

**MICHIGAN STRATEGIC FUND  
BOARD MEETING  
December 18, 2013  
Time 1:30 pm**

**AGENDA**

**Adoption of Proposed MSF Meeting Minutes – November 20, 2013 [Action Item]**  
**Public Comment [Please limit public comment to three (3) minutes]**  
**Communication [Information – Andrea Robach]**

**A. Old Business -**

1. Chelsea-Area Wellness Foundation – *[Action Item – Eric Hanna]*
2. Wealthy Street Historic Development, LLC – *[Action Item – Amy Lux]*

**B. Private Activity Bond Program – [Action Item – Eric Hanna]**

Green Box NA Detroit, LLC– Solid Waste - Amend Inducement to Extend Expiration Date

**C. Renaissance Zones – [Action Items – Amy Lux]**

1. Specialty Lifting Equipment, Inc. – Transfer
2. Ryan’s Equipment, Inc. – Revocation
3. Johnson Controls – *[Action Item – Josh Hundt]*

**D. 21st Century Michigan**

1. **Energy Acceleration Services RFP - [Action Item – Robert Jackson]**  
Request for Public Hearing

2. **Jobs Fund – 2014 Legislative Allocation - [Action Item – Roselyn Zator]**  
FY14 Van Andel Institute Program

**E. Accelerator Fund Program – [Action Item – Michael Flanagan]**

Michigan Accelerator Fund 1 – Investment Waiver Request

**F. Administrative – Appointments - [Action Item – Karla Campbell]**

1. Develop Michigan, Inc. – Investment Advisory Committee: Appointment of Eric Hanna
2. HWD Manager, Inc. – RE: Flint Cornerstone Project: Appointment of Joe Martin

**MICHIGAN STRATEGIC FUND BOARD MEETING**  
**November 20, 2013**  
**PROPOSED MEETING MINUTES**

A meeting of the Michigan Strategic Fund [MSF] Board was held on Wednesday, November 20, 2013, at the Michigan Economic Development Corporation [MEDC], Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:**

Craig DeNooyer  
Michael A. Finney  
Bill J. Martin  
Michael J. Jackson, Sr.  
Richard Rassel (via conference call)  
W. Howard Morris (via conference call)  
Michael Zimmer (serving on behalf of Steve Arwood, designation attached)  
Andrew Lockwood (serving on behalf of Treasurer Clinton, designation attached)

**MEMBERS ABSENT:**

Shaun Wilson  
Ron Boji  
Sabrina Keeley

**CALL TO ORDER:** Mr. Finney called the meeting to order at 1:33 p.m.

**ADOPTION OF MSF PROPOSED MEETING MINUTES – OCTOBER 23, 2013:**

Mr. Finney asked if there were any questions from the Board. There being none, Craig DeNooyer motioned approval for the November 20, 2013 MSF Board Proposed Meeting Minutes. Andrew Lockwood seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent**

**PUBLIC COMMENT:**

Mr. John Lovess requested to speak before the Board to make known his opposition to the following projects: “Monroe Block” (agenda item B3, Capitol Park), and the “Illych Family Arena” (Joe Louis Arena, not on the meeting agenda). Mr. Lovess also wanted to share his views on Michigan property taxes on businesses; he stated that it is his opinion Michigan over taxes businesses, and offered the potential solution of increasing State taxes on beer, which he proposed would allow a cut in property taxes on Michigan businesses by 10%.

Mr. Shawn Keough, Village President, Village of Dexter, requested to speak before the Board. Mr. Keough appeared before the Board at the September meeting, attending both meetings in opposition of the proposed Chelsea-Area Wellness Foundation project (agenda item D4). Mr. Keough stated that as of the present date and time, the Village of Dexter and Chelsea-Area Wellness Foundation have been unable to resolve the issue of a potential negative tax capture for the Village’s Downtown Development Authority (DDA). He asked, on behalf of the Village, for the Board to consider this contention.

Mr. Paul Kouzins, Village of Dexter resident and former Village Trustee, requested to speak before the Board. Mr. Kouzins also spoke in opposition of the proposed Chelsea-Area project (agenda item D4). He shared with the Board his personal calculations pertaining to the potential negative tax capture for the Village’s DDA, which he estimated would cost Village taxpayers a collective sum of approximately \$75,000 annually, for an infinite period of time. He asked the Board to consider this contention.

**COMMUNICATION:** Andrea Robach, MSF Board Relations Liaison and Executive Assistant, notified the Board members of the following:

Copies of the minutes from the Public Meeting held regarding Chelsea-Area Wellness Foundation (agenda item D4) have been provided to each Board member, separate from the meeting packet.

## 21<sup>ST</sup> CENTURY MICHIGAN

### MICHIGAN BUSINESS DEVELOPMENT PROGRAM

#### Resolution 2013-191 – SRI International

*Marcia Gebarowski, Senior Development Finance Manager, provided the Board with the following information regarding this action item. She introduced David Sahner, Senior Director, Clinical Translation, Phase 1 Clinical Trial and Strategic Development Services, Bioscience Division, SRI International. Mr. Sahner gave the Board a brief background of the company's history, and explained what the proposed funding would do to benefit their research and development. At Mr. Finney's request, Mr. Sahner shared with the Board SRI International's legacy as a program originating from Stanford University.*

This is request from the Applicant for an \$800,000 performance-based grant. This project involves the creation of 25 Qualified New Jobs and a capital investment of up to \$624,535 in Plymouth Charter Township. SRI International ("SRI"), formed in 1946 as the Stanford Research Institute, is an independent research institute which conducts client-sponsored research and development for government agencies, commercial clients, foundations and other entities. The Applicant plans to open a new Clinical Trials operation in Plymouth Charter Township, make investments and create jobs related to research and development in biotechnology.

**Recommendation:** MEDC Staff recommends the approval of \$800,000 in the form of a performance based grant be granted to SRI International.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. Discussion pertaining to the existence of comparable companies ensued. There being no further questions, Andrew Lockwood motioned for the approval of Resolution 2013-191. Bill Martin seconded this motion. **The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.**

#### Resolution 2013-192 – HTC Global Services

*Marcia Gebarowski, Senior Development Finance Manager provided the Board with information regarding this action item, and introduced James Joseph, Vice President, HTC Global Services, and Mark Adams of Oakland County Economic Development. Mr. Joseph gave the Board a brief background of the company, and the proposed project. He informed the Board that there were other potential sites for this project, both nationally and internationally; however, the Company selected Michigan in which to make this business investment. Mr. Adams commented on how pleased the OCED, and the community, is that HTC selected Michigan for its new investment.*

This is request from the Applicant for a \$1,750,000 Performance-based grant. This project involves the creation of 203 Qualified New Jobs and a capital investment of up to \$3,372,500 in the City of Troy. HTC Global Services, Inc. ("HTC") is a leading global information technology and business process outsourcing service and solution provider. The Company plans to lease two floors in a second building in the City of Troy to in order to expand their operations in software development, testing and maintenance of suite services, make investments and create jobs related to custom computer programming services.

**Recommendation:** The MEDC Staff recommends the approval of \$1,750,000 in the form of a performance based grant be granted to HTC Global Services.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board, and acknowledged the presence of Representative Tom Hooker, in support of this project. There being no questions, Mike Jackson motioned approval of Resolution 2013-192. Andrew Lockwood seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.**

**Resolution 2013-193 - Niowave, Inc.**

*Trevor Friedeberg, Business Development Manager, presented the Board with information regarding this action item, and introduced Dr. Terry Grimm, President and Senior Scientist. Dr. Grimm gave the Board a brief background on the company history, as well as the proposed project.*

This is request from the Applicant for a \$3,000,000 performance-based grant. The grant will be paid back to the MSF in annual payments beginning March 31, 2018. This project involves the creation of 90 Qualified New Jobs, with the potential for up to 120 total jobs as a result of the project and a capital investment of up to \$79,000,000 in the City of Lansing. Niowave, Inc. specializes in commercializing superconducting particle accelerators. The Applicant plans to open a new facility in Lansing, make investments and create jobs related to Research and Development in the Physical, Engineering, and Life Sciences.

**Recommendation:** MEDC Staff recommends the approval of \$3,000,000 in the form of a performance based grant be granted to Niowave, Inc.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. Discussion regarding the potential for this project to act as a catalyst for similar technology growth in the area ensued. There being no further questions, Bill Martin motioned for the approval of Resolution 2013-193. Craig DeNooyer seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

**Resolution 2013-194 – Spartan Stores, Inc.**

*Stacy Bowerman, Senior Development Finance Manager, presented the Board with information regarding this action item, and introduced Dave Staples, CFO, and Eric Tuori, Tax Manager for Spartan Stores, Inc., and Birgit Klohs, President and CEO, The Right Place. Mr. Staples provided the Board with a brief history of both Spartan Stores, and Nash Finch Company, and shared an overview of the recent merger of the two entities, which prompted the proposed project for which they are seeking an incentive. Representative Tom Hooker also spoke to his support of this project, and what it means for the State and the local community that the newly formed company has elected to headquarter in Michigan.*

This is request from the Applicant for a \$2,750,000 Performance-based grant. This project involves the creation of 372 Qualified New Jobs and a capital investment of up to \$18.3 million in Byron Township, Kent County, Michigan. The board of directors is currently evaluating locations for its new headquarters which will result in an initial creation of 72 new jobs. The Company also plans to consolidate headquarters operations beginning in 2017.

**Recommendation:** MEDC Staff recommends that a performance based grant in the amount of \$2,500,000 be awarded to Spartan Stores, Inc.

**Board discussion:** Mr. Finney asked if there were any questions from the Board. Discussion pertaining to why the Applicant elected to headquarter in Michigan ensued. Mr. Finney at that time noted that Senator Jansen had called him in support of the project as well. He also noted to the Board and audience that Stacy Bowerman was the recent recipient of the MEDC's CEO Award, for which she was nominated by her peers. There being no further questions, Bill Martin motioned for the approval of Resolution 2013-194. Mike Jackson seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

## TRAVEL MICHIGAN

### Resolution 2013-195 – Brand USA LOA Amendment

*George Zimmermann, Vice President, Travel Michigan, presented the Board with information regarding this action item.*

This request is for the MSF Board to enter into an amended agreement with Brand USA for the purpose of establishing a co-branding campaign in the amount of \$1,670,000.00. This campaign is an extension of an existing membership that we have with the Council of Great Lakes and the Great Lakes USA campaign. The additional advertisement will allow Michigan specific advertising in the international market.

**Recommendation:** MEDC Staff recommends that the MSF Board allocate \$1,670,000.00 and authorize the Fund Manager to enter into an amended agreement with Brand USA for the purpose of establishing a co-branding campaign in accordance with the federal Travel Promotion Act of 2009.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 195. Craig DeNooyer seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

## COMMUNITY REVITALIZATION PROGRAM

### Resolution 2013-196 – Capitol Park – 1212 Griswold, LLC

*Eric Hanna, Director, Debt Capital, presented the Board with information regarding this action item.*

1212 Griswold Street LLC and Develop Michigan, Inc. (Applicant's) are requesting the reauthorization and modification of the MCRP loan participation approved on May 22, 2013 in the amount of \$6,000,000. 1212 Griswold Street LLC, plans to renovate the historic 13-story Chamber of Commerce building, also formally known as the Detroit Savings Banks building. The building will be renovated into 56 residential apartments and approximately 51,000 square feet of commercial office space on the first floor.

**Recommendation:** MEDC Staff recommends that the Board approve the reauthorization and modification of the previously approved MCRP loan participation in the amount of \$6,000,000 be awarded to 1212 Griswold Street LLC and DMI.

**Board discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Craig DeNooyer motioned for the approval of Resolution 2013-196. Andrew Lockwood seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

## ACT 381 BROWNFIELD

### Resolution 2013-197 – Packard Square Redevelopment

*Joe Martin, Manager, Brownfield and Community Revitalization Program, presented the Board with information regarding this action item.*

The County of Washtenaw Brownfield Redevelopment Authority is seeking approval to increase capture of local and school tax for MSF eligible activities by \$1,349,650 for a total capture of \$3,389,799, and request an additional three years to complete eligible activities. The project was originally approved July 19, 2011 to capture \$2,040,149 for MSF eligible activities including demolition, lead and asbestos abatement, site preparation, contingency, interest and review costs. On December 22, 2011 the Department of Environmental Quality approved eligible activities up to \$1,483,002 for environmental costs. The number of full time jobs created remains at approximately 45, and the capital investment remains at \$49 million.

**Recommendation:** The MEDC recommends approval of the request by County of Washtenaw Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$3,389,799 as described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,447,783. It is also recommended to add an additional three years to complete eligible activities.

**Board discussion:** Mr. Finney asked if there were any questions from the Board. Following this, discussion pertaining to encouraging vertical construction parking ramps ensued. There being no further questions, Mike Jackson motioned for the approval of Resolution 2013-197. Andrew Lockwood seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

### **PRIVATE ACTIVITY BOND PROGRAM**

*Eric Hanna, Director, Debt Capital, presented the Board with information regarding the following action items.*

#### **Resolution 2013-198 – Bell’s Brewery**

Bell’s Brewery, Inc., and PNC Bank, National Association (the “Bank”), are seeking an amendment to the Trust Indenture and Bond for MSF bonds issued in 2010 for the benefit of Bell’s Brewery, Inc. The Bond was purchased and is owned by the Bank. The sole purpose of the amendment is to reduce the interest rate on the Bond, which requires a revision be made to the definition “Bank Interest Rate” that appears in the Bond, the Trust Indenture, and the form of Bond attached to the Indenture.

**Recommendation:** Based upon a determination by Clark Hill PLC and the State of Michigan Attorney General’s Office that the request for change in documents meets state and federal law requirements for this financing, staff recommends the adoption of a Resolution for First Amendment to Trust Indenture and Bond.

**Board discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Craig DeNooyer motioned for approval of Resolution 2013-198. Mike Jackson seconded the motion. A Roll Call vote was taken. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

#### **Resolution 2013-199 – Neighborhood Club**

Neighborhood Club is requesting MSF Board approval of an amendment to the Trust Indenture for multi-modal bonds issued by the MSF in 2011 for the benefit of the Neighborhood Club. The amendment to the Trust Indenture will facilitate the conversion of the bonds from the current weekly variable rate mode to a bank purchase mode. Following the conversion of the bonds, the bonds will be purchased and held by Huntington Public Capital Corporation during the initial bank purchase mode. The main purpose of the conversion is to eliminate the need and costs of a letter of credit to support the bonds. The 2011 bonds financed the demolition of an existing facility and the construction, furnishing and equipping of an approximately 45,000 square foot facility in the City of Grosse Pointe, Wayne County.

**Recommendation:** Based upon a determination by Miller, Canfield, Paddock and Stone, P.L.C. and the State of Michigan Attorney General’s Office that the request for change in documents meets state and federal law requirements for this financing, staff recommends the adoption of a Resolution Approving Amended and Restated Trust Indenture.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Mike Jackson motioned for the approval of Resolution 2013-199. Andrew Lockwood seconded the motion. A Roll Call vote was taken. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

**Resolution 2013-200 – Extruded Aluminum Corporation, Aluma Leasing Corporation and Belding Machinery and Equipment Leasing Corporation**

Extruded Aluminum Corporation, Aluma Leasing Corporation and Belding Machinery and Equipment Leasing Corporation, are seeking financing to assist the Company in currently refunding the outstanding 2007 MSF Variable Rate Demand Limited Obligation Revenue Bonds used to finance (1) the acquisition of land and the construction of an approximately 75,000 square foot addition to the Company's existing manufacturing facility; (2) the acquisition and installation of machinery, equipment, furniture and fixtures for use at both its existing and new manufacturing facilities; and (3) certain renovations to its existing facility and certain renovations and upgrades to existing machinery and equipment located within both of its existing and new facilities, all located in Otisco Township, Ionia County, Michigan. The refunding of the bonds will be undertaken to restructure the bond documents to add a new interest rate mode that will permit one or more financial institutions to purchase and hold the bonds without credit enhancement with fixed or variable interest rates.

**Recommendation:** Based upon a determination by Clark Hill PLC and the State of Michigan Attorney General's office that the refunding complies with state and federal law requirements, for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Bill Martin motioned for the approval of Resolution 2013-201. Craig DeNooyer seconded the motion. A Roll Call vote was taken. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

**Resolution 2013- XXX – Chelsea-Area Wellness Foundation**

Chelsea-Area Wellness Foundation ("CWF") is seeking financing to purchase land and an approximately 48,000 square foot building CWF currently leases located at 2810 Baker Road, Dexter, Washtenaw County. The facility will provide the community with fitness facilities, meeting space, health education classes, medical integration programming and other wellness related offerings. CWF indicates that it employs 65 individuals. It is anticipated when full membership is attained, CWF will employ approximately 100 full time and part time jobs for skilled, certified and unskilled employees.

**Recommendation:** Based upon a determination by Miller, Canfield, Paddock and Stone, P.L.C. and the State of Michigan Attorney General's office that the project complies with state and federal law requirements for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$12,000,000.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. Mr. Martin asked Mr. Finney if it was appropriate to address the audience members who attended the meeting in opposition of the project. Mr. Finney, initially instructed the Board to direct their questions solely to the MEDC staff, but quickly retracted this sentiment, and allowed interaction between all parties. As noted in the Public Comment portion of the meeting, this agenda item was of a controversial nature; the Village of Dexter was not in support of the project, as it would result in negative tax capture for their Downtown Development District. Mr. Hanna informed the Board that MEDC Staff has been working diligently to encourage both parties to come to a mutual agreement. Staff's position is neutral, and are unsure if the purchase agreement for the property in question is contingent on the Bond approval by the MSF Board. There being no agreement between the local municipality and the Applicant regarding the negative tax capture issue, it was the general consensus of the Board that more time should be allowed for the parties to continue to mediate. **Richard Rassel motioned to table agenda item D4 until the next MSF Board meeting, scheduled to occur December 18, 2013. Michael Zimmer seconded this motion. The motion carried – 7 ayes, 1 nay, 0 recusals, 3 absent.** Bill Martin wishes the meeting record to show that he was opposed to tabling the item, thus resulting in the nay vote.

### **Resolution 2013-201 – Canton Renewables, LLC**

Canton Renewables, LLC (the “Company”) is seeking financing for the costs of construction relating to a renewable natural gas facility at the Sauk Trail Hills Landfill located at, or adjacent to, 5011 South Lilley Road, Charter Township of Canton, Wayne County. The Company indicates it will produce renewable natural gas that will be derived from the biogas extracted from the solid waste landfill that can be used as a renewable energy resource.

**Recommendation:** Based upon a determination by Lewis & Munday, A Professional Corporation, and the State of Michigan Attorney General’s office that the project complies with state and federal law requirements, for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$13,300,000.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Craig DeNooyer motioned for the approval of Resolution 2013-201. Bill Martin seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.**

## **RENAISSANCE ZONES**

### **Resolution 2013-202 – Oshkosh Corporation**

*Amy Lux, Renaissance Zone Analyst, presented the Board with the following information regarding this action item.*

Michigan Economic Development Corporation Staff requests the Michigan Strategic Fund Board approve a resolution revoking the Renaissance Zone time extension designation for Oshkosh Corporation’s site in the Warren Tank Plant Renaissance Zone in the City of Warren. Due to the Company’s failure to comply with the terms of the Agreement, the 90-day cure period required in the Agreement was initiated. The cure period has since lapsed and no progress report has been received from the Company. Both the Agreement and the Michigan Renaissance Zone Act give the MSF Board the authority to revoke a Renaissance Zone time extension if the terms of the Agreement are violated.

**Recommendation:** MEDC Staff recommends that the MSF Board approve the revocation of Oshkosh Corporation’s Renaissance Zone time extension designation for their site in the City of Warren, effective December 31, 2013 for property tax purposes, and immediately for other tax purposes.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Craig DeNooyer motioned for the approval of Resolution 2013-202. Andrew Lockwood seconded the motion. **The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.**

## **ADMINISTRATIVE ITEMS**

### **Resolution 2013-203 – Approval of Consent Agenda**

*Karla Campbell, MSF Fund Manager, presented the following information to the Board regarding this action item.*

The Michigan Strategic Fund (MSF) and Michigan Economic Development Corporation (MEDC) staff request authority to implement the use of a Consent Agenda to streamline the MSF Board meeting by collecting routine, non-controversial items and placing them on a Consent Agenda. As the MSF’s responsibility has expanded over the last two years, there is an opportunity to streamline monthly board meeting agendas to focus on issues substantially supporting and impacting Michigan businesses and placing routine items on a Consent Agenda within the regular agenda. A Consent Agenda also allows for a full board packet with briefing memos and resolutions but they are approved under one vote.

**Recommendation:** As the Chief Compliance Officer began November 12, 2013, MEDC Staff recommends that the MSF begin utilizing the Consent Agenda at their regularly scheduled board meetings as of January 1, 2014, giving the CCO an opportunity to review and approve the process.

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. Discussion pertaining to the procedure for placing items on the proposed Consent Agenda, if staff is unable to agree on its level of importance, ensued. Mr. Finney asked the language be rewritten to state that any items on which staff cannot agree should fall on the Consent Agenda, will instead come before the full MSF Board. Assuming this revision will be made, Craig DeNooyer motioned for the approval of Resolution 2013-203. Mike Jackson seconded this motion. **The motion carried – 8 ayes; 0 nays; 0 rescusals; 3 absent.**

**Approval of the 2014 MSF Board Meeting Calendar**

*Karla Campbell, MSF Fund Manager, presented the Board with the proposed 2014 Meeting Calendar. Meetings will still be held the 4<sup>th</sup> week of the month, but will fall on a Tuesday rather than a Wednesday, and will be held at 10:00 am, rather than at 1:30 pm.*

**Board Discussion:** Mr. Finney asked if there were any questions from the Board. There being none, Mike Jackson motioned for the approval of the 2014 MSF Board Meeting Calendar. Andrew Lockwood seconded the motion. The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.

Mr. Finney adjourned the November meeting of the MSF Board at precisely 2:46 pm.



STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

RICK SNYDER  
GOVERNOR

STEVE ARWOOD  
ACTING DIRECTOR

**DESIGNATION OF AUTHORITY**

As Director of the Michigan Department of Licensing and Regulatory Affairs, I hereby designate Mike Zimmer to serve as the LARA representative at the November 20, 2013 meeting of the Michigan Strategic Fund Board.

A handwritten signature in cursive script, appearing to read "Steve Arwood", written over a horizontal line.

Steve Arwood, Director  
Department of Licensing and Regulatory Affairs

Dated: 11/4/13



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

R. KEVIN CLINTON  
STATE TREASURER

November 19, 2013

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

Dear Ms. Graham:

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

Sincerely,

A handwritten signature in cursive script, appearing to read "R. Kevin Clinton".

R. Kevin Clinton  
State Treasurer

Cc: Andrew Lockwood



## MEMORANDUM

**Date:** November 20, 2013

**To:** Michigan Strategic Fund Board

**From:** Eric Hanna, Director, Debt Capital Programs  
Diane Cranmer, Private Activity Bond Specialist

**Subject:** *Private Activity Bond – Bond Authorizing  
Chelsea-Area Wellness Foundation  
Nonprofit – Not to Exceed \$12,000,000 - New*

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### **Request:**

Chelsea-Area Wellness Foundation (“CWF”) is seeking financing to purchase land and an approximately 48,000 square foot building CWF currently leases located at 2810 Baker Road, Dexter, Washtenaw County. The facility will provide the community with fitness facilities, meeting space, health education classes, medical integration programming and other wellness related offerings.

CWF indicates that it employs 65 individuals. It is anticipated when full membership is attained, CWF will employ approximately 100 full time and part time jobs for skilled, certified and unskilled employees.

### **Background:**

CWF is a 501(c)(3) tax-exempt foundation with a mission to create a culture of wellness and sustainable improvements in health in the community of Dexter, Washtenaw County, as well as four other communities. CWF was founded in 2009 when Chelsea Community Hospital merged with St. Joseph Mercy Health Systems. The Foundation is overseen by a volunteer board of directors, four of whom are residents of Dexter.

### **Recommendation:**

Based upon a determination by Miller, Canfield, Paddock and Stone, P.L.C. and the State of Michigan Attorney General’s office that the project complies with state and federal law requirements for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$12,000,000.



2810 Baker Rd, Dexter, MI 48130, USA

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RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND VARIABLE RATE LIMITED OBLIGATION REVENUE BONDS (CHELSEA-AREA WELLNESS FOUNDATION PROJECT), SERIES 2013A AND SERIES 2013B (THE “BONDS”)

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Resolution 2013-\_\_

Background

- A. The Michigan Strategic Fund (the “Fund”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds for the purpose of making loans to pay the costs of a project (as described in the Act).
- B. The Chelsea Health and Wellness Foundation, doing business as Chelsea-Area Wellness Foundation, a Michigan non-profit corporation registered in Michigan (the “Obligor”), has requested loans from the Fund to assist the Obligor in financing (i) the purchase of land and an approximately 48,000 square foot existing facility thereon located at 2810 Baker Road, Village of Dexter, County of Washtenaw, Michigan; and (ii) the costs of issuance of the Bonds (the “Project”).
- C. The Obligor has requested the Fund to issue its (i) Variable Rate Limited Obligation Revenue Bonds (Chelsea-Area Wellness Foundation Project), Series 2013A in the principal amount not to exceed \$6,000,000 (the “Series 2013A Bonds”) pursuant to this resolution and a trust indenture (the “2013A Trust Indenture”) between the Fund and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”), to obtain funds which will be loaned to the Obligor pursuant to a loan agreement (the “2013A Loan Agreement”) between the Fund and the Obligor, and (ii) Variable Rate Limited Obligation Revenue Bonds (Chelsea-Area Wellness Foundation Project), Series 2013B in the principal amount not to exceed \$6,000,000 (the “Series 2013B Bonds,” together with the Series 2013A Bonds, the “Bonds”) pursuant to this resolution and a trust indenture (the “2013B Trust Indenture,” together with the 2013A Trust Indenture, the “Trust Indentures”) between the Fund and the Trustee, to obtain funds which will be loaned to the Obligor pursuant to a loan agreement (the “2013B Loan Agreement,” together with the 2013A Loan Agreement, the “Loan Agreements”) between the Fund and the Obligor, for the purpose of funding the Project.
- D. The Bonds will be issued as fully registered bonds in the denominations provided for in the Trust Indentures.
- E. The Bonds will be purchased by Bank of Ann Arbor, as purchaser (the “Purchaser”), pursuant to a bond purchase and guaranty agreement between the Purchaser and the Obligor.

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

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loans requested by the Obligor, the issuance of the Bonds is authorized. The terms of the Bonds shall be substantially in the forms contained in the Trust Indentures, with the changes permitted

or required by action of the Fund or the Trust Indentures. The Bonds shall bear the manual or facsimile signature of a member of the Fund's Board of Directors (a "Member") or of a person authorized by Board Resolution to sign Bond documents on behalf of the Fund (an "Authorized Officer"), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds. The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be limited obligations of the Fund payable solely from the revenues derived from the Loan Agreements and otherwise as provided in the Trust Indentures.

SECTION 2. Approval, Execution and Delivery of Documents. The forms of the following documents, on file with the staff of the Fund and on which have been endorsed by the staff of the Fund the date of adoption of this Resolution, are approved:

- a. 2013A Loan Agreement
- b. 2013B Loan Agreement
- c. 2013A Trust Indenture
- d. 2013B Trust Indenture

Any Member and Authorized Officer are authorized to execute and deliver the Trust Indentures and any Member or Authorized Officer is authorized to execute and deliver the remaining documents identified in this Section, in substantially the forms approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 3. Completion of Document Terms. Any Member may approve the aggregate principal amount of the Bonds, which shall not be greater than \$12,000,000. The Bonds shall bear interest at such rate or rates as shall be determined from time to time in accordance with the provisions of the Indentures; provided, however, that the interest rate or rates on the Bonds shall in no event exceed the maximum rate of interest permitted by the Indentures. The Bonds shall initially bear interest at the Bank Purchase Rate for the initial Bank Purchase Rate Period as provided in the Indentures. The Issuer's approval and acceptance of the offer of the Bank to purchase the Bonds and of the final terms of the Bonds shall be evidenced by the execution of the Indentures by any Member.

SECTION 4. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds:

- a. an opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the "Attorney General"),
- b. an opinion of counsel to the Obligor and necessary certificates and representations of the Obligor acceptable to the Fund, the Attorney General, and bond counsel, and
- c. an approving opinion of the Attorney General.

Upon receipt, the proceeds of the Bonds shall be paid over to the Trustee to be credited in accordance with the Trust Indentures.

SECTION 5. Designation of Certain Parties. The Bank of New York Mellon Trust Company, N.A.'s acceptance of duties as Trustee shall be evidenced by its execution of the Trust Indentures.

SECTION 6. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the Loan Agreements or the Trust Indentures or as may be necessary to effectuate the valid issuance, sale and delivery of the Bonds as tax-exempt bonds and otherwise as contemplated by those documents.

SECTION 7. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before January 31, 2014, the authority granted by this Resolution shall lapse.

Adopted.

Ayes:

Nays:

November 20, 2013 Meeting  
Lansing, Michigan



## MEMORANDUM

**Date:** December 18, 2013  
**To:** Michigan Strategic Fund Board  
**From:** Amy Lux, Renaissance Zone Program Specialist  
**Subject:** Wealthy Street Historic Development, LLC  
Renaissance Zone Program – Development Agreement Amendment

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### Request

Wealthy Street Historic Development, LLC (the “Company”) and the City of Grand Rapids (the “City”) are requesting an amendment to the Renaissance Zone Development Agreement: Zone Extension (the “Zone Agreement”) to remove the job creation milestone from the agreement. The Michigan Economic Development Corporation (“MEDC”) is also requesting an amendment to the granting MSF Resolution 2009-021 (the “Granting Resolution”) to remove certain parties from the resulting Zone Agreement.

### Background

The Company is an entity related to Georgetown Development Company, a real estate developer in the City of Grand Rapids. In 2009, the Michigan Strategic Fund (“MSF”) Board approved a 15-year time extension for the Company on a site the Company owns in the Wealthy-Eastern-Franklin Subzone within the City of Grand Rapids Renaissance Zone (the “Subzone”). The Renaissance Zone time extension was awarded to support the Company’s \$650,000 plan to renovate a formerly vacant and dilapidated building on Wealthy Street in the City. In exchange for the added years of Renaissance Zone benefits, the Company entered into the Zone Agreement committing to create 8 new full-time jobs on its site in the Subzone by September 30, 2010.

The main goal of this project was focused on community development objectives, rather than development of the recipient business itself. From a community-development perspective, this project is considered a success, having refurbished an abandoned building in a developing neighborhood in the City. The Company has exceeded their capital investment milestone, investing more than \$800,000 in to the property to date, according to progress reports submitted by the Company. In addition, three tenant companies leasing space in the building have created at least 10 jobs. However, because the Company’s role in the project was that of developer, the Company itself does not directly employ anyone in the Renaissance Zone. Therefore, the MEDC is recommending that the job creation milestone be removed from the Zone Agreement to resolve the compliance issue.

In addition, the MEDC would like to take this opportunity to modify the Zone Agreement, which currently includes three unnecessary parties—the Economic Development Corporation of Grand Rapids (the “Grand Rapids EDC”), Kent County, and the MEDC. The only parties with any rights or obligations under the Zone Agreement are the MSF and the Company. The three unnecessary parties were included based on a condition contained in the Granting Resolution which required all five to be parties to the Zone Agreement (“Condition #3”). The Granting Resolution also included a requirement that an escrow account be established for funds from the Grand Rapids EDC to be paid to Kent County until such account was no longer needed (“Condition #2”). However, when the Zone Agreement was actually executed, it contained language indicating that the escrow account was no longer required in the Zone Agreement. By revoking Condition #2 and amending Condition #3 to remove the unnecessary parties, only the Company and the MSF would remain parties to the Zone Agreement.

**Recommendation**

The MEDC recommends the MSF Board approve an amendment of the Company's Renaissance Zone Development Agreement and the Granting Resolution as follows:

- Remove the job creation milestone from the Zone Agreement;
- Revoke Condition#2 of the Granting Resolution, which requires of the escrow account arrangement; and
- Amend Condition #3 of the Granting Resolution to remove the Grand Rapids EDC, Kent County, and the MEDC as required parties.

All other terms and conditions of the Agreement and the Granting Resolution remain unchanged.

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2013-

#### AMENDMENT TO DEVELOPMENT AGREEMENT

##### Wealthy Street Historic Development, LLC

**WHEREAS**, on February 25, 2009, by Resolution 2009-021 the Michigan Strategic Fund (“MSF”) Board approved a time extension for a portion of the Wealthy-Eastern-Franklin Subzone within the City of Grand Rapids Renaissance Zone (the “Zone”) for Wealthy Street Historic Development, LLC (the “Company”), as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the "Act");

**WHEREAS**, MSF Resolution 2009-021 imposed several conditions to the time extension, including Condition #3 which required the Company to enter into a development agreement (the “Agreement”) with the following Parties: the MSF, the Michigan Economic Development Corporation (“MEDC”), Kent County (the “County”), and the Economic Development Corporation of Grand Rapids (the “Grand Rapids EDC”);

**WHEREAS**, the terms of Condition #2 of MSF Resolution 2009-021, which contemplates an escrow account arrangement between some parties, are enforced through a separate agreement and need not be incorporated into the Agreement and therefore, the purpose of Condition #3 of MSF Resolution 2009-021 requiring the Grand Rapids EDC, Kent County, and the MEDC to be parties to the Agreement is no longer valid;

**WHEREAS**, the Agreement outlined various conditions to receiving the benefits of a Renaissance Zone, including a requirement that the Company achieve a certain job creation milestone by a specified due date;

**WHEREAS**, the Company is a developer and does not have any direct employees in the Zone, but its tenants have created jobs;

**WHEREAS**, the MEDC provides administrative services for the renaissance zone program and has reviewed the Amendment Application submitted by the Company requesting modification to the job creation milestone to bring the Company back in to compliance with the Agreement;

**WHEREAS**, the MEDC recommends the MSF Board approve an amendment to the Agreement to reflect the following:

- 1) Section 3(c) of the Agreement is deleted in its entirety.

**WHEREAS**, the MEDC also recommends the MSF Board revoke Condition #2 of MSF Resolution 2009-021 in its entirety and amend Condition #3 of MSF Resolution 2009-021 to remove the MEDC, Kent County, and the Grand Rapids EDC as required parties to the Agreement.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the following amendment to the Agreement between the MSF, the Company, the MEDC, the County, and the Grand Rapids EDC:

- 1) Section 3(c) of the Agreement is deleted in its entirety.

**BE IT FURTHER RESOLVED**, the MSF Board revokes Condition #2 of MSF Resolution 2009-021 in its entirety and amends Condition #3 of MSF Resolution 2009-021 to remove the MEDC, Kent County, and the Grand Rapids EDC as required parties to the Agreement;

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes the Fund Manager to take any action necessary to effectuate the terms of this Resolution; and

**BE IT FURTHER RESOLVED**, that, except as provided in this Resolution, the terms of the Agreement shall remain unchanged and in full effect.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013



## MEMORANDUM

**DATE:** December 18, 2013

**TO:** MSF Board Members

**FROM:** Eric Hanna, Director, Debt Capital Programs  
Diane Cranmer, Private Activity Bond Specialist

**SUBJECT:** *Green Box NA Detroit, LLC- Solid Waste - Amend Inducement to Extend Expiration Date*

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### **Background:**

The Michigan Strategic Fund induced a \$3,200,000 project on behalf of Green Box NA Detroit, LLC (the "Company") at its December 21, 2011 meeting. The Company is asking for a two year extension to Resolution 2011-170 until December 18, 2015.

The original inducement for the project included the acquisition of approximately 30-35 acres of land, the construction of an approximately 212,500 square foot facility and the acquisition and installation of machinery and equipment. The processing facility will process organic, post-consumer waste from food and other waste streams and transform them into paper products, white or brown tissue products, No. 2 diesel fuel and saleable char. The waste materials will be certified that they have been 100% re-processed into new products. The project was to be located in Romulus, Wayne County.

### **Request:**

The extension request to the Inducement Resolution is due to the need to move the induced project closer to the incoming waste stream. Additionally, the Company was unable to build in Romulus due to the inability to use the proper size cranes to construct the facility. The location was too close to the airport for the proper cranes heights required to construct the facility. The proposed location is now in the Detroit, Wayne County area.

### **Recommendation:**

Staff recommends the approval of the amending resolution to extend the expiration date for the inducement resolution to December 18, 2015.

**MICHIGAN STRATEGIC FUND**  
**INDUCEMENT RESOLUTION AMENDMENT**

**2013-**

**Green Box NA Detroit, LLC**

**WHEREAS**, the Fund has previously induced a project for Green Box NA Detroit, LLC (the “Borrower”) pursuant to Resolution 2011-170 at its December 21, 2011 meeting;

**WHEREAS**, the Project specified the cost of the Project would not exceed Three Million Two Hundred Dollars (\$3,200,000);

**WHEREAS**, the expiration date of the inducement resolution will expire on December 21, 2013;

**WHEREAS**, the Borrower requests that the Fund amend the Resolution 2011-170 to extend the expiration date for the inducement resolution from December 21, 2013 to December 18, 2015;

**WHEREAS**, the Borrower also indicates that the project location will move from Romulus, Wayne County to the Detroit, Wayne County area;

**WHEREAS**, the Borrower also indicates the addition of Green Box NA Michigan, LLC as a Borrower;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of the Michigan Strategic Fund that: Resolution 2011-170 is amended to change the induced project expiration date from December 21, 2013 to December 18, 2015, to change the project location and to include Green Box NA Michigan, LLC as a Borrower.

This resolution shall become effective upon adoption.

**ADOPTED**

December 18, 2013

Lansing, Michigan



## MEMORANDUM

**Date:** December 18, 2013  
**To:** Michigan Strategic Fund Board  
**From:** Amy E. Lux, Renaissance Zone Program Specialist  
**Subject:** *Specialty Lifting Equipment, Inc.*  
*Renaissance Zone Program – Transfer*

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### Action

Specialty Lifting Equipment, Inc. (“Specialty”) requests and Michigan Economic Development Corporation (“MEDC”) Staff recommends that the Michigan Strategic Fund (“MSF”) Board approve a resolution to transfer the Renaissance Zone time extension designation to Specialty for the site previously occupied by Apiaries & Orchard Forklift, Inc. (“A&O”) in the Village of Edmore within the Montcalm & Gratiot County Renaissance Zone.

### Background

A&O received a Renaissance Zone time extension designation from the MSF Board in 2008 for an 8-year period in order to support A&O’s project to redevelop a building abandoned by Hitachi Magnetics in the Village of Edmore. According to the A&O’s past Renaissance Zone Progress Reports, the company invested more than \$400,000 in building renovations and improvements to the property to complete this project and begin their forklift manufacturing operations by early 2009. Therefore, A&O achieved the capital investment milestone contained in their Renaissance Zone Development Agreement (the “Agreement”) to invest at least \$302,000 in the property by October 22, 2009.

On January 1, 2012, Specialty acquired A&O’s assets and continued the forklift manufacturing business. Specialty retained all 20 employees working for A&O at the time of acquisition and has since hired 7 more. Therefore, the Specialty is on target to meet A&O’s job creation milestone of 6 new full-time jobs, over the initial 15 base employment transferred when the new facility opened, by December 31, 2014. In addition, Specialty’s production is increasing which will likely require more job creation in the future and the company plans some new investment to upgrade their heating and cooling system.

In order to be eligible to receive Renaissance Zone benefits, Specialty has requested that A&O’s Renaissance Zone time extension designation be transferred to Specialty. Specialty is willing to execute an assignment agreement in order to assume all the rights and responsibilities outlined in the Agreement, including the job creation milestone and the yearly reporting requirements. The Village of Edmore and Montcalm County have both passed resolutions supporting the transfer.

### Recommendation

MEDC Staff recommend that the MSF Board approve Specialty Lifting Equipment, Inc.’s request to transfer the Renaissance Zone time extension designation from Apiaries & Orchard Forklift, Inc. to Specialty, provided an assignment and assumption agreement is executed.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2013-**

**TRANSFER OF TIME EXTENSION FOR AN EXISTING RENAISSANCE ZONE  
Specialty Lifting Equipment, Inc.**

**WHEREAS**, on October 22, 2008, by Resolution 2008-154, the Michigan Strategic Fund (“MSF”) Board approved a time extension for a portion of the existing Montcalm & Gratiot Counties Renaissance Zone, Village of Edmore Subzone for Apiaries & Orchard Forklift, Inc. (“A&O Forklift, Inc.”), as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the "Act");

**WHEREAS**, as a condition of the time extension, a development agreement was entered into between A&O Forklift, Inc. and the MSF, which was effective on October 22, 2008, that set forth certain obligations of A&O Forklift, Inc. to complete a specific project and attain certain milestones;

**WHEREAS**, on January 1, 2012, Specialty Lifting Equipment, Inc. acquired A&O Forklift, Inc., and plans to continue the project and milestone attainment as described in the development agreement;

**WHEREAS**, the Michigan Economic Development Corporation (the "MEDC") administers the renaissance zone program and received an application from Specialty Lifting Equipment, Inc. for a transfer of the renaissance zone designation for the property located within the Montcalm & Gratiot Counties Renaissance Zone, Village of Edmore Subzone (the “Application”);

**WHEREAS**, the transfer of the renaissance zone designation will result in the assignment and assumption of the terms of the development agreement and the County of Montcalm and the Village of Edmore provided their consent to the transfer of the renaissance zone designation; and

**WHEREAS**, the MEDC recommends that the MSF approve the transfer of the renaissance zone time extension designation from Apiaries & Orchard Forklift, Inc. to Specialty Lifting Equipment, Inc. for Lots 15, 17 and 18 in the Sunrise addition within the Village of Edmore Subzone in the Montcalm & Gratiot Counties Renaissance Zone for the remainder of the term of the renaissance zone designation, provided that an assignment and assumption of the development agreement is entered into between Specialty Lifting Equipment, Apiaries & Orchard Forklift, Inc., and the Michigan Strategic Fund by December 31, 2013.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the transfer of the renaissance zone time extension designation from Apiaries & Orchard Forklift, Inc. to Specialty Lifting Equipment, Inc. for Lots 15, 17 and 18 in the Sunrise addition within the Village of Edmore Subzone in the Montcalm & Gratiot Counties Renaissance Zone for the remainder of the term of the renaissance zone designation, provided that an assignment and assumption of the development agreement is entered into between Specialty Lifting Equipment, Apiaries & Orchard Forklift, Inc., and the Michigan Strategic Fund by December 31, 2013;

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes the Fund Manager to take all action necessary to effectuate the terms of this Resolution; and

**BE IT FURTHER RESOLVED**, that, except as provided in this Resolution, the terms of Resolution 2008-154 shall remain unchanged and in full effect.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013



## MEMORANDUM

**Date:** December 18, 2013  
**To:** Michigan Strategic Fund Board  
**From:** Amy E. Lux, Renaissance Zone Program Specialist  
**Subject:** *Ryan's Equipment, Inc.*  
*Renaissance Zone Program – Revocation*

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### Action

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve a resolution revoking the Renaissance Zone time extension designation for Ryan’s Equipment, Inc.’s (the “Company”) site in the Village of Edmore Subzone within the Montcalm & Gratiot Counties Renaissance Zone. Currently, the Company’s Renaissance Zone designation is set to expire in 2023; with the revocation of the time extension, the Company will stop receiving benefits after 2015, when the underlying geographic renaissance zone expires.

### Background

The Company is in the business of manufacturing and developing specialized equipment for forestry and landscaping. In 2008, the Company received a Renaissance Zone time extension for eight years to be tacked on to the end of the current term of the Village of Edmore Subzone, bringing the full term to 15 years expiring in 2023. The incentive was granted to support the Company’s planned relocation and expansion project. In exchange for the added years of renaissance zone benefits, the Company entered into a development agreement with the MSF (the “Agreement”) contracting to create 12 new full-time jobs by January 1, 2013 and to invest \$493,000 in building renovations and improvements to the Renaissance Zone property by November 25, 2013.

The Company has fallen substantially short of both milestones, having created just 3 full-time jobs and having invested less than \$130,000 since designation. Due to the Company’s failure to attain the milestones, the 90-day cure period required in the Agreement was initiated. The cure period has since lapsed and the Company remains out of compliance. Both the Agreement and the Michigan Renaissance Zone Act give the MSF Board the authority to revoke a Renaissance Zone time extension if the terms of the development agreement are violated. By revoking the time extension, the Company will be receiving the same durational term as would have been available had the Company not entered in to the Agreement imposing the millstones.

The Company applied for an amendment, but was unable to come up with specific figures that would be attainable in the future and, having achieved just 25% of their milestones, representatives for the Company stated it was unlikely the Company would be able to attain the current job creation and capital investment levels within the next couple of years.

### Recommendation

Therefore, MEDC Staff recommend the MSF Board approve the revocation of the Renaissance Zone time extension designation for Ryan’s Equipment, Inc.’s site in the Village of Edmore Subzone within the Montcalm & Gratiot Counties Renaissance Zone. However, the Company will still be required to report annually to the Michigan Strategic Fund until the expiration of the underlying Village of Edmore Subzone within the Montcalm & Gratiot Counties Renaissance Zone in 2015.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2013-**

**REVOCAION OF AN EXISTING RENAISSANCE ZONE TIME EXTENSION  
DESIGNATION: Ryan's Equipment, Inc.**

**WHEREAS**, Public Act 116 of 2008 amended the Michigan Renaissance Zone Act (the "Act"), 1996 PA 376, as amended, to authorize the Michigan Strategic Fund ("MSF") to extend the duration of renaissance zone status for one or more portions of an existing renaissance zone for a period of time not to exceed fifteen (15) years, provided that the extension will increase capital investment or job creation and the affected county consents to the extension;

**WHEREAS**, on November 25, 2008, the MSF Board approved a Renaissance Zone time extension for Ryan's Equipment (the "Company") for a portion of the Village of Edmore Subzone within the Montcalm & Gratiot Counties Renaissance Zone on Lot 10 of the Sunrise Addition;

**WHEREAS**, Section 4(7) of the Act requires a development agreement be entered into between the MSF, the real property owner, and the Company (the "Agreement"), which contains numerous milestones with regards to job creation and new investment to be obtained by specific deadlines;

**WHEREAS**, the Company has failed to obtain their job creation and capital investment milestones, in violation of the terms of the Agreement;

**WHEREAS**, Section 4(7) of the Act allows the MSF Board to revoke the time extension designation if the MSF Board determines that increased capital investment or job creation will not begin within 1 year of granting the extension or otherwise violates the terms of the written development agreement;

**WHEREAS**, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program,

**WHEREAS**, the MEDC sent notice to the Company to cure its noncompliance, and the Company remains out of compliance despite the lapse of the 90-day cure period; and

**WHEREAS**, the MEDC recommends that the MSF Board approve the revocation of the Renaissance Zone associated with the portion of the Village of Edmore Subzone within the Montcalm & Gratiot Counties Renaissance Zone on Lot 10 of the Sunrise Addition.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the revocation of the Renaissance Zone associated with the portion of the Village of Edmore Subzone within the Montcalm & Gratiot Counties Renaissance Zone on Lot 10 of the Sunrise Addition, effective December 31, 2013 for property tax purposes and immediately for all other purposes; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013



## MEMORANDUM

**Date:** December 18, 2013  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Joshua Hundt, Director – Development Finance  
**Subject:** *Johnson Controls APS Production, Inc.  
Renaissance Zone Program – Development Agreement Amendment*

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### **Request**

Johnson Controls APS Production, Inc. (the “Company”) is requesting an amendment to the Company’s Renaissance Zone Development Agreement (the “Agreement”) to reduce the required capital investment, reduce the required job creation, and to provide an additional option to remedy an event of default, among other things. As a result of these amendments the MEDC is recommending a reduction in the term of the Renaissance Zone from fifteen years to ten years.

### **Background**

Johnson Controls APS Production, Inc. was formerly known as Johnson Controls – Saft APS Production, Inc. Since the approval of the Renaissance Zone, the company has changed their business structure. The new structure includes the dissolution of the joint venture between Johnson Controls and Saft APS Production and the revised agreement reflects the resulting entity.

The Company is in the advanced battery business, primarily dedicated to advanced battery production for the automotive market. In 2009, the MSF Board approved a 15-year Renaissance Zone for the company at its property in the City of Holland. The Renaissance Zone was awarded to support the Company’s planned refurbishment of an existing manufacturing facility at the property into an advanced battery manufacturing facility.

According to the Company’s Renaissance Zone Progress Report of activity through December 31, 2012, the Company has reported investing \$149.8 million and the creation of 100 jobs since the time of the Renaissance Zone designation. These figures fail to meet the requirements of the original Renaissance Zone Development Agreement. Based on the Agreement, the Company was required to invest \$220 million by December 31, 2011 and create 548 new full-time jobs at the property by December 31, 2013. The Company explains that the shortfall is due to slower than anticipated development of the marketplace for advanced energy storage systems.

In addition to the Renaissance Zone, the Company was awarded a Cell Manufacturing Voucher Incentive by the Michigan Economic Growth Authority (“MEGA”) Board on February 14, 2012. The Cell Manufacturing Voucher Incentive is worth up to \$75,000,000 over three years. The Cell Manufacturing Voucher Incentive replaced the Company’s Cell Manufacturing Tax Credit that was approved by the MEGA in 2009. As a part of negotiations related to the Cell Manufacturing Voucher Incentive the Company agreed to set-aside its Plug-in Battery Pack Credit and High-Tech Job Creation Michigan Business Tax Credit that were approved in 2009.

The Company has requested to amend the Agreement to reduce and extend their capital investment requirement to \$150,000,000 by December 31, 2013. Additionally, the Company has requested to reduce its job creation requirement from 548 new full-time jobs at the property by December 31, 2013 to 175 new full-time jobs in the City of Holland by December 31, 2013, 200 cumulative new full-time jobs in the City of Holland by December 31, 2014, and 225 cumulative new full-time jobs in the City of Holland by December 31, 2016.

In response to the Company's representation that there is a significant contingent liability associated with the existing remedy in the event of default language, the company has requested the addition of an alternative remedy for an event of default that occurs after the fourth year of the Renaissance Zone designation allowing the MSF to require the Company to repay the credits actually received by the Company for the most recent full calendar year of the Renaissance Zone prior to the date of the notice of noncompliance.

As a result of the Company's amendment requests, the MEDC recommends a reduction in the term of the Renaissance Zone from fifteen years to ten years.

### **Recommendation**

The MEDC recommends the MSF Board approve the following amendments to the Agreement, effective immediately, in order for the Company to be in compliance and to accommodate a more gradual capital investment and job creation timeline:

- Reduce the capital investment requirement from \$220,000,000 to \$150,000,000.
- Extend the deadline for the required capital investment from December 31, 2011 to December 31, 2013.
- Reduce the job creation requirements from 548 new full-time jobs at the property by December 31, 2013 to 175 new full-time jobs in the City of Holland by December 31, 2013, 200 cumulative new full-time jobs in the City of Holland by December 31, 2014, and 225 new full-time jobs in the City of Holland by December 31, 2016.
- Add an alternative remedy that for an event of default that occurs after the fourth year of the Renaissance Zone designation allowing the MSF to require the Company to repay the credits actually received by the Company for the most recent full calendar year of the Renaissance Zone prior to the date of the notice of noncompliance.
- Reduce the total term of the Renaissance Zone from 15 years to 10 years with a new expiration date of December 31, 2019.

All other material terms and conditions of the Agreement remain unchanged.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2013-**

**AMENDMENT TO DEVELOPMENT AGREEMENT  
Johnson Controls APS Production, Inc.**

**WHEREAS**, on October 28, 2009, by Resolution 2009-157 the Michigan Strategic Fund (“MSF”) Board approved a Renaissance Zone for Johnson Controls APS Production, Inc. f/k/a Johnson Controls – Saft APS Production, Inc. (the “Company”) in the City of Holland, as authorized in Section 8a(2) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the “Act”);

**WHEREAS**, as a condition of receiving the Renaissance Zone, the Company entered in to a development agreement (the “Agreement”) with the MSF, and the City of Holland (the “City”);

**WHEREAS**, the Agreement outlined various conditions to receiving the benefits of a Renaissance Zone, including requirements that the Company achieve certain capital investment and job creation milestones by specified due dates, however, the Company is currently out of compliance with those milestones;

**WHEREAS**, the development of the marketplace for advanced energy storage systems has been slower than anticipated and the State of Michigan’s income tax structure has changed since the approval of the Renaissance Zone, including the passage of 2011 PA 292, an amendment to the Michigan Business Tax Act, 2007 PA 36, the Company has requested a modification of the Agreement;

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and with the Fund Manager has negotiated proposed modifications to the Agreement with the Company, which have the support of the City of Holland;

**WHEREAS**, the MEDC supports the requested modifications at the expense of a five (5) year reduction in the term of the Renaissance Zone, from fifteen (15) years to ten (10) years; and

**WHEREAS**, the MEDC recommends the Agreement be amended to reflect, among other things, a reduced capital investment milestone, a reduced job creation milestone (including allowing jobs created in the adjacent Charter Township of Holland to be counted), an alternate repayment remedy and a reduced term as shown in the First Amended and Restated Renaissance Zone Development Agreement (“Restated Agreement”) attached to this resolution.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board amends the Agreement between the MSF, the City, and the Company as shown on the attached Restated Agreement; and

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes the Fund Manager to execute the Restated Agreement and take any action necessary to effectuate the terms of this Resolution.

Ayes:

Nays:

Recused:

**FIRST AMENDED AND RESTATED  
RENAISSANCE ZONE DEVELOPMENT AGREEMENT**

This First Amended and Restated Development Agreement (the “Agreement”) is between the Michigan Strategic Fund (“MSF”), a public body corporate and politic of the State of Michigan, the City of Holland (the “City”), a Michigan home-rule city, and Johnson Controls APS Production, Inc. (the “Company”), a Michigan corporation. Collectively, the MSF, the City and the Company are referred to in this Agreement as the “Parties.”

- A)** Under Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, the MSF Board may designate a limited number of renaissance zones if the affected city, township or village consents to the creation of a Renaissance Zone within its jurisdiction;
- B)** The City applied to the MSF for a Renaissance Zone designation (the “Application”) for a site to be owned by the Company;
- C)** The Company will refurbish a facility to be referred to as the Meadowbrook facility, where they will produce lithium-ion cells for automotive and other applications, as described in the Application (“Project”);
- D)** At its October 28, 2009 meeting, the MSF Board approved the Renaissance Zone designation described in the Application and this Agreement (the “Zone”) to promote the refurbishment of the existing manufacturing facility, subject to the execution of a development agreement between the MSF, City and the Company;
- E)** As provided under Section 8a(2) of the Act, the MSF, City and the Company entered into Renaissance Zone Development Agreement dated October 28, 2009 (“Ren Zone Agreement”) regarding the Zone;
- F)** Following passage of Public Act 292 of 2011, an amendment to the Michigan Business Tax Act, 2007 PA 36, and for other reasons set forth herein, the Parties believe it is appropriate to make certain revisions to the Ren Zone Agreement (the “Revisions”);
- G)** The MSF, the Company and the City of Holland are agreeable to the Revisions, as set forth herein; and
- H)** At its December 18, 2013 meeting, the MSF Board approved the Revisions which are contained in this Agreement.

In consideration of the MSF’s approval of the Renaissance Zone designation and Revisions for the Property, defined below, and the mutual covenants in this Agreement, the Parties agree as follows:

- 1) **Size and Location of Property.** The Company represents that the Renaissance Zone consists of 31.60 acres, as more particularly described on Exhibit A to this Agreement (the “Property”).
- 2) **Duration of Designation.** The City originally consented to, and the MSF Board previously approved, the Renaissance Zone designation for the Property for a fifteen (15) year period. The designation began January 1, 2010, and ended December 31, 2024, for Michigan business/corporation tax and income tax purposes. In consideration of the terms set forth herein, the parties hereby agree that the designation began January 1, 2010, and will now end December 31, 2019, for Michigan business/corporation tax and income tax purposes. For property tax calculation purposes, the designation begins December 31, 2009 and ends December 30, 2019. Together, these time periods are the “Term.”
- 3) **Conditions of Designation.** As a condition of obtaining and maintaining the Renaissance Zone designation for the Property, the Company shall:
  - a) ***Project:*** construct the Project as described in the Application in a timely manner and satisfy the job creation requirements in connection with the Project in the City of Holland in accordance with the terms of this Agreement;
  - b) ***Capital Investment:*** invest a minimum total of at least \$150,000,000, for capital equipment, facilities, building renovations and improvements to the Property, by December 31, 2013;
  - c) ***Job Creation:*** create in connection with the Project within the City of Holland a total of 225 new Full-Time Jobs as follows: 175 new Full-Time Jobs by December 31, 2013; an additional 25 for a total of 200 new Full-Time Jobs by December 31, 2014; and an additional 25 for a total of 225 new Full-Time Jobs by December 31, 2016. Under this Agreement, a “Full-Time Job” is a job that (i) pays at least 150% of the federal minimum wage in effect from time to time during the Term, (ii) for at least 35 hours of work each week, (seasonal or otherwise), and (iii) for which the Company withholds income and social security taxes. The foregoing shall also include any person who works in a salaried position. For example, 24,000 hours of seasonal work is equal to thirteen Full-Time Jobs; and
  - d) ***Other:***
    - i. maintain the Property in good condition, including, but not limited to, buildings, equipment, landscaping, yards, fencing, parking lots and all fixtures;
    - ii. comply with all federal, state and local laws, including, but not limited to, all applicable environmental, zoning and land use laws;
    - iii. on or before October 28, 2010, the Company shall have commenced the construction of the Meadowbrook facility, as outlined in the City’s application for a MSF Designated Renaissance Zone; and
    - iv. on or before December 31, 2009, acquire ownership of property parcel numbers 03-02-08-100-018 and 03-02-08-100-019.

- 4) **Reports.** The Company shall provide a written report to the MSF by January 31 2010, and annually each January 31 thereafter through 2020 that includes the following information:
- a) the progress of the Project;
  - b) the amount of capital investment, including, but not limited to, real and personal property investment, under Section 3(b) above;
  - c) the number of individuals employed under Section 3(c) above at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property or in connection with the Project from another entity owned by the Company;
  - d) new jobs, including Full-Time Jobs, created hereunder and the average wage for these new jobs;
  - e) the status of the Company's business operations;
  - f) the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
  - g) any other information reasonably requested by the MSF regarding the Property.
- 5) **Zone Benefits.** During the Term, the Company shall receive the exemptions, deductions, credits and other benefits of the Zone designation described in the Act (together, the "Credits"). The Company acknowledges that the benefits provided under MCL 125.2689 do not include relief from the payment of certain property taxes relating to bonds, school sinking fund obligations and special assessments described in MCL 211.7ff, as well as the Michigan Sales and Use Tax.
- 6) **Event of Default.** Under this Agreement, the following constitute an "Event of Default": (i) the Company's failure to begin the capital investment or job creation described in this Agreement by the one year anniversary of the Effective Date; or (ii) the Company's failure to comply with any terms or conditions of this Agreement, as determined in the MSF's sole discretion. Upon the occurrence of an Event of Default, the MSF may revoke the Zone designation and/or require, following notice and Cure Period pursuant to Section 7 below, the Company to pay the state and local taxing authorities an amount up to the value of Credits received by the Company as of the date of the notice provided under Section 7 of this Agreement, subject to the following:
- a. Should the event of Default occur on or before the end of the fourth year of the Term of this Agreement, the MSF may require the Company to repay 100 percent of the total amount of the Credits actually received by the Company; and
  - b. If the Event of Default occurs after the end of the fourth year of the Term of this Agreement, the MSF may require the Company to repay up to 50 percent of the total amount of the Credits actually received by the Company.

As an alternative to the remedy provided in Section 6(b) above at the Company's election, if the Event of Default occurs after the end of the fourth year and before the end of the Term of this Agreement and is not cured in a timely manner, the MSF may require the Company to repay the Credits actually received by the Company for the most recent full calendar year of the Term prior to the date of the notice provided under Section 7 of this Agreement. In any event, if the Company cures the Event of Default to the satisfaction of the MSF during the Cure Period (as defined in Section 7 below) and remains compliant to the terms and conditions of this Agreement for a period of thirty (30) days thereafter, then the Company shall no longer be subject to the obligations to repay any Credits pursuant to this Section as a result of that Event of Default.

This Section shall survive the termination of this Agreement.

- 7) **Notice of Noncompliance.** Prior to taking any action under Section 6 of this Agreement, the MSF shall provide written notice to the Company upon finding that the Company failed to comply with any provisions of this Agreement. The Company shall have 90 days from its receipt of such notice to cure the noncompliance to the MSF's satisfaction ("Cure Period"), before the MSF may take any action pursuant to Section 6 of this Agreement.
- 8) **No Limitations of Remedies.** Nothing in this Agreement shall be construed as a limitation of the remedies available to the Parties at law or in equity.
- 9) **Notices.** All notices provided in connection with this Agreement shall be in writing and deemed given upon personal delivery, or on the next business day if delivered by a commercial overnight carrier, with written verification of receipt service, or the third business day after mail date if sent postage prepaid by United States mail, return receipt requested. All notices shall be addressed as follows:

*To Company:*  
Johnson Controls APS Production, Inc.  
Power Solutions - President  
5757 N. Green Bay Avenue  
Milwaukee, Wisconsin 53209

*with a copy to:*  
Johnson Controls APS Production, Inc.  
General Counsel, Power Solutions  
5757 N. Green Bay Avenue  
Milwaukee, Wisconsin 53209

*To MSF:*  
Michigan Strategic Fund  
MEDC Program Administration, Manager  
Renaissance Zone Program  
300 North Washington Square  
Lansing, Michigan 48913

*To City:*  
City of Holland  
Mayor  
270 South River Avenue  
Holland, Michigan 49423

City of Holland  
Assistant City Manager  
270 South River Avenue  
Holland, Michigan 49423

The Parties may change their designated contact by providing notice as described in this Section.

- 10) **Jurisdiction.** This Agreement shall be governed by the laws of the State of Michigan. 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.
- 11) **Severability.** If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, to the extent permitted by court order, decree or judgment, the invalidity of such clause, provision or section shall not affect any other clause, provision or section of this Agreement and this Agreement shall be construed as if the illegal or invalid clause, provision or section had not been contained in this Agreement.
- 12) **Captions.** The captions or headings in this Agreement are for convenience only and in no way define or limit the scope or intent of any provisions or sections of this Agreement.
- 13) **Amendments.** No amendment to the Ren Zone Agreement, as amended herein, or this Agreement shall be effective unless it is in writing and signed by the Parties.
- 14) **Effective Date.** This Agreement is effective October 28, 2009 (the “Effective Date”).
- 15) **Transfer of Ownership/Termination of Operation/Early Reimbursement.** The sale or transfer of the Property or a transfer or assignment of the beneficial ownership in the Company during the term of this Agreement shall require the consent of the MSF, which consent shall not be unreasonably withheld. For purposes hereof, “transfer or assignment” shall not include any transfers of interests or any restructuring of ownership within or among the entities comprising Johnson Controls APS Production, Inc. and its affiliates or any sale or transfer whatsoever of publicly-traded stock, or the sale or assignment of interests in Johnson Controls, Inc., its affiliates or subsidiaries, so long as the Company continues to own and operate the Facility and remains responsible for the performance of the obligations under this Agreement. Any such sale, transfer or assignment without the MSF’s consent shall constitute an Event of Default. Additionally, the Company and Owner shall notify the MSF in writing of any change of its corporate name or federal employer identification number (“EIN”).

JOHNSON CONTROLS  
APS PRODUCTION, INC.

MICHIGAN STRATEGIC FUND

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Karla Campbell  
Fund Manager

CITY OF HOLLAND

---

Kurt D. Dykstra Mayor

---

Anna Perales  
Deputy City Clerk

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## **EXHIBIT A**

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### **PROPERTY DESCRIPTION**

As approved by the MSF Board Resolution, dated October 28, 2009, the Zone shall be comprised of the following property parcels:

03-02-08-100-018

03-02-08-100-019

Lansing, Michigan  
December 18, 2013



## MEMORANDUM

**Date:** December 17, 2013

**To:** Michigan Strategic Fund Board

**From:** Robert Jackson, Deputy Director, Michigan Energy Office

**Subject:** Advanced Energy Acceleration Services RFP - Public Hearing Authorization

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### Action

The Michigan Economic Development Corporation (MEDC) is requesting the Michigan Strategic Fund (MSF) approval to conduct a Public Hearing for Advanced Energy Acceleration Services (AEAS) Request For Proposals (RFP). The resulting grant will provide funding to a Michigan non-profit organization, through the competitive RFP process, for advanced energy acceleration services. These services will help businesses make capital investments and create new jobs in Michigan. The Michigan Energy Office (MEO) will administer the one (1) year grant with option for a two (2) year renewal.

The MEDC anticipates the following timeline for the AEAS grant:

- Public Hearing: January 7, 2014
- MSF Board for RFP Release Approval: January 2014 MSF Board (date TBD)
- Issue RFP to the Public: January 2014
- Application Deadline: February 3, 2014
- Joint Evaluation Committee (JEC) Review Process Completed: February 14, 2014
- Results of JEC Review to MSF Board: February 2014 MSF Board (date TBD)

### Background

Public Act 215 of 2005, Section 88k(2) and Executive Order 2010-8, allows the MSF Board to award grants and loans from the 21st Century Jobs Fund for "...basic research, applied research, university technology transfer and commercialization of products, processes and services to encourage the development of competitive-edge technologies to create jobs in the state." The proposed RFP, included as Exhibit A to the public hearing notice, would solicit applications for funding to accomplish the following:

- Commercialization of New and Innovative Technologies - Provide support for advanced energy technology development by validating new and emerging alternative energy technologies and connecting them to funding sources for further research and development. The grant will also provide resources for technology demonstrations such as: testing, validation and research-laboratory space. The recipient will support the commercialization of technology by leveraging industry, federal, and philanthropic resources.
- Industry and Venture Development - Assist energy ventures by performing commercialization gap analysis (market landscape, technology or supply chain needs, etc). Assess strengths and weaknesses and decide appropriate level of support to start-up companies. Help existing

Michigan suppliers to transition into energy industry by connecting them to specific opportunities that fit their expertise. Connecting global alternative energy equipment manufacturers to opportunities for strategic partnerships in Michigan.

- Supply Chain Mapping - Increase understanding of industry sector supply chains. Conduct analysis of Michigan's energy technology development and product manufacturing market with the goal of outlining all major contributors and understanding the full economic impact value of the market.
- Technology Roadmapping - Help guide Michigan companies by looking at market driving influences, where R&D is being conducted, existing technology roadmaps, and development of future performance and/or cost requirements and/or targets.
- Industry Convening - Convene industry-sector stakeholders to work toward common goals. Deepen sector knowledge and intelligence through industry focused events.
- Technical Assistance in Advanced Energy Sectors (i.e. smart grid, power electronics, energy storage, energy efficiency, etc.)

Applicants will be required to demonstrate their experience in the areas above, and provide information on the following metrics from prior work in this field:

- Jobs Created or Retained (#)
- Private Investment Leveraged (\$)
- New Business Quoted/Won(\$)
- Capital Investment (\$)
- Plant Expansions (\$)
- Patents, Copyrights, Trademarks Filed (#)
- Licensing Agreements Entered (#)
- Products Commercialized (#)
- Related Events Hosted and Attendance (#)
- Companies Served (#)
- Technical Evaluations (#)
- Company/Opportunity Evaluations (#)
- Business to Business Connections (#)
- Introductions to Private Investors (#)
- Engagements with Local Economic Development Agencies (#)

### **Recommendation**

Staff makes the following recommendations with respect to the program:

1. Allocation of \$2.5 million from the FY 2014 appropriation to the AEAS RFP with option for a two (2) year renewal.
2. Authorization for a Public Hearing for the AEAS RFP.

## NOTICE OF PUBLIC HEARING

On January 7, 2014 the Michigan Strategic Fund Board ("MSF Board") will hold a public hearing with respect to the attached proposed resolution of the MSF Board approving changes to the 21<sup>st</sup> Century Jobs Fund initiative program. The proposed resolution seeks to authorize a Request for Proposals for Energy Acceleration Services.

The hearing will commence at 10:00 a.m. and will be held in the Lake Erie Conference Room of the Michigan Economic Development Corporation ("MEDC") located at 300 North Washington Square, Lansing, Michigan 48913. Interested persons wishing to express any data, views or arguments regarding the Proposed Resolution will be given an opportunity to do so at the public hearing. Written comments will be accepted by the MSF Board at Michigan Strategic Fund Board, c/o Robert Jackson, 300 North Washington Square, Lansing, MI 48913, or electronically to [jacksonr1@michigan.gov](mailto:jacksonr1@michigan.gov), but must be mailed or electronically transmitted on or before the date and time of the hearing.

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

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

Dated: December 18, 2013

Andrea Robach  
Michigan Strategic Fund Board  
300 North Washington Square  
Lansing, Michigan 48913  
(517) 373-0327

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2013-**

**ENERGY ACCELERATION SERVICES REQUEST FOR PROPOSALS  
NOTICE OF PUBLIC HEARING**

**WHEREAS**, Public Acts 215 and 225 of 2005 (“Act”) established the 21<sup>st</sup> Century Jobs Trust Fund initiative;

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

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

**WHEREAS**, pursuant to MCL 125.2088k(8), prior to adopting the attached proposed resolution that would approve the issuance of a Request for Proposals to award a grant to a non-profit corporation to provide energy acceleration services to businesses in Michigan (the “Energy Acceleration Services RFP”), the MSF Board shall hold a public hearing that provides an opportunity for public comment;

**WHEREAS**, the MSF desires to hold a public hearing with respect to the Energy Acceleration Services RFP on January 7, 2014 to offer persons an opportunity to present data, views, questions and arguments; and

**WHEREAS**, the MSF desires to approve the Notice of Public Hearing and to authorize the MSF Fund Manager to be present at the hearing and participate in the public discussion regarding the Energy Acceleration Services RFP.

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

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

**BE IT FURTHER RESOLVED**, pursuant to MCL 125.2088k(8), the MSF intends to adopt a final resolution implementing changes to the 21<sup>st</sup> Century Jobs Fund program by approving the Energy Acceleration RFP.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013

**MICHIGAN STRATEGIC FUND**

**PROPOSED RESOLUTION  
2014-\_\_**

**REQUEST FOR PROPOSALS FOR ENERGY ACCELERATION SERVICES**

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

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

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

**WHEREAS**, on January 7, 2014 a public hearing was held and public comments were received on a Request for Proposals (“RFP”) to award a grant to a non-profit corporation to provide energy acceleration services to businesses in Michigan (the “Energy Acceleration Services RFP”);

**WHEREAS**, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for awarding grant to a non-profit corporation to provide energy acceleration services to businesses in Michigan. A copy of this RFP form is attached to this Resolution; and

**WHEREAS**, the MSF desires to initiate the competitive proposal process to award grants to non-profit organizations and authorize the issuance of the Energy Acceleration Services RFP.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF approves the attached Energy Acceleration Services RFP and authorizes its issuance; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
January 28, 2014

**REQUEST FOR PROPOSALS**

**Michigan Strategic Fund**



**RFP-CASE-**

DRAFT

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**REQUEST FOR PROPOSAL**  
**ENERGY ACCELERATION SERVICES**  
**RFP-CASE-**

This Request for Proposals (“RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Grants Unit (“C&G”). 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&G is the sole point of contact with regard to all bidding and contractual matters relating to the services described in this RFP. C&G 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”). Contracts and Grants will remain the SOLE POINT OF CONTACT throughout the bidding process. ***The MSF will not respond to telephone inquiries, or visitation by Applicants or their representatives. Applicant’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

Contracts and Grants  
Michigan Strategic Fund  
300 North Washington Square, 3rd Floor  
Lansing, Michigan 48913  
[contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org)

**SECTION I**  
**WORK STATEMENT**

**A) PURPOSE**

Public Act 215 of 2005, Section 88k(2) allows the Strategic Economic Investment and Commercialization (“SEIC”) Board to award grants and loans from the 21st Century Jobs Fund for “...basic research, applied research, university technology transfer and commercialization of products, processes and services to encourage the development of competitive-edge technologies to create jobs in the state.” Under Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties and functions of the SEIC Board transferred to the MSF. The purpose of this RFP is to make a grant to a non-profit organization for advance energy acceleration services to help qualified businesses make qualified capital investments and create new jobs in this state. The MSF anticipates allocating up to \$2.5 million (“Award Amount”), disbursed over a 12 month period for this purpose.

**B) BACKGROUND STATEMENT AND OBJECTIVES**

The MEDC is seeking through this grant award to position Michigan as a leader in energy related activities, products and services through technology development and program delivery, ultimately yielding significant capital investment and new job creation in Michigan.

The Michigan Energy Office will oversee the Award. Funding (in the form of a grant) will be awarded to one non-profit organization through a competitive process in which all submitted proposals will be reviewed by a Joint Evaluation Committee (“JEC”). Results from the JEC review will be provided, in the form of numerical scores and award recommendation to the MSF Board for final approval.

**C) ELIGIBILITY REQUIREMENTS**

- Only non-profit organizations are eligible for funding under this Request for Proposals; AND
- The non-profit must be a Michigan non-profit by December 1, 2013; AND
- Able to commence operations by December 1, 2013; AND
- Have on-site technical platforms and resources to accelerate commercialization of Advanced Energy Technologies; AND
- Have a statewide reach and a history of supporting Michigan’s economic development and business attraction mission.

**D) QUALIFICATIONS**

Additionally, to be eligible, the Applicant must:

- Propose a program that focuses on
  - Technology Demonstration and Commercialization
  - Industry and Venture Development
  - Supply Chain Mapping
  - Technology Roadmapping
  - Industry Convening
    - Development and Facilitation of Industry focused events
  - Advanced Energy Sectors including but not limited to:
    - Smart Grid
    - Power Electronics
    - Energy Storage
    - Vehicle Electrification Infrastructure
    - Integration of clean and renewable energy systems
    - Next Generation Energy Efficiency
    - Communications and Controls Technologies for the above sectors
- Have a proven track record in leveraging industry, federal, and philanthropic resources at a 6-to-1 rate to support Advanced Energy Technology commercialization: AND
- Have a proven track record in attracting/leveraging federal funding with Michigan entities to support technology demonstrations, collaborative research and development, industry, and venture growth within Advanced Energy Technology; AND

- Have a proven track record in supporting the MEDC and regional economic development authorities with business attraction, retention and growth of advanced energy companies; AND
- Have a proven track record in supporting Advanced Energy Technology commercialization with both early stage and mature companies; AND
- Have a proven track record of providing technology testing, demonstration and validation services to support commercialization of Advanced Energy Technologies; AND
- Have a proven track record in Advanced Energy asset mapping, cluster development strategy and industry convening; AND
- Have a proven track record in development and execution of industry focused events to accelerate activities within Advanced Energy Technologies.

**E) DELIVERABLES**

- Creation and documentation of leverage from federal, industry, philanthropy, and private resources against MSF funds within the grant period
- Electronically delivered progress and financial reports on a quarterly basis, in addition to a final report against key metrics defined in proposal (attraction, retention, venture development tracking, etc.).

## SECTION II PROPOSAL FORMAT

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

### A) 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 Applicant's prior performance with the MSF, and prior performance information may be a factor in the award decision.

6. Project Staffing – The Applicant 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 Applicant'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. Applicant'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) PROPOSAL SUBMITTAL**

Submit an electronic version of your Proposal to the MSF via email to [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org) not later than **3:00 p.m.** on [REDACTED]. The MSF has no obligation to consider any proposal that is not timely received. **Proposals will not be accepted via U.S. mail or any other delivery method.**

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: "RFP-CASE-[REDACTED] Proposal" with Company Name, and "message 1 of 3" as appropriate if the proposal 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 Applicants concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm on [REDACTED]**. Questions must be submitted to:

Contracts and Grants  
[contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org)

**B) PROPOSALS**

To be considered, Applicants must submit a complete response to this RFP, using the format provided in Section III of this RFP, by **3:00 p.m. on [REDACTED]**. No other distribution of proposals is to be made by the Applicant.

The Proposal must be **signed physically or electronically** by an official of the Applicant authorized to bind the Applicant to its provisions.

**C) ECONOMY OF PREPARATION**

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

**D) SELECTION CRITERIA**

Responses to this RFP will be evaluated based upon a two-step 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 and Grants will screen the proposals for technical compliance to include but not limited to:

- Timely submission of the proposal
- Proposal clearly identified and sent in accordance with instructions provided in this RFP
- Proposal signed physically or electronically by an official of the Applicant authorized to bind the Applicant to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Proposals

- a.) During the second step of the selection process, proposals will be considered by a 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 Applicant.
- b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Applicant to meet the requirements of this RFP, especially the time constraints, quality, and recent projects similar to that described in this RFP. The proposal should indicate the competence of the personnel whom the Applicant intends to assign to the project, including education and experience, with particular reference to experience on projects similar to that described in this RFP and qualifications of Applicant's Project Manager and the Project Manager's dedicated management time, as well as that of other key personnel working on this project. If the other organizations will be playing a role in the proposed project in coordination with this grant, Applicant must provide sufficient background information on them in order to give the MSF a reasonable understanding of their qualifications. Applicant must describe how the organization will coordinate with other organizations to accomplish set goals.
- c.) During the JEC's review, Applicants may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Applicants to clarify the proposals. The MSF will schedule these presentations, if required by the JEC.

**E) APPLICANTS COSTS**

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

**F) TAXES**

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

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

**G) CONFLICT OF INTEREST**

The Applicant 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 Applicant affirms that to the best of its knowledge there exists no actual or potential conflict between the Applicant, the Applicant's project manager(s) or its family's business or financial interests ("Interests") and the services provided under the Contract. In the event of any change in either Interests or the services provided under the Contract, the Applicant 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 Applicant may be

disqualified from consideration under this RFP. As used in this Section, “conflict of interest” shall include, but not be limited to, the following:

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

#### **I) DISCLOSURE OF LITIGATION**

Except as otherwise disclosed in an exhibit to Applicant’s proposal, there is no criminal litigation, investigations or proceedings involving the Applicant (and each subcontractor, if subcontractors will be used to provide the goods/services requested under this RFP) or any of the Applicant’s officers or directors or any litigation or proceedings under the Sarbanes-Oxley Act. In addition, Applicants must disclose in the exhibit requested under this Section of the RFP any civil litigation, arbitration or proceeding to which the Applicant (or, to the extent Applicant 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 Applicant (or subcontractor); or (2) a claim or written allegation of fraud or breach of contract against Applicant (or, to the extent Applicant 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 Applicant is prevented from disclosing under the terms of the settlement may be annotated as such.

#### **J) FALSE INFORMATION**

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

#### **K) DISCLOSURE**

All Applicants should be aware that proposals submitted to the MSF in response to this RFP may be

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

**L) 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 <http://www.michiganbusiness.org/public-notice-rfps/>. Applicants are encouraged to regularly check this site for changes or other information related to the RFP.

**M) ELECTRONIC PROPOSAL RECEIPT**

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

**N) RESERVATION OF MSF DISCRETION**

Notwithstanding any other statement in this RFP, the MSF reserves the right to:

- 1) reject any and all proposals;
- 2) waive any errors or irregularities in the application process or in any proposal;
- 3) rebid the project;
- 4) negotiate with any Applicant for a reduced or increased Award Amount;
- 5) reduce the scope of the project, and rebid or negotiate with any Applicant regarding the revised project; or
- 6) defer or abandon the project.

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

**O) JURISDICTION**

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

**P) 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.

Applicants must include the following certification in the technical proposal:

“Applicant certifies that it is now 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) MSF REQUIRED TERMS AND CONDITIONS**

In addition to the final terms and conditions negotiated between the MSF and Awardee, the following terms and conditions shall be included in the final executed contract:

- 1) The Awardee shall not use any portion of the Award for the development of a stadium or arena for use by a professional sports team or development of a casino or property associated or affiliated with the operation of a casino as prohibited by the Act (see MCL 125.2088(k)(5)(a) and (b)), or to induce the Awardee, a qualified business, or small business to leave the State of Michigan, or to contribute to the violation of internationally recognized workers' rights, of workers in a country other than the United States, as prohibited by the MSF Act (see MCL 125.2088(k)(6)(c) and (d)).
- 2) The MSF, the State of Michigan, the MEDC, its Executive Committee and their respective directors, participants, officers, agents and employees (collectively, the "Indemnified Persons") shall not be liable to the Awardee for any reason. The Awardee shall indemnify and hold the the MSF, the State of Michigan and the MEDC and other Indemnified Person harmless against all claims asserted by or on behalf of any individual person, firm or entity (other than an Indemnified Person), arising or resulting from, or in any way connected with the final contract or any act or failure to act by the Awardee under the final contract, including all liabilities, costs and expenses, including reasonable counsel fees, incurred in any action or proceeding brought by reason of any such claim. The Awardee shall also indemnify the State of Michigan, the MSF, the MEDC and other Indemnified Person from and against all costs and expenses, including reasonable counsel fees, lawfully incurred in enforcing any obligation of the Awardee under the final agreement.
- 3) In connection with the Award, Awardee agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. further agrees that every subcontract entered into for performance of this Agreement will contain a provision requiring nondiscrimination in employment, as specified in this Agreement, binding upon each subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach thereof may be regarded as a material breach of the final contract.

Under 1980 PA 278, MCL 423.321, et seq., the State of Michigan 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 under MCL 423.322. The United States Labor Relations Board compiles this information. The Awardee shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Under MCL 423.324, the State of Michigan may void any contract if, subsequent to the award of the contract, the name of the Awardee as an employer, or the name of a subcontractor, manufacturer, or supplier of the Awardee appears in the register.

- 4) If the State Legislature or the State government fails to provide or terminates the funding necessary for the MSF to fund the Award, the MSF may terminate the final contract by providing notice to the Awardee not less than thirty (30) calendar days before the date of cancellation provided, however,

that if the action of the State Legislature or State government results in an immediate absence or termination of funding, the final contract may be terminated effective immediately upon delivery of written notice to the Awardee. Upon such termination of funding, the MSF shall have no further obligation to make any additional disbursements to the Awardee beyond the date of termination.

- 5) To the best of Awardee's knowledge, neither Awardee nor any of its affiliates, subsidiaries, officers, directors and any person who, directly or indirectly, holds a pecuniary interest in the Awardee of 20% or more: (i) have any criminal convictions incident to the application for or performance of a state contract or subcontract, and (ii) have any criminal convictions or have been held liable in any civil proceeding that negatively reflects on the person's business integrity, including without limitation, based on a finding of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property or violation of state or federal antitrust statutes.
- 6) During the term of the award, there will be frequent contact between the Grant Manager, or other MEDC, MSF or representatives of the State, and the Awardee, including possible site visits. In addition, to enable the Auditor General, the Department of Technology, Management and Budget (the "DTMB"), the MSF, or the MEDC to monitor and ensure compliance with the terms of the final contract, the Awardee shall permit the Auditor General, the DTMB, the MSF, or the MEDC to visit the Awardee, and any other location where books and records of the Awardee are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the final contract, including the expenditure of any funds; provided, however, that such audit right shall survive the end of the term of the final contract by three (3) years. In connection with any such audit, the Awardee shall cooperate with the chief compliance officer, if contacted, as provided in MCL 125.2088i(6)(h). At such visits, the Awardee shall permit the Auditor General, the DTMB, the MSF, or any member, employee or agent of the MSF, the Grant Manager or any employee or agent of the MEDC to make copies or extracts from information and to discuss the affairs, finances and accounts of the Awardee related to this Agreement with its officers, employees or agents. Notwithstanding anything to the contrary, any information and data that the Awardee reasonably determines is confidential information shall be reviewed by the Auditor General, the DTMB, the MSF, and the MEDC at the offices of the Awardee and the Auditor General, the DTMB, the MSF, or the MEDC shall have the right to remove, photocopy, photograph or otherwise record in any way any part of such books and records only with the prior written consent of the Awardee, which consent shall not be unreasonably withheld.

## **B) CONTRACTOR RESPONSIBILITIES**

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

## **C) LIMITATION ON FEES**

The MSF's contribution to management fees, overhead, expenses and other administrative costs is limited to 25% of the Award Amount.

## **D) ACCEPTANCE OF PROPOSAL CONTENT**

If awarded a grant, the contents of this RFP and Applicant's proposal will become contractual obligations. In the event of any discrepancies between the RFP, the proposal and the final executed agreement, the final executed contract shall control. Failure of the successful Applicant to accept these obligations may result in cancellation of the award.

## **D) PROJECT CONTROL AND REPORTS**

### 1) Project Control

- a) The selected Applicant (the "Awardee") will carry out this project under the direction and control of the Business Support Unit of the MSF.
- b) The MSF will appoint a Grant Manager for this project. Although there will be continuous liaison with the Awardee team, the Grant Manager will meet with the Awardee's project manager for the purpose of reviewing progress and providing necessary guidance to the Awardee in solving problems which arise.
- c) The Awardee will be required to submit progress reports, together with supporting documentation, to the Grant Manager on a regular basis in order to assist the MSF in complying with the reporting requirements of the MSF Act. The Grant Manager may request such other documentation or information as may be necessary to effectively administer the award.

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## MEMORANDUM

**Date:** December 18, 2013  
**To:** MSF Board  
**From:** Roselyn Zator, Entrepreneurship and Innovation  
**Subject:** FY 2014 Van Andel Institute Program

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### Action

The MEDC requests the MSF approve allocating \$500,000 for a one-year agreement to the Van Andel Institute to continue its Tuberous Sclerosis Complex (TSC) research program.

### Background

Pursuant to Section 1034b of Public Act 0059 of 2013, the MSF is directed to allocate \$500,000.00 to the Van Andel Institute to be used as a match for funding received from the department of defense and the national institutes of health for advanced medical research.

The Van Andel Institute provided documentation that in 2013 it was awarded over \$500,000 in federal grants from the national institutes of health. The Van Andel Institute proposes to use the \$500,000 (allocated in legislation above) for Tuberous Sclerosis Complex (TSC) research. TSC is a genetic autosomal dominant multisystem disorder characterized by hamartomas (benign neoplasm) in multiple organ systems, including the brain, skin, heart, kidneys, and lung. These hamartomas cause a diverse set of clinical problems based on their location often resulting in epilepsy, learning difficulties, behavioral problems and renal failure, among other complications. TSC affects upwards of 50,000 individuals in the United States and about 1 million individuals worldwide, many of these children under 10 years of age. In the State of Michigan alone, TSC may affect as many as 750 to 1,000 individuals. The proposed research will have a significant impact on TSC research in the State of Michigan, and importantly make an original contribution to advancing TSC research and patient care.

Last year the MSF Board was also directed to allocate \$500,000 to the Van Andel Institute for calendar year 2013 so this is the second year of the TSC research program. The MEDC executed a grant agreement with Van Andel for calendar year 2013. Van Andel reported quarterly and completed the required milestones. The funding of this research also directly created 3 new positions, with another tentative hire, and retained at least 3 highly skilled professionals. Importantly, this project's impact is contributing to increasing the state's knowledge-based economy, attracting out-of-state research investments, intellectual collaborations and world-class researchers, all while making significant strides in scientific research and providing life-changing results for TSC patients. The grant contributes to Grand Rapids' future as "destination healthcare", which will continue to stimulate revenue in the local and state economies.

### Recommendation

MEDC Staff recommends that the MSF Board approves allocating \$500,000 to the Van Andel Institute for a one-year agreement.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2013-**

**FUNDING ALLOCATION TO THE VAN ANDEL INSTITUTE**

**WHEREAS**, 2013 PA 59, Section 1034b requires the Michigan Strategic Fund (“MSF”) Board to grant \$500,000.00 from the funds appropriated for innovation and entrepreneurship to the Van Andel Institute to be used as a match for funding received from the department of defense and the national institutes of health for advanced medical research (the “Van Andel Institute Grant”); and

**WHEREAS**, the MSF Board desires to approve the Van Andel Institute Grant.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the 2013 PA 59, Section 1034b, the MSF Board approves the Van Andel Institute Grant;

**BE IT FURTHER RESOLVED**, the MSF Board requests the State Treasurer to transfer \$500,000 from the 21st Century Jobs Trust Fund FY 2014 appropriation to the MSF for the Van Andel Grant; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager, in coordination with MEDC Staff, is authorized to negotiate the final terms and conditions of the Van Andel Institute Grant and to execute all documents necessary to effectuate the Van Andel Institute Grant.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013



## MEMORANDUM

**Date:** December 18, 2013

**To:** MSF Board Members

**From:** Mike Flanagan, Director, Equity Capital

**Subject:** *Accelerator Fund Program – Michigan Accelerator Fund 1  
Request for Waiver of Investment Conflicts Provision*

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### Request

The Michigan Accelerator Fund 1 (“MAF”), an early stage venture capital fund awarded through the Accelerator Fund Program in 2010, has requested a waiver from requirements of an investment conflicts provision in the Side Letter Agreement (“Side Letter”) between MAF and the Michigan Strategic Fund (“MSF”), executed on January 27, 2011. The provision states that partnership investments shall not be permitted in portfolio companies that are a client of or under any contract with the fund group or any of their respective affiliates. MAF is interested in investing in Grand Rapids Aseptic Manufacturing (“GRAM”), which has been contracted with two MAF affiliates, The Charter Group, a Grand Rapids based M&A advisory firm, and StillPoint Capital, LLC (“StillPoint”), a Tampa, Florida based investment banking and registered representative licensing firm. John Kerschen and Dale Grogan, both managing partners of MAF, are also principals at The Charter Group and were both licensed as registered representatives through StillPoint.

### Background

On August 28, 2010 the MSF Board approved the term sheet and convertible loan agreement template for MAF, which had been approved for a \$6 million award by the SEIC Board through the Accelerator Fund Program on August 9, 2010. Section 2.5 of the convertible loan agreement required the execution of the Limited Partnership Agreement (“LPA”) and any pursuant Side Letter, which was subsequently approved by the MSF Fund Manager. Under section 10(b)(i)(1) of the Side Letter it states:

“No Partnership investments shall be made in any Portfolio Company, entity or Person that is currently, or at any time during the term of the Partnership, a client or under any contract with any of the Fund Group or any of their respective Affiliates.”

MAF is interested in making an investment into GRAM of up to \$1.5 million as part of a larger investment round, but requires a waiver of this provision to do so. According to MAF, John Kerschen was a director of GRAM from 2010 through July, 2013, an activity conducted through The Charter Group. In July, 2013, GRAM contracted with StillPoint through John Kerschen to provide investment banking and advisory services, including capital raising.

GRAM is a Grand Rapids based, early stage, advanced manufacturing company in the life sciences industry that is currently seeking expansion capital, both debt and equity, to fulfill recently executed, multi-year production contracts that represent over \$80 million in revenue through 2016. The new round of investment will help GRAM significantly expand and increase employment in Michigan. According to GRAM, it will create 88 new jobs over the next 3 years, for total employment of 141, with an average salary of \$73,000.

MAF has provided the following justification for its request to invest in GRAM:

1. An investment into GRAM meets all of the investment parameters outlined in MCL 125.2088f(b)-(h). The company is Michigan-based, early stage, and in the advanced manufacturing/life science vertical markets.
2. The GP believes that an investment into GRAM can potentially provide meaningful investment returns for MSF, another investment threshold criterion.
3. Decisions to invest into any prospective portfolio company by MAF are dictated and directed by MAF's independent Investment Review Board, not the GP. Accordingly, we believe that this is an arm's length transaction. Notwithstanding Mr. Kerschen, who will recuse himself from any vote by such board, no member of MAF's Investment Review Board has any ownership interest in The Charter Group or its affiliates. Any decision to invest into GRAM would meet that same due diligence and investment criteria as any other prospective portfolio company.
4. MAF's participation does not materially affect the operations of GRAM, nor will MAF exert any additional influence through its investment.
5. MAF is not unduly enriched through its investment.
6. StillPoint requires any external business activities to be disclosed to FINRA via "Outside Business Activities" form, which disclosure has been completed by Mr. Kerschen.

MEDC staff has reviewed the request and believes that allowing this investment to occur would not violate the spirit of the Accelerator Fund Program or the MSF's agreement with MAF. GRAM appears to be a promising company in Grand Rapids with significant growth potential and commensurate capital needs. In this instance, an investment by MAF into GRAM serves as a strong endorsement of this potential, and does not appear to violate any ethical boundaries. The proposed investment appears to have significant economic development benefits and seems consistent with MAF's past performance. To date, MAF has raised a \$15.1 million fund and made investments in 7 Michigan companies, totaling \$6.1 million, which have leveraged approximately \$100 million in additional private capital.

### **Recommendation**

MEDC Staff recommends that the MSF Board approve a waiver from requirements of the investment conflicts provision in the Side Letter Agreement, Section 10(b)(i)(1), in this instance, in order to allow MAF to make an investment into GRAM. Staff further recommends this approval be conditioned on the following:

1. MAF will not lead or make up more than 35% of an investment round into GRAM, and furthermore will not determine or have influence on the pricing/valuation of any investment round into GRAM or have any undue influence over company governance.
2. The Charter Group and StillPoint shall not charge a fee to GRAM that is based on any portion of an investment from MAF into GRAM.
3. MAF shall not charge a fee to GRAM as a condition of its investment.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2013-\_\_**

**MICHIGAN ACCELERATOR FUND 1  
CONFLICT OF INTEREST WAIVER**

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

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

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

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

**WHEREAS**, on April 7, 2010, the SEIC Board established a competitive process as required by the Act to award loans to organizations that participate in creating a pool of investment capital to be managed in conjunction with existing venture capital funds (the “Accelerator Fund Program”);

**WHEREAS**, on August 9, 2010, the SEIC Board approved Accelerator Fund applicant, Michigan Accelerator Fund I (the “Michigan Accelerator Fund”) to receive an Accelerator Fund award of up to \$6 million;

**WHEREAS**, the MSF and the Michigan Accelerator Fund entered into a Convertible Loan Agreement, dated September 14, 2010, and an Amended and Restated Limited Partnership Agreement and a Side Letter Agreement, each dated January 27, 2011, in order to effectuate the award of \$6 million (collectively, the “Investment Documents”);

**WHEREAS**, Section 10 of the Side Letter Agreement prohibits the Michigan Accelerator Fund from making certain investments in which there is a conflict of interest with the Michigan Accelerator Fund, as defined in the Side Letter Agreement;

**WHEREAS**, Section 22 of the Side Letter Agreement provides that the terms of the Side Letter Agreement may be waived upon the prior written consent of the MSF;

**WHEREAS**, Michigan Accelerator Fund wishes to make an investment in Grand River Aseptic Manufacturing, Inc. (the “GRAM Investment”);

**WHEREAS**, the investment in GRAM by Michigan Accelerator Fund represents a conflict of interest under the Investment Documents;

**WHEREAS**, Michigan Accelerator Fund requests that the MSF Board waive the conflict of interest provisions of the Investment Documents to allow the investment in GRAM;

**MICHIGAN STRATEGIC FUND  
RESOLUTION 2013-XXX**

**APPOINTMENT OF ADVISORY COMMITTEE MEMBER FOR  
DEVELOPMENT MICHIGAN, INC. – CAPITAL CONDUIT PROGRAM,  
REAL ESTATE INITIATIVE AWARD RECIPIENT**

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

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

**WHEREAS**, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

**WHEREAS**, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

**WHEREAS**, on December 21, 2011, the MSF approved the creation and operation of a Develop Michigan – Capital Conduit Program under the MSDF (“CCP”);

**WHEREAS**, on December 21, 2011, by Resolution No. 2011-189, as a subprogram of the CCP, the MSF also approved the Real Estate Initiative (“REI”) and the program guidelines for the REI (as further amended on April 25, 2012, by Resolution No. 2012-48) (the “REI Guidelines”);

**WHEREAS**, on January 25, 2012, by Resolution No. 2012-08, the MSF approved an award to Develop Michigan, Inc. (“DMI”) to operate the REI pursuant to the REI Guidelines (the “DMI Award”);

**WHEREAS**, pursuant to the REI Guidelines and the terms of the DMI Award, the MSF Board has the right to appoint one member to the Investment Advisory Committee;

**WHEREAS**, the MEDC recommends and the MSF Board desires to appoint Eric Hanna, Director Debt Capital Programs pursuant to terms of the DMI Award (the “DMI Appointee”);

**NOW, THEREFORE, BE IT RESOLVED**, the MSF hereby approves the DMI Appointee.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013



## MEMORANDUM

**Date:** December 18, 2013  
**To:** Michigan Strategic Fund Board  
**From:** Karla Campbell, MSF Fund Manager  
**Subject:** Develop Michigan, Inc.  
*Staff Appointment to Investment Advisory Committee*

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### **Request or Action**

Pursuant to the Loan Agreement between the Michigan Strategic Fund (“MSF”) and Develop Michigan, Inc. (“DMI”) and its corresponding investment into its subsidiary private equity fund, the MSF is afforded the ability to name a representative to the Investment Advisory Committee which reviews a variety of matters related to the funds operations including variances from investment mix, loan to value and asset class/product type.

Staff recommends Eric Hanna be named to the Investment Advisory Committee. Eric has experience with lending, underwriting and portfolio management of commercial investment real estate products with a \$14 Billion dollar bank and has heavily participated in the development of the MSF’s loan/investment structure. Eric is the Director of Debt Capital Programs and has worked at the MEDC since 2007.

### **Background**

Develop Michigan, Inc. was formed as a Michigan Non-Profit in 2012 for the purpose of accelerating community development/redevelopment projects in Michigan by using internal and external financial tools to complete the project financing packages. It is managed by a nine member board of directors, to which the MSF has named three individual. The company is actively consulting on more than \$250 million dollars in projects with a building pipeline. The MSF has closed a \$19.5M loan with the company, the proceeds of which are to be invested in a private equity fund used to provide several types of debt to these projects.

In addition, Develop Michigan, Inc. is actively partnering with developers to build and document debt structures which are either approved by the MSF under the Community Revitalization Program or under consideration by staff for future presentation to the MSF. This is stretching the capability of a very small unit to close more transactions more efficiently.

### **Recommendation**

The MEDC Staff recommends the appointment of Eric Hanna to the Investment Advisory Committee until replaced, subject to the appointment requirements of the Operating Agreement.

**MICHIGAN STRATEGIC FUND  
RESOLUTION 2013-XXX**

**APPOINTMENT OF ADVISORY COMMITTEE MEMBER FOR  
DEVELOPMENT MICHIGAN, INC. – CAPITAL CONDUIT PROGRAM,  
REAL ESTATE INITIATIVE AWARD RECIPIENT**

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

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

**WHEREAS**, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

**WHEREAS**, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

**WHEREAS**, on December 21, 2011, the MSF approved the creation and operation of a Develop Michigan – Capital Conduit Program under the MSDF (“CCP”);

**WHEREAS**, on December 21, 2011, by Resolution No. 2011-189, as a subprogram of the CCP, the MSF also approved the Real Estate Initiative (“REI”) and the program guidelines for the REI (as further amended on April 25, 2012, by Resolution No. 2012-48) (the “REI Guidelines”);

**WHEREAS**, on January 25, 2012, by Resolution No. 2012-08, the MSF approved an award to Develop Michigan, Inc. (“DMI”) to operate the REI pursuant to the REI Guidelines (the “DMI Award”);

**WHEREAS**, pursuant to the REI Guidelines and the terms of the DMI Award, the MSF Board has the right to appoint one member to the Investment Advisory Committee;

**WHEREAS**, the MEDC recommends and the MSF Board desires to appoint Eric Hanna, Director Debt Capital Programs pursuant to terms of the DMI Award (the “DMI Appointee”);

**NOW, THEREFORE, BE IT RESOLVED**, the MSF hereby approves the DMI Appointee.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013

Nays:

Recused:

Lansing, Michigan  
December 18, 2013



## MEMORANDUM

**Date:** December 18, 2013

**To:** Michigan Strategic Fund Board

**From:** Karla Campbell, MSF Fund Manager

**Subject:** Michigan Community Revitalization Program  
Request for Appointment of the Michigan Strategic Fund (“MSF”) Board Member to HWD Manager, Inc. in support of the Performance-based Equity Contribution for the Flint Cornerstone Project

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### Request

MEDC staff is requesting the appointment of Joseph Martin, Manager, Community Revitalization Program and Brownfield, to sit on the Board of Directors for HWD Manager, Inc.

### Background

On August 25, 2013 the MSF approved a \$5,649,071 equity contribution into HWD Investors, LLC for the Flint Cornerstone Project. The project involves the redevelopment of four city blocks in Downtown Flint to create an emerging health and wellness district. The redevelopment rests on three pillars: the renovation of the former Flint Journal Headquarters to make way for Michigan State University’s Flint Public Health & Medical Campus project; the relocation of the 70-plus vendor Flint Farmer’s Market to the vacant Flint Journal printing facility; and the demolition of the Genesee Towers property to make way for an engaging urban plaza.

Under the proposed terms of this equity arrangement, Uptown Reinvestment Corporation (“URC”) and the MSF, as members of HWD Investors, LLC, would aggregate grants and other non-debt monies provided for the project along with the proposed MCRP contribution and make investments into the project through the New Market Tax Credit Structure (NMTC). URC FJ, LLC will be the property owner and is the entity responsible for the redevelopment of the properties, including making the investment on the property and providing the cash flow to service all debt payments arising from the transaction.

Additionally, HWD Manager, Inc. was formed as the managing entity of URC FJ, LLC and will own approximately 80% of URC FJ, LLC per the NMTC structure. The sole shareholder of the HWD Manager, Inc. is HWD Investors, LLC, whose sole members will be Uptown Reinvestment Corporation, and the Michigan Strategic Fund. The Board of Directors for HWD Manager, Inc. will initially consist of two directors appointed by URC and one director appointed by the MSF.

### Recommendation

The MEDC staff recommends the appointment of the Joseph Martin to sit on the Board of Directors for HWD Manager, Inc.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2013-**

**APPROVAL OF A BOARD MEMBER FOR THE FLINT CORNERSTONE PROJECT**

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

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

**WHEREAS**, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”), and (iii) approved the MSF Fund Manager to negotiate the final terms and conditions of the written agreements to be used to memorialize MCRP awards on the MSF’S behalf in accordance with the Guidelines (“Transaction Documents”);

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

**WHEREAS**, HDW Investors, LLC, Uptown Reinvestment Corporation, URC FJ, LLC and HWD Manager, Inc. or such other entities formed or to be formed in furtherance of the of the Flint Cornerstone project (“Co-Applicants”) were approved by the MSF Board for a performance based equity contribution to one or more of the Co-Applicants in furtherance of up to \$5,649,071 on August 28, 2013 (“Equity Award”);

**WHEREAS**, in furtherance of the project and Equity Award, the MEDC has negotiated that the MSF shall have one board seat on the board of directors of HWD Manager, Inc.;

**WHEREAS**, the MEDC recommends the appointment of Joseph Martin to the Board of Directors for HWD Manager, Inc (“Board Appointment”);

**WHEREAS**, the MSF Advisory Committee has indicated its support of the Board Appointment.

**BE IT FURTHER RESOLVED**, the MSF Board approves the Board Appointment; and

**BE IT FURTHER RESOLVED**, the MSF Board approves the MEDC staff to negotiate the final terms and conditions of, and the MSF Fund Manager sign, all Transaction Documents necessary to effectuate the Board Appointment.

ADOPTED.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 18, 2013