUND

Public relations and social media efforts are a core function of communicating Michigan's messages – both with regards to business attraction and leisure travel efforts.

The MEDC and Travel Michigan currently works with an agency to extend and complement its ongoing marketing efforts both within the state and nationally and in some instances internationally. In September 2015, the Board authorized the Fund Manager to enter into the final one year extension allowed under the contract agreement for business and travel public relations and social media services.

In accordance with Section 88b(6) of the Michigan Strategic Fund Act, 1984 PA 270, as amended, MCL 125.2088b(5) the Michigan Strategic Fund (“MSF”) Board may select all vendors for all expenditures under this chapter by issuing a Request for Proposals (“RFP”) or an alternative competitive process as determined by the fund board.

OBJECTIVES

The primary objective of this RFP is to assist the MSF, the MEDC and Travel Michigan in the development and implementation of an integrated public relations and social media program to:

- Improve, among business leaders, the perception of Michigan as a desirable place to do business.
- Increase the visibility of Michigan as a regional and national leisure travel destination.
- Improve the perception of Michigan as a desirable place to live, work and play.

These objectives would feed into the core mission of the MSF and the MEDC to generate additional national and in-state business investment, grow leisure travel spending in the state and improve Michigan's image as a business location and travel destination.

RECOMMENDATION

The MEDC recommends that the MSF Board approve the release of the RFP for the public relations and social media program.

MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

PUBLIC RELATIONS REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF wishes to solicit proposals to develop and implement an integrated public relations and social media program to improve the perception of the State of Michigan as a desirable place to do business, as a regional and national leisure travel destination, and as a desirable place to live, work and play;

WHEREAS, the MEDC recommends that the MSF issue the attached Request for Proposals (“RFP”) to invite proposals from vendors to improve the perception of the State of Michigan as a desirable place to do business, as a regional and national leisure travel destination, and as a desirable place to live, work and play (“Public Relations RFP”);

WHEREAS, the MSF Board reviewed the Public Relations RFP attached to this Resolution, which includes provisions required by the Act and establishes a standard process to evaluate proposals submitted as a result of the RFP; and

WHEREAS, the MSF Board desires to authorize issuance of the Public Relations RFP.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the issuance of the Public Relations RFP; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager to modify the Public Relations RFP as may be necessary or appropriate, so long as the modifications are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

REQUEST FOR PROPOSALS
MICHIGAN STRATEGIC FUND
PUBLIC RELATIONS AND SOCIAL MEDIA
RFP-CASE-XXXXXX

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-XXXXXX *Technical Proposal*” and “RFP-CASE-XXXXXX *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

- **April 8, 2016, at 3:00 p.m.:** 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.
- **April 15, 2016, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, **INSERT URL**.
- **May 4, 2016, at 3:00 p.m.:** 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.**

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REQUEST FOR PROPOSAL
PUBLIC RELATIONS AND SOCIAL MEDIA
RFP-CASE-XXXXXX

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

SECTION I STATEMENT OF WORK

PURPOSE

The MSF is seeking a contractor to assist in the development, planning and execution of public relations and social media activities and promotional events related to both business attraction and leisure travel marketing efforts in the state of Michigan. The MSF anticipates executing a multi-year contract with the selected vendor and expects to add additional funding each year of the contract term to continue such services.

BACKGROUND AND OBJECTIVES

The MSF is requesting agency proposals for a comprehensive integrated public relations and social media program, which will complement its ongoing marketing efforts both within the state and nationally and in some instances internationally.

Pure Michigan is a brand representing business, talent and tourism initiatives across Michigan. These efforts are driven by the Michigan Economic Development Corporation, which serves as the state's marketing arm and lead advocate for business growth, jobs and opportunity with a focus on helping grow Michigan's economy. Leisure travel initiatives are headed by Travel Michigan which is part of the MEDC and serves as the state's tourism office.

Within MEDC, the Marketing and Communications department is the lead on all public relations, social media, marketing, event planning and protocol events related to the business development programs and other placemaking initiatives within the organization.

Within MEDC, Travel Michigan is the lead on all public relations, social media, marketing, event planning and industry outreach efforts related to leisure travel and tourism efforts within the organization, and the state.

RFP Objectives

The primary objective of this RFP is to assist the MSF, the MEDC and Travel Michigan in the development and implementation of an integrated public relations and social media program to do the following:

- Improve, among business leaders, the perception of Michigan as a desirable place to do business.
- Increase the visibility of Michigan as a regional and national leisure travel destination.
- Improve the perception of Michigan as a desirable place to live, work and play.

These objectives would feed into the core mission of the MSF and the MEDC to generate additional national and in-state business investment, grow leisure travel spending in the state and improve Michigan's image as a business location and travel destination.

Business Marketing Objectives

Public Relations

Public relations efforts are a core function of communicating Michigan's messages. The Contractor would be responsible for developing a strategic communications plan each year that supports MEDC's strategic focus and its programs. The main audience is the business community, but there is cross-over with general consumers on some themes, such as talent. We target decision makers, site selectors, and key business influencers and media. Public relations also supports the Pure Michigan brand usage with economic development and business partners, often working in conjunction with other state departments and partner stakeholders.

Public Relations Objectives

- Position Michigan within national media outlets as the place for business development and expansion (specific industries might include automotive, advanced manufacturing, aerospace, and agribusiness).
- Position Michigan with national media outlets as the future of autonomous vehicle technology and light-weight material manufacturing.
- Promote proactive "good news" story creation and support.
- Integrate public relations efforts with marketing strategies.
- Improve the perception of Michigan as a place to do business.
- Position Michigan within national venture capital communities as a place for investment.
- Improve the perception of Michigan as a place for entrepreneurial growth.
- Improve the perception of Michigan as an ideal location to live, work and play.

Contractor Responsibilities

- Develop and implement an annual strategic communications plan for MEDC business messaging.
- Develop and proactively pitch media on business and community development announcements; provide any necessary follow-up and tracking.
- Conduct daily media tracking and coding.
- Plan, coordinate and execute media familiarization tours to Michigan, with business themes.
- Support international efforts when needed, specifically tied to trade missions.
- Participate in regular calls and strategy meetings with MEDC staff.
- Provide monthly reporting including, but not limited to impressions generated, clips tracking, month over month and year over year social channel metrics.
- Collaborate with Collaborative Development Council partners and marketing teams throughout the state.

Social Media

MEDC's social media efforts have propelled the organization to become among the Top 10 most-followed statewide economic development agencies in the nation on Facebook, LinkedIn, Twitter and YouTube. MEDC's social media approach is threefold: amplification of MEDC's economic development initiatives, transparency into the MEDC organization and customer service. Social media postings and community management is handled internally by MEDC staff. There are 29 social channels managed by 13 individuals across the organization. The Contractor is expected to assist with, among other duties, creating an annual strategic plan

for social media communications, developing social media playbooks, and recommending and executing paid social media advertising. The overall objective is to market Michigan and showcase the economic development tools and programs to drive job creation and investment with a focus on business growth and vibrant communities.

Social Media Objectives

- Increase the number of MEDC social media followers to broaden reach of the MEDC message.
- Increase audience engagement to maximize exposure of MEDC content.
- Increase website traffic to MichiganBusiness.org from social networks.

Contractor Responsibilities

- Assist with the development of an annual strategic social media communication plan aligned with MEDC's business goals.
- Create an editorial calendar and contribute stories to the MEDC News Room that align with MEDC's key pillars (See News Room here: <http://www.michiganbusiness.org/news>)
- Create infographics and other social content that promotes Michigan's pro-business environment.
- Evaluate and implement opportunities for paid social media support among key business audiences.
- Identify and conduct Twitter chats with partner organizations.
- Develop Social Media Playbooks as needed for MEDC-sponsored conferences, to be shared with partners to empower them to be involved socially and share updates before, during and after the conference.
- Identify opportunities and assist with implementing strategies to increase social media adoption, collaboration and integration across MEDC.
- Prepare and provide monthly social media reports including audience growth, engagement, and other key metrics.

Leisure Travel Objectives

Public Relations

The public relations efforts are a core element of the Pure Michigan campaign and Travel Michigan's efforts to drive leisure travel to and from within the state. These efforts have been recognized nationally, being awarded 18 HSMAI Adrian Awards in the past five years, including Best of Show for Public Relations in 2014. The Contractor will be expected to work collaboratively with Travel Michigan's public relations and social media team to develop and execute innovative and engaging strategies, tactics, events and pitches to earn media coverage nationally, regionally and in-state as well as across platforms including broadcast, print and digital media.

Key national markets for public relations efforts will include New York City, Washington DC, Atlanta and Dallas. Key regional markets for public relations efforts will include Chicago, Toronto, Southern Ontario, Cleveland, Columbus, Cincinnati, Dayton, Toledo, Indianapolis, Fort Wayne, South Bend, Milwaukee, Green Bay, Minneapolis and St. Louis. Key in-state markets

Travel Michigan collaborates closely with local and statewide industry partners on a significant number of its public relations initiatives. The Contractor will be expected to cultivate relationships with the public relations professionals within Michigan's tourism industry and incorporate opportunities for local partners within various projects and initiatives.

Now in its 10th year, the Pure Michigan campaign is shifting its marketing focus from event and destination driven marketing, to activity, or passion-based marketing. Public relations strategies will need to emphasize this dynamic of promoting activities or interests, then funneling down to specific places. Travel Michigan has identified a list of passions, or interests, that Michigan excels at delivering for the leisure travelers. For the current year, the six passions Travel Michigan is executing are: Pure Michigan Snow Day (winter), Lake Effect (summer), Scenic Route (fall), Golf, Craft Beer and Urban DNA/the Detroit Comeback story.

Public Relations Objectives

- Position Michigan within national leisure travel and lifestyle media as a top destination for travelers in the U.S.
- Position Michigan as a top leisure travel destination within influencer media in key passion areas, including golf, craft beer, automotive heritage, outdoor recreation/trails and fall color touring (among others).
- Highlight the diversity of the state's leisure travel offerings, including seasonality and geographic diversity.
- Encourage in-state travelers to travel to new regions of the state and create opportunities for weekend getaways.
- Inspire travelers to extend their stay (instead of a day trip, an overnight trip; instead of a weekend trip a week-long trip, etc.)
- Ensure geographic diversity in all media plans and pitching and create media pitches to increase awareness of Michigan's "hidden gems."
- Integrate public relations efforts with campaign marketing strategies.

Contractor Responsibilities

- Develop and implement an annual strategic and tactical communications plan for Travel Michigan leisure travel messaging.
- Develop and proactively pitch in-state, regional and national media – print, broadcast and digital – on leisure travel story opportunities; provide any necessary follow-up and tracking.
- Develop public relations strategies around key passion-based activities (such as golf, craft beer, winter recreation).
- Develop a long-lead pitch strategy and vehicle for delivery.
- Develop and execute golf-specific public relations strategy.
- Plan, coordinate and execute media familiarization tours to Michigan.
- Pitch and coordinate in-market media interviews for key Travel Michigan staff when they are traveling in markets both in-state and out-of-state.
- Identify and execute opportunities to promote the Pure Michigan brand and travel experience in front of national leisure travel audiences.
- Attend the Pure Michigan Governor's Conference on Tourism annually.
- Participate in regular calls and strategy meetings with Travel Michigan staff.

- Provide monthly reporting including, but not limited to impressions generated, clips tracking, budget updates, month over month and year over year social channel metrics.
- Collaborate with industry partners, including Convention and Visitors Bureaus, trade associations and destination marketing organizations throughout the state.

Social Media

Social media and word of mouth are among the most persuasive means of influencing travel decisions. Social media plays a pivotal role through every stage of the traveler's decision-making process, from dreaming, researching, booking a trip and, ultimately, sharing their experience once at their vacation destination. Two-thirds (66 percent) of Americans say they spend time using social media while on vacation, according to a Hotels.com travel survey of 2,495 respondents across 28 countries in July 2014.

Pure Michigan ranks among the world's Top 10 travel destinations for its social media efforts, according to SkiftIQ's analysis of more than 400 destinations globally. It is the #1 travel brand in the world on Instagram, as measured by the number of people who have uploaded photos with the hashtag #PureMichigan. Among the Top 1,000 tourist boards in the world on Twitter, Pure Michigan is in the Top 1%, ranking at #13, ahead of California, Dubai, Hawaii, Japan, New Zealand and Spain (2015 Rise Global Report).

Pure Michigan has a loyal and engaged community of more than 2 million followers across Facebook, Twitter, Instagram, Snapchat, YouTube, Pinterest, Google+ and the blog. The general duties of the Contractor include curating and creating engaging content that informs and inspires people to travel to Michigan, providing community management, hosting contests and servicing the Pure Michigan Social Media Partnership Program.

The Pure Michigan Social Media Partnership Program allows travel partners from around the state to share updates on news events and more to a larger audience by tapping into Pure Michigan's Facebook community and social media advertising expertise. The partnership program allows travel entities (Convention & Visitors' Bureaus and tourism related businesses) to contribute funds toward a Promoted Post on Pure Michigan's Facebook page, which Travel Michigan will then match. The co-op program allows partners to reach far more people than an organic, non-paid post and all links point to an appropriate page on michigan.org. The Contractor is responsible for working with Travel Michigan and its partners to manage and implement the Social Media Partnership Program and generate reports for each partnership.

Social Media Objectives

- Increase the number of social media followers to broaden reach of the Pure Michigan message.
- Increase audience engagement to maximize exposure of Pure Michigan content and build loyalty among fans.
- Increase website traffic to michigan.org from social networks.
- Engage and collaborate with the public relations, marketing and web teams to ensure cohesion across the public-facing aspects of the brand.

Contractor Responsibilities

- Develop and maintain a quarterly editorial calendar and management of the Pure Michigan blog and other social channels including Facebook, Twitter, Instagram, Pinterest and Google+. Pure Michigan is also active on Snapchat and YouTube which are managed internally by Travel Michigan staff.
- Create and curate social content that promotes Michigan as a four-season travel destination and aligns with identified passions.
- Provide community management including responding to comments, engaging the public and interacting with followers to build loyalty and inspire visits to Michigan.
- Maintain calendar, coordination and execution of the Pure Michigan Social Media Partnership Program.
- Manage and maintain the Wordpress-hosted Pure Michigan blog, including writing original stories and coordinating with guest contributors.
- Evaluate and implement opportunities for paid social media support across Facebook, Twitter, Instagram and other platforms.
- Coordinate and conduct Twitter chats to engage travel partners and the community.
- Host various social media contests as part of a comprehensive social media strategy.
- Prepare and provide monthly social media reports including audience growth, engagement, and other key metrics. Please identify what technology you use to assist with online measurement (e.g. Radian6, BrandWatch or others) and publishing (Hootsuite, Sprout Social or others).

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.

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 **3:00 p.m. on May 4, 2016**. 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-XXXXXX Technical Proposal" and "RFP-CASE-XXXXXX Price Proposal" with Company Name, and "message 1 of 3" as appropriate if the bid consists of multiple emails.

**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 **3:00 pm on April 8, 2016**. 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 **3:00 p.m. on May 4, 2016**. 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 4, 2016. 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.

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.	Statement of Work	40
2.	Bidder Information	30
3.	Prior Experience	15
4.	Staffing	15
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

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.

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

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 **3:00 p.m. on May 4, 2016**. 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

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

Q) JURISDICTION

Any legal actions arising out of or concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, 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.

**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 **MONTH XX, 20XX** through **MONTH XX, 20XX**.
- 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) 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 brief written monthly summaries 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.

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. This amount includes all embedded expenses.
- B) 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.
- 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.
- 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 Contract & Grant Payment Express website (www.cpexpress.state.mi.us).
- 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;
- 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.

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.

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.

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.

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 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 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, 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.

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, 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: _____

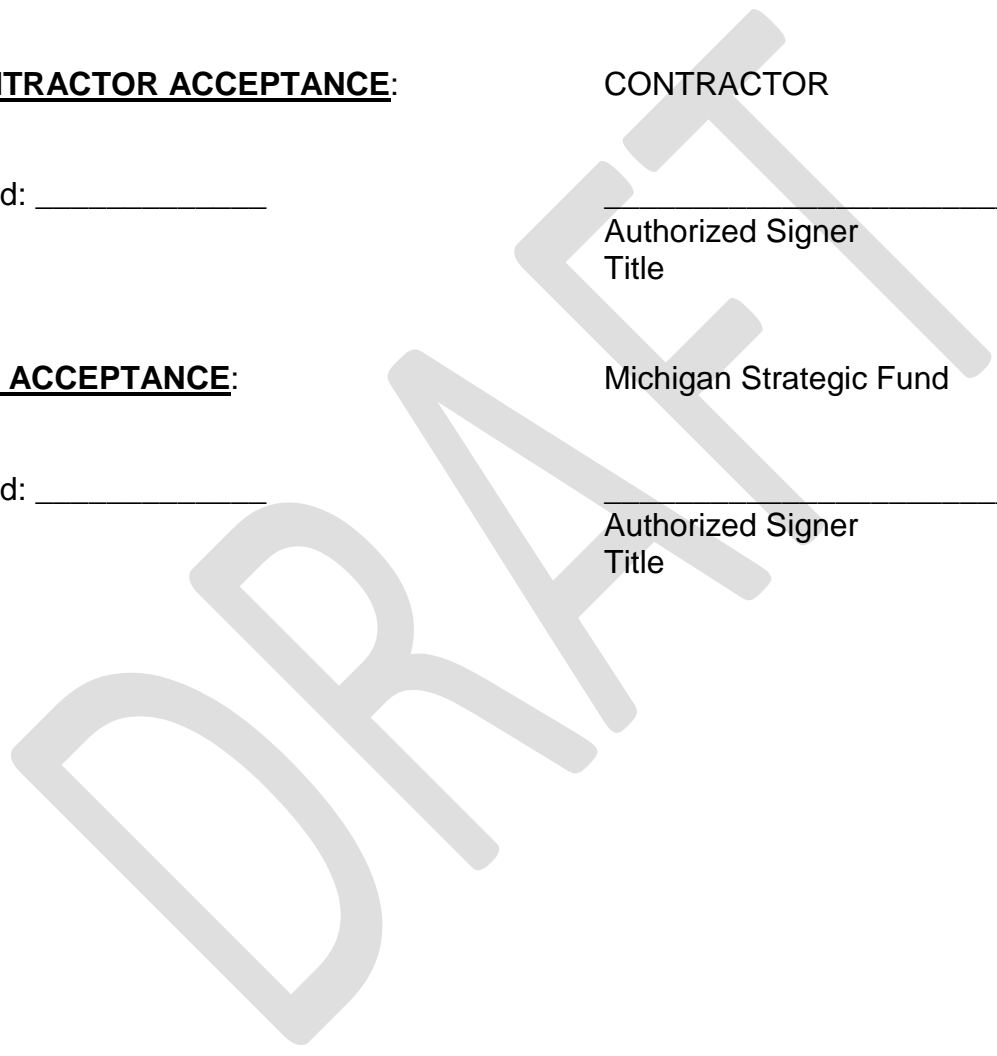
Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund

Dated: _____

Authorized Signer
Title



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 _____

MEMORANDUM

Date: March 22, 2016
To: MSF Board Members
From: Emily Guerrant, Vice President of Marketing, Communications, and Public Relations
Subject: Business Marketing & Advertising Request for Proposal

BACKGROUND

Paid advertising and marketing campaigns are a core strategy for engaging target audiences about the many opportunities for business success in Michigan.

The MEDC currently works with an agency to extend and complement its ongoing marketing and advertising activities to target audiences in Michigan, nationally and internationally. The current agency contract, which is in its final allowable extension, expires on September 30, 2016.

In accordance with Section 88b(5) of the Michigan Strategic Fund Act (the “Act”), 1984 PA 270, as amended, MCL 125.2088b(5) the Michigan Strategic Fund (“MSF”) may use up to five percent of the annual appropriation from the 21st Century Jobs Trust Fund for business development and business marketing costs. Section 88b(5) requires that the MSF Board select all vendors for marketing expenditures under Chapter 8A of the Act by issuing a Request for Proposals (“RFP”).

OBJECTIVES

The purpose of this RPF is to obtain proposals for the Michigan Strategic Fund (MSF) to develop and implement a comprehensive, fully-integrated business marketing and advertising campaign that will drive long-term, sustained investment and job creation in high-paying, high-growth industries. Areas of priority focus:

- Targeted industries for global business development.
- Core MEDC programs and initiatives that retain and grow Michigan companies in key industries that are important for economic growth.
- Core MEDC programs and initiative that help employers with talent needs, most specifically as related to the auto industry and its crossover into defense and cyber security industries (Brainpower campaign).
- Core MEDC programs and initiatives that promote community and downtown development and enhance alignment of work, living and leisure to create and enhance Michigan’s “sense of place” to a current and future workforce.

RECOMMENDATION

The MEDC recommends that the MSF Board approve the release of the RFP for Business Marketing and Advertising Services.

MICHIGAN STRATEGIC FUND

RESOLUTION 2016-

BUSINESS MARKETING REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF wishes to solicit proposals to develop and implement a comprehensive, fully-integrated business marketing and advertising campaign that will drive long-term, sustained investment and job creation in high-paying, high-growth industries.;

WHEREAS, the MEDC recommends that the MSF issue the attached Request for Proposals (“RFP”) to invite proposals from vendors to develop and implement a comprehensive, fully-integrated business marketing and advertising campaign that will drive long-term, sustained investment and job creation in high-paying, high-growth industries. (“Business Marketing RFP”);

WHEREAS, the MSF Board reviewed the Business Marketing RFP attached to this Resolution, which includes provisions required by the Act and establishes a standard process to evaluate proposals submitted as a result of the RFP; and

WHEREAS, the MSF Board desires to authorize issuance of the Business Marketing RFP.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the issuance of the Business Marketing RFP; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager to modify the Business Marketing RFP as may be necessary or appropriate, so long as the modifications are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
March 22, 2016

REQUEST FOR PROPOSALS
MICHIGAN STRATEGIC FUND
BUSINESS MARKETING AND ADVERTISING
RFP-CASE-167583

DRAFT

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-167583 Technical Proposal” and “RFP-CASE-167583 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

- **April 8, 2016, at 3:00 p.m.:** 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.
- **April 15, 2016, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, **INSERT URL**.
- **May 4, 2016, at 3:00 p.m.:** 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.**

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REQUEST FOR PROPOSAL
BUSINESS MARKETING AND ADVERTISING
RFP-CASE-167583

This Request for Proposals (the "RFP") is issued by 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

SECTION I STATEMENT OF WORK

A. PURPOSE:

The purpose of this RPF is to obtain proposals for MSF to develop and implement a comprehensive, fully-integrated business marketing and advertising campaign. The MSF anticipates executing a multi-year contract with the selected vendor and expects to add additional funding each year of the contract term to continue implementation and enhancement of the business marketing campaign.

B. BACKGROUND STATEMENT:

The MSF is requesting agency proposals for comprehensive, strategic, integrated marketing, advertising and promotional activities. Elements of these activities may include, but are not limited to:

- Traditional paid media campaigns that may include print, broadcast, display, etc.
- Direct marketing that may include traditional and electronic distribution initiatives to targeted groups.
- Digital marketing that may include online advertising & banner ads, search engine optimization (See notes regarding SEO and Paid Search requirements in Section G, Digital Marketing), paid search, and related electronic distribution activities in alignment with, and to complement, social media marketing/PR strategies.
- Event-based: Engagement in existing industry trade events/shows or creation of unique events targeting key stakeholders

These efforts are driven by the MEDC on behalf of the MSF. The MEDC serves as the state's marketing arm and lead advocate for business growth, jobs and opportunity with a focus on helping grow Michigan's economy, as well as Travel Michigan which serves as the state's tourism office.

C. OBJECTIVES:

The overarching goal is to drive long-term, sustained investment and job creation in high-paying, high-growth industries.

- Promotion of targeted industries for global business development.
- Promotion of core MSF and MEDC programs and initiatives that retain and grow Michigan companies in key industries that are important for economic growth.
- Promotion of core MSF and MEDC programs and initiatives that promote careers in key industries that require a workforce with education and background in science, technology, engineering, arts, and math (aka STEM or STEAM jobs).
- Promotion of core MSF and MEDC programs and initiatives that promote community and downtown development and enhance alignment of work, living and leisure to create and enhance Michigan's "sense of place" to a current and future workforce.

D. TARGET AUDIENCES:

1. Industry stakeholders: in targeted industries where the MSF and MEDC have opportunities to influence executives and decision-makers to choose Michigan for new investment, business partnerships and retention of current investment and workforce.
 - *Global Markets*: Includes initiatives focused on foreign direct investment by target countries/regions. International targets may change based on market trends, changes to trade policy, technologies that create new opportunities and other external variables.
 - *National Markets*: Includes initiatives focused on U.S. direct investment by target industries or markets. National targets may change based on market trends, changes to federal and state economic development policy, technologies that create new opportunities and other external variables.
 - *State Markets*: Includes initiatives focused on retention and growth investment across the state of Michigan. State priorities may change based on market trends, input from industry stakeholders and regional economic development partners, technologies that create new opportunities and other external variables.
2. Site influencers: to industry decision makers considering business attraction, investment, expansion and growth opportunities that could include Michigan. Site influencers may include organizations formally hired to provide site selection services as well as other influencing advisors that may work with industry decision-makers (architects, attorneys, accountants, etc.).
3. Regional Economic Development Partner Network: As the economic development agency for the state of Michigan, the MEDC supports and promotes economic development initiatives across a broad spectrum of stakeholder need, including workforce development, new business start-ups, community development, retention and growth, and outstate attraction. Much of this support is achieved through funding of other organizations that deliver economic development funding, programs and services in targeted regions or to audiences with specific needs.

E. CORE PROGRAMS for BUSINESS MARKETING & ADVERTISING

While it is not assumed that all MSF programs, services and initiatives will have dedicated paid media funds available, proposals may include content on:

1. Global Business Attraction: Focus on identifying and attracting new business development to Michigan from outside the state.
2. Michigan Retention and Growth: Focus on economic development strategies to support retaining, expanding and growing existing Michigan businesses.
 - *Pure Michigan Business Connect*: Business-to-Business Buyer/Supplier Network
 - *Export Services*: Financial and support services to assist Michigan companies enter the export market or expand export activities into new markets
 - *Entrepreneurship and Innovation*: Financial and support services to assist stakeholders in technology commercialization and making connections to venture capital and other funding resources.
3. Automotive Industry: Focus on image enhancement and high-tech careers
4. Community Development: Focus on programs and services that serve municipalities and development of successful downtown growth and redevelopment.
5. Film and Digital Media: Focus on programs that support growth and investment in Michigan's film and digital media industry.

F. TARGET INDUSTRIES

The MEDC markets Michigan opportunities that assist in job creation and investment:

- Through marketing and advertising of Michigan's advantages and the business-friendly environment that benefits all Michigan businesses.
- Through marketing and advertising of Michigan's advantages for *targeted industries* in which Michigan offers unique benefits, expertise, assets/resources, and opportunity that positions it as the best choice for investment and growth.

Target industries may change based on market trends, input from industry stakeholders and regional economic development partners, technologies that create new opportunities and other external variables.

While it is not assumed that all MEDC industry targets will have dedicated paid media funds available, current target industries include:

- Automotive: Cornerstone industry due to Michigan's unique heritage, which has created a manufacturing ecosystem with unrivaled resources (R&D, testing, prototyping, engineering, training & education, supplier network, OEMs, density of value chain, advanced manufacturing expertise, etc.).
 - Note: Michigan has received two federal awards dedicated to *lightweight material* research and technology commercialization (lightweight metals and composite materials); lightweighting has application for *Aerospace* and *Defense*.
- Agribusiness/Food Processing: Cornerstone industry due to Michigan's vast natural resources, climate and ability to grow and process a broad variety of food products in large numbers.
- Aerospace: Targeted industry due to Michigan's assets (see *Automotive*), which has led to the state being identified as one of the top states for aerospace growth opportunity (because of advanced manufacturing ecosystem that is complementary to aerospace industry).
- Cybersecurity: Targeted industry due to cornerstone and key industries (see *Automotive, Defense, Aerospace, Mobility*) that are driving new technology development that will be required for current and evolving generations of transportation and defense industries.
- Defense: Key industry due to Michigan's assets (see *Automotive*), which has led to regions in Michigan becoming clusters for defense technology research and development, advanced manufacturing, cybersecurity and advanced materials.
- Mobility: Targeted industry due to cornerstone and key industries (see *Automotive, Defense, Aerospace, Cybersecurity*) that are driving new technology development that will be required for current and evolving generations of transportation and defense industries. Michigan has unique testing infrastructure for new mobility technologies, including M-City.
 - Note: "Mobility" includes, but is not limited to: connected vehicles, automated vehicles, and intelligent transportation systems.

G. DIGITAL MARKETING – SEARCH ENGINE OPTIMIZATION & PAID SEARCH

1. SEO Requirements

The RFP requires a Contractor to have a defined workflow, sufficient resources and appropriate tools to research keywords, provide benchmarking, optimize both on-page elements and off-page factors, develop link-building strategies, and offer content strategies. General duties include writing page titles for all pages based on target keywords, descriptive URLs, ALT text for images, ensuring no duplicate pages, including descriptions of videos, creating attention-getting meta-descriptions, assisting in utilizing Google Analytics Premium and Webmaster Tools, and incorporating keyword research into the content.

a. Objectives

- Increase site traffic to MSF and MEDC web properties, including:
 - MichiganBusiness.org
 - Puremichiganbusinessconnect.org
 - WeRunOnBrainpower.org
- Maximize visibility in search engine results pages
- Increase time spent on site and reduce bounce rate

b. Contractor Responsibilities

- Optimize current web pages and new landing page additions on MichiganBusiness.org, WeRunOnBrainpower.org and other MSF and MEDC web properties
- Provide monthly reporting including, but not limited to, metrics on top landing pages, keyword rankings, and more to determine how many pages of the site are listed in search engines and the current position for targeted keywords
- Implement SEO recommendations utilizing both on-page and off-page optimization including link building, usability, analytics, social optimization
- Provide ongoing website analysis to evaluate site content, layout, and internal linking structure and recommend appropriate keywords and optimization strategies

Knowledge with Google Analytics Premium is preferred.

2. Paid Search Requirements

The RFP requires a Contractor to recommend, design and implement a paid search campaign targeting key in-state and national business audiences to increase business development leads. General duties including managing the account structure and ad copy, bidding strategy, generating the keyword list, managing match-types and improving the Quality Score, and providing monthly reports and insights.

a. Objectives

- Increase site traffic to MSF and MEDC web properties including MichiganBusiness.org and WeRunOnBrainpower.org
- Increase conversions and Key Performance Indicators (“KPIs”)
- Decrease cost-per-conversion

Conversions include, but are not limited to, newsletter signups, 'Contact Us' page visits, 'Contact Us' form submissions, 'Email a Business Specialist' form submissions, targeted PDF downloads, and other key actions.

b. Contractor Responsibilities

- Recommend, design and assist with a paid search campaign targeting in-state and national key business audiences
- Prepare and provide monthly paid search reports including site traffic and conversions

Please note: The MSF prefers the selected contractor to maintain Google Partner status and be Google AdWords certified. Please identify your experience with automated bid management software. Also include an example of a client monthly report.

H. EXAMPLE ANNUAL BUDGET

The MSF approves an annual fiscal year budget for business marketing and advertising based on overall strategic priorities, overall available budget and other key variables. In Fiscal Year 2015 (Oct. 1, 2014 to September 30, 2015) the Business Marketing & Advertising media expenditures totaled \$4.5 million to support:

- Business Attraction
- Talent Attraction/Retention
- Pure Michigan Business Connect
- Cybersecurity
- Automotive
- Paid Search

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.

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 **3:00 p.m. on May 4, 2016**. 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-167583 Technical Proposal*" and "*RFP-CASE-167583 Price Proposal*" with *Company Name*, and "*message 1 of 3*" as appropriate if the bid consists of multiple emails.

**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 **3:00 pm on April 8, 2016**. 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 **3:00 p.m. on May 4, 2016**. 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 4, 2016. 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.

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.	Statement of Work	40
2.	Bidder Information	30
3.	Prior Experience	15
4.	Staffing	15
	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

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.

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

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 **3:00 p.m. on May 4, 2016**. 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

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

Q) JURISDICTION

Any legal actions arising out of or concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, 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.

**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 **MONTH XX, 20XX** through **MONTH XX, 20XX**.
- 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) 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 brief written monthly summaries 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.

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. This amount includes all embedded expenses.
- B) 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.
- 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.
- 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 Contract & Grant Payment Express website (www.cpexpress.state.mi.us).
- 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;
- 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.

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.

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.

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.

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 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 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, 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.

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, 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: _____

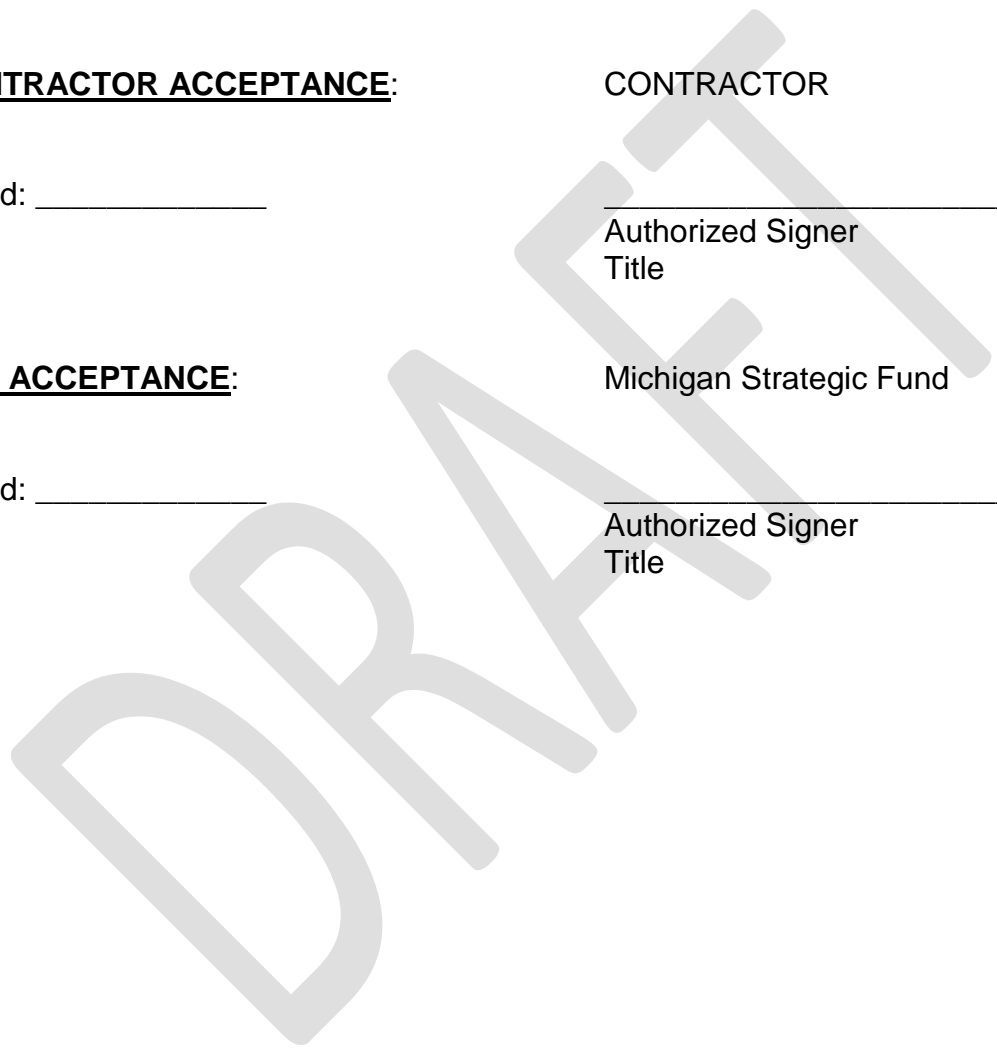
Authorized Signer
Title

MSF ACCEPTANCE:

Michigan Strategic Fund

Dated: _____

Authorized Signer
Title



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 _____