

MICHIGAN STRATEGIC FUND BOARD MEETING

October 24, 2012

1:30 p.m.

**Michigan Economic Development Corporation
Lake Michigan Conference Room
300 N. Washington Square
Lansing, Michigan**

AGENDA

Call to Order

A. Adoption of Proposed MSF, MNEA and MEGA Meeting Minutes [Action Items]

1. MSF Proposed Meeting Minutes – September 27, 2012
2. Michigan Next Energy Authority Board [MNEA] Proposed Meeting Minutes – August 22, 2012
3. Michigan Economic Growth Authority Board [MEGA] Proposed Meeting Minutes – August 22, 2012

Public Comment [Please limit public comment to three (3) minutes]

Communication [Information – Ellen Graham]

B. Administrative – 2013 MSF Board Meeting Dates [Action Item – Ellen Graham]

C. 21st Century Jobs Fund Program

1. Business Incubator and Accelerator RFP [Action Item – Paula Sorrell]
2. Credit Suisse Quarterly Update [Information Item – Emily Heintz]
3. Michigan Business Development Program:
 - a. Access Business Group LLC [Action Item – Joshua Hundt]
 - b. La-Z Boy, Inc. [Action Item – Marcia Gebarowski]
NOTE: This project includes a new Renaissance Zone
 - c. RNLF Acquisition LLC [Action Item – Ken Murdoch]
NOTE: This project includes the transfer of the Renaissance Zone

D. MEGA

1. Nexteer Automotive Corporation – Retention Amendment [Action Item – Ken Murdoch]
2. Continental Automotive Holdings US, Inc. [Action Item – LeTasha Peebles]

E. Brownfield MBT Amendments

1. Harbor Shores BHBT Land Development LLC and Powell Construction Services, LLC [Action Item – Mary Kramer]
2. Former Federal Reserve Building/Detroit [Action Item – Dan Wells]

F. Brownfield Act 381 - Midland Stadium District Project [Action Item – Dan Wells]

G. STEP Program – Adoption of Revised STEP Eligibility Guidelines for FY 2013 [Action Item – Deanna Richeson]

H. Private Activity Bonds [Action Items – Diane Cranmer]

1. TKP Holdings/Coastal Container Corporation – Request for Change in Documents
2. Van Andel Research Institute – Bond Authorizing
3. Evangelical Homes of Michigan - \$45,000,000 – Refinancing and New Financing/Nonprofit

I. CDBG – Designation of the Community Development Block Grant Revolving Loan Fund Regional Manager for Regions 1-9 [Action Item – Eric Hanna/Greg West]

J. Renaissance Zones [Action Items –Amy Lux]

1. Western UP Recycling Center, LLC - Revocation
2. Michigan Biodiesel, LLC - Revocation

K. Tool & Die Recovery Zones [Action Items – Karla Campbell]

1. Praet Tool & Engineering, Inc. – 5-year extension
2. Paramount Tool & Die, Inc. – Revoking Prior Location and Adding New Location
3. United Engineered Tooling, Inc. – Revoking Prior Location and Adding New Location
4. Centerline Die & Engineering – New for 5 years

L. Quarterly Delegation Reports

1. MEGA - Quarterly Reports of Administrative Amendments [*Information Item – Karla Campbell*]
2. Michigan Business Development and Community Revitalization Programs [*Information Item –Amy Depez and Joe Martin*]
3. MSDF and SSBCI – [*Information Item – Elisabeth Alexandrian*]
4. MSF Delegated Authority Quarterly Report – 21st Century Jobs Fund Loan/Grant Portfolio [*Information Item –Martin Dober*]
5. MSF Delegated Authority Quarterly Report – Pure Michigan Venture Match Fund [*Information Item – Martin Dober*]

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

**MICHIGAN STRATEGIC FUND BOARD MEETING
SEPTEMBER 27, 2012
PROPOSED MEETING MINUTES**

A meeting of the Michigan Strategic Fund [MSF] Board was held on Thursday, September 27, 2012 at the Michigan Economic Development Corporation, Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan 48933.

MEMBERS PRESENT: Michael Finney, Steven Hilfinger, Paul Hodges, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, James Petcoff, Shaun Wilson

MEMBERS ABSENT: Mike Jackson, Howard Morris, Richard Rassel

CALL TO ORDER: Mr. Finney called the meeting to order at 1:32 p.m.

APPROVAL OF THE AUGUST 22, 2012 MEETING MINUTES: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval of the August 22, 2012 MSF Board meeting minutes. Mr. Hodges seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

PUBLIC COMMENT: Mr. Finney asked if there were any comments from the public. There was none.

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

- The agenda had been revised to include new Item D.7. Michigan Business Development Program – Cherry Growers, Inc.
- Attachments had been added to Items F. and 2 – Ashley Grand Rapids, LLC Steelcase Campus Redevelopment and Globe Trading Building projects.
- Handouts had been placed at each Board member's seat for Agenda Item C – STEP Program.
- A recusal letter had been received from Mr. Hilfinger for Globe Development, LLC, Section F.2.
- The 2013 MSF Board meeting dates will remain on the 4th Wednesday of each month, except November's meeting will be held on the 20th; and December's meeting will be held on the 18th. The dates will be presented to the Board for approval at the October meeting.

CDBG

Deborah Stuart, Director, Community Incentive Programs, provided the Board with information regarding these action items.

Resolution 2012-102 – City of Hart – Façade Improvement Project

Ms. Stuart advised the Board the City of Hart [Oceana County] is requesting a \$209,120 Community Development Block Grant to fund façade improvements for three buildings. Improvements include restoring pigmented structural glass and repairing the existing windows, installation of new windows, removing steel siding, removing wood panels from window openings, repairing wood frames, installing new wood sashes, etc.

Recommendation: Staff recommends that a grant agreement in the amount of \$209,120 be authorized for the City of Hart for façade improvements.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-102. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-103 – City of Plainwell – Façade Improvement Project

Ms. Stuart advised the Board the City of Plainwell [Allegan County] is requesting a \$129,900 Community Development Block Grant to fund façade improvements for three buildings. Improvements include repairing open mortar joint and brick work, window restoration, removal of a cedar shake canopy; new fabric awning, etc.

Recommendation: Staff recommends that a grant agreement in the amount of \$129,900 be authorized for the City of Plainwell for façade improvements.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-103. Mr. Petcoff seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recusals; 3 absent.

Resolution 2012-1014 – SubTerra Systems, LLC – Settlement Agreement and Release of Claim

Ms. Stuart advised the Board that Carp Lake Township received a CDBG planning grant in the amount of \$150,000 in December 1999. The grant proceeds were used for a feasibility study for the benefit of Subterra Systems, LLC. The objectives of the study were to provide research and conclusions to biotechnology, pharmaceutical and research organizations for the need to isolate, accelerated growth facilities required to augment/expedite their prospective research programs. Special terms to the agreement included a Royalty Agreement, dated May 26, 2000. The Royalty payment would take effect if the Company had sales in excess of \$500,000/annually. The project was later amended to \$277,000 but royalty agreement stayed in place and was not amended. The Company is having difficulty financing a proposed expansion with the Royalty Agreement pending. The Company has proposed a settlement of \$229,426 in regards to the Royalty Agreement. The proposed settlement amount is taking into account the original grant amount and using nine percent non-compounded interest rate, assuming they had made monthly payments.

Recommendation: Staff recommends the MSF authorize the MSF Fund Manager to enter into a Settlement Agreement and Release of Claims with Subterra, LLC for \$229,426, related to the Royalty Agreement dated May 26, 2000.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Hilfinger asked if there were any further obligations other than the \$229,000. Ms. Stuart replied there was not. Being no further questions, **Mr. Wilson motioned approval for Resolution 2012-1014. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-105 – MSF/MEDC Memorandum of Understanding for CDBG

Ms. Stuart explained to the Board that the US. Department of Housing and Urban Development [HUD] allocates Community Development Block Grant [CDBG] funding to the State of Michigan through the Michigan Strategic Fund [MSF] for further distribution of eligible Units of General Local Government to carry out State approved activities. HUD has recently recommended that the MSF and the Michigan Economic Development Corporation [MEDC] enter into a Memorandum of Understanding [MOU] for the purpose of specifying responsibilities between the MSF and MEDC in administering the CDBG program. The MSF believes the MEDC to be the sole source provider for these services due to MEDC's unique qualifications, experience, and services related to the State CDBG Program.

Recommendation: Staff recommends that the MSF approve the MOU between the MSF and the MEDC effective immediately through July 1, 2013.

Board Discussion: [Side Bar – Sante Perrelli and Michael Finney. Michael Finney recuses himself. Andrew Lockwood assumes Chair.] Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Petcoff motioned approval for Resolution 2012-105. Mr. Hodges seconded the motion.** The motion carried – 7 ayes; 0 nays; 1 recused; 3 absent.

STEP

Val Hoag, Vice President and Deputy Director, Michigan Business Development and John Wolf-Meyer, provided the Board with information regarding this action item.

Resolution 2012-106 – State Trade & Export Promotion [STEP] Grant Program – Application & Continuation of Program

Resolution 2012-107 – State Trade and Export Promotion [STEP] Grant Program – Amended Memorandum of Understanding

Ms. Hoag explained to the Board the SBA's State Trade and Export Promotion [STEP] program assists Small and Medium sized Enterprises [SME's] which, according to the SBA's definition, must have less than 500 employees. STEP is a three year program, funded at \$30 million annually, to support President Obama's call to jump start job growth by doubling U.S. exports in five years. Program goals include increasing the number of small business exporters in Michigan; increase the value and volume of exports from Michigan and expand Michigan exports to new markets, raising competitiveness in the global marketplace. Michigan is to receive \$2.2 million to operate the program. Through multi-faceted marketing and outreach programs, awareness of Michigan's SME's opportunities for overseas market expansion, will be maintained on the MEDC's website and linked to all Pure Michigan Export partners' portals.

Recommendation: Staff recommends the following:

- MSF Board ratify and approve the application submitted to the SBA for Step Program funding;
- MSF approve the amended Memorandum of Understanding with the MEDC;
- MEDC will provide the identified administrative services and matching funds for the STEP Program;
- Re-approval of the proposed eligibility and application guidelines and grant template used last year;
- MSF Board approves the continued grants to Automation Alley, VAGTC: Lansing Regional Chamber of Commerce; and the Northwest Michigan Council of Governments; and reaffirm the delegation of authority to determine and make certain STEP Program awards.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. Ms. Keeley asked who the MSF Treasurer is. Ms. Hoag responded Minesh Moody. Mr. Hilfinger inquired if the scope of the application had expanded to include other activities. Mr. Wolf-Myer indicated there has been no change from last year. There being no further questions, **Ms. Keeley motioned approval for Resolution 2012-106 and Resolution 2012-107. Mr. Martin seconded the motion.** The motion carried – 7 ayes; 0 nays; 1 recused; 3 absent.

[Mr. Finney returns to meeting.]

21st CENTURY JOBS FUND PROGRAM

Resolution 2012-108 – Michigan Business Development Program/Michigan Community Revitalization Program Background Check Amendment

Karla Campbell, MSF Fund Manager, provided the Board with information regarding this action item.

Background Review Policy for the Michigan Business Development Program [MBD], created under Section 88r of the MSF Act to replace the former MEGA program, and the Michigan Community Revitalization Program [CRP], created under Chapter 8C of the MSF Act, to replace the former Brownfield program was approved at the February 2012 MSF Board meeting. Since that time, it has been determined minor changes need to occur to meet legislative intent as well as continue to move these programs in order to complete deals. The following changes have been recommended by staff:

- Ability to go back five years on all applicants and their parent Company;
- Adding the language “Or its parent Company” regarding an applicant that is not publicly traded;
- Understanding that issues will be uncovered in some cases, a provision to determine whether or not the deal should proceed by allowing the applicant to plead its case in writing to the MSF Chairperson and the MSF Fund Manager:
 - a. Applicant must state how the issue does not negatively reflect on the business integrity of the applicant or Key Personnel;
 - b. MSF Chairperson and the MSF Fund Manager may, but are not obligated to, consider the mitigating circumstances;
 - c. MSF Chairperson and the MSF Fund Manager together may or may not determine that the circumstances have been mitigated to the satisfaction of both

Recommendation: MEDC and MSF staff recommends approval of the amended MBD and CRP Background Review Process and rescinding Resolution 2012-25.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-108. Mr. Hodges seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-109 – Michigan Translational Research & Commercialization Program Request for Proposal

Resolution 2012-110 – Approval of Joint Evaluation Committee & Scoring for the Michigan Translational Research & Commercialization Program Request for Proposals

Melda Uzbil, University Relations Director, provided the Board with information regarding this action item.

Ms. Uzbil advised the Board that through the 21st Century Jobs Fund program, the MSF provides funding for entrepreneurship and innovation projects. Under Section 88o of the MSF Act, the MSF is charged with creating a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge technologies. Additional “gaps” in the university ecosystem have been identified by the MEDC. The program has been developed using the Coulter process which is an acceleration program where projects are provided specialized, focused services and guided through to success in a time- and cost-efficient manner.

Recommendation: Staff recommends, and as supported by the Entrepreneurial Subcommittee supports, the following actions:

1. Allocation of \$6 million from funds appropriated to the MSF for innovation and entrepreneurship for the RFP;
2. Approval and issuance of the draft RFP; and
3. Appointment of the JEC and approval of the JEC scoring and evaluation criteria.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Ms. Keeley inquired if the Universities would receive the warrants. Ms. Uzbil responded they will not. Ms. Uzbil further explained that each university would decide how much they get in returns; they would not be investing directly. Further, she advised MEDC will be on the oversight committee and will know when a spin-off occurs. There being no further questions, **Mr. Hilfinger motioned approval of Resolutions 2012-109**

and 2012-110. Mr. Martin seconded the motion. The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-111-Entrepreneurial Services Provider

Paula Sorrell, Managing Director, Entrepreneurship Services, provided the Board with information regarding this action item.

Ms. Sorrell provided the Board with background information regarding the issuance of a Request for Proposals [RFP], appointment of a Joint Evaluation Committee [JEC], and approval of the scoring criteria. Proposals were due September 5, 2012. Twenty four proposals were received. The JEC members reviewed and scored the proposals individually and then met to review as a group and determined a consensus score for each proposal, awarding the following:

1. First Customer Awards – Michigan Tech Enterprise Corporation; Mid-Michigan Innovation Center Cash Flow from Customers Program; Institute for Research on Labor, Employment and the Economy, University of Michigan
2. Industry Consortium Awards – Michigan Manufacturing Technology Center, Mi-Light, the Michigan Photonics Cluster, Michigan Medical Device Accelerator
3. Federal Matching Awards – Grand Valley State University-MI SBTDC, Macomb-OU, Oakland University, NextEnergy Center

The total amount recommended for awards is \$5,064,309; leaving \$185,691 still available from the approved allocation of \$5,250,000. The JEC recommends reserving the remaining funds for future needs of these types of programs.

Recommendation: Staff recommends the above-listed awards.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-111. Mr. Wilson seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-112 - Centers of Innovation Applicant Approval – SRI International

Resolution 2012-113 – Confidentiality Acknowledgement for SRI International

Martin Dober, Senior Vice-President, Entrepreneurship & Innovation, provided the Board with information regarding this action item and introduced guests: John Sternlicht – Senior Director, Strategic Projects; Walter Moos, Vice President, SRI Biosciences; David Sahrner, Senior Director, Clinical Translation.

Mr. Dober introduced members from the SRI International and provided background information on the Company. SRI [Stanford Research Institute] was formed in Menlo Park California in 1943 as a Center of Innovation. Since then, SRI has opened several research facilities across the U.S. SRI would like to open a pre-clinical and clinical trial service facility to be housed in Michigan Life Sciences Innovation Center in Plymouth, MI. They intend to accelerate SRI technologies and technologies from biotech companies, surrounding universities and hospitals from Phase I and Phase II stage development. The MSF will receive 20% royalties from SRI technologies commercialized out of the SRI facility.

Recommendation: Staff recommends funding of the applicant by the MEDC, which has support of the MSF Entrepreneurial Subcommittee. Further, the recommended grant funding will be \$5 million to this applicant, including a provision for a 20% royalty on technologies commercialized by SRI in Michigan. The recommended award will consume \$5 million of the \$7 million available, leaving \$2 million remaining in the COI Program for future award consideration.

Board Discussion: Mr. Finney commended SRI for their commitments within the State of Michigan, and becoming a long term innovation Company within the state. Mr. Hilfinger asked if SRI's presence in

Michigan will enhance Michigan's ability to retain these types of companies. Mr. Walter responded affirmatively. There being no further questions, **Mr. Wilson motioned approval for Resolutions 2012-112 and 2012-113. Ms. Keeley seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-114 – Capital Conduit Program – Appointments to Grow Michigan, LLC

Eric Hanna, Manager, Debt Capital Program, provided the Board with information regarding this action item.

Mr. Hanna explained under the Capital Conduit Program, the Operating Company Initiative is designed to stimulate private sector risk capital investments, which would be used by the Grow Michigan, LLC to support growth, acquisition, and succession of Small Businesses in Michigan. As a part of the program and for the consideration of its investment in Grow Michigan LLC, the MSF may appoint three members of the Board of Managers. Staff engaged the Governor's Office of Appointments to search, investigate and recommend candidates for appointment. The role of the appointees is to ensure that the organization incorporates as part of its focus the attainment of economic and community development objectives; specifically in helping the organization incorporate these objectives into staffing, compensation, budgeting and reporting functions. They will also lend their considerable professional skills and expertise to the already fundamentally strong organization helping it to both demonstrate viability of the investment model to the private sector and confirm the public policy value that facilitating growth and ownership transition to small businesses provides to Michigan's economy.

Recommendation: Staff recommends the approval of the Governor's Office of Appointments for appointing the following individuals:

1. Douglas Lucianic, President & CEO of the Traverse City Chamber of Commerce. Appoint for an initial term of 1 year;
2. David Zilkowski, CEO of Garden Fresh Gourmet Food, Appoint for an initial term of 3 years;
3. Richard Baird, CEO of MI Partners, LLC for an initial term of 5 years.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-114. Mr. Hodges seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-115 – Michigan Business Development Program – Magna Mirrors of America DBA Magna Sealing and Glass Systems

Amy Deprez, Director, Development Finance, provided the Board with information regarding this action item and introduced guests: Frank Ervin, Director, Governmental Affairs, Magna International; Randy Thelen, Lakeshore Advantage; and Sara Aumacher, Controller.

Ms. Deprez provided the Board with background information on this project stating Magna International, Inc. represents itself as the most diversified global automotive supplier. Magna and its subsidiaries design, develop, and manufacture technologically advanced automotive systems, assemblies, modules and components, and engineers and assemble complete vehicles, primarily for the sale to original equipment manufacturers of cars and light trucks. Further, Ms. Deprez advised that on June 17, 2011 the Applicant, the Michigan Strategic Fund, and Bowne Township completed a settlement agreement to set aside the Applicant's Renaissance Zone in Bowne Township. Mr. Ervin further explained that the Company plans to expand an existing operation in Holland Charter Township, make investments and create jobs related to develop, test and commercialize a new sunroof technology for the passenger automobile industry, named SunBlade TM. The application of this technology will allow Magna Sealing and Glass to manufacture an electro-polymeric shade to be used in sunroofs. Mr. Thelen interjected that the Township has approved 12-year abatement and is in full support. Mr. Thelen gave kudos to MEDC staff and the new business development incentive program.

Recommendation: Staff recommends approval of the Michigan Business Development Program [MBDP] proposal; closing will be subject to available funding under the MBDP at the time of closing; satisfactory completion of due diligence; finalization of all MBDP transaction documents and subject to the commitment remaining valid for 90-days with the approval for the MSF Fund Manager to extend the commitment for an additional 90-days.

Board Discussion: Mr. Finney emphasized the importance of Magna's presence in Highland Park as well as their support of the Community Ventures program at MEDC. Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Hilfinger motioned approval for Resolution 2012-115. Ms. Keeley seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-116 – Michigan Business Development Program – Cherry Growers, Inc.

Ms. Deprez provided the Board with information regarding this action item.

Ms. Deprez explained to the Board that on July 25, 2012, the MSF approved a Michigan Business Development Performance Based grant for Cherry Growers, Inc. in the amount of up to \$2.5 million. The project involves the anticipated increase of production for the Gogosqueeze fruit pouch at Cherry Growers' plant in Grawn, Michigan, in cooperation with the expansion into the Michigan operations of a French Company, Materne North America, Corporation. Materne has also been approved for an incentive award as it relates to this project. Staff has confirmed Materne and Cherry Growers have made significant progress with the project, including the execution of a supply agreement between the two companies as well as the transfer of Materne employees into Cherry Growers' operation. The Agreement with Materne is being drafted and is expected to be executed in the near future. However, due to a New Market Tax Credit [NMTC] funding deadline for the Company, the MEDC is recommending that the Closing Condition requirement, which is not a typical requirement, be waived to allow the MSF and the Company to close, allowing the Company to progress toward meeting the NMTC funding requirement.

Recommendation: Staff recommends waiving the Closing Requirement to allow the MSF and the Company to close. All other terms and conditions of the Term Sheet remain unchanged and in effect.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Wilson motioned approval for Resolution 2012-116. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

MEGA

Resolution 2012-117 – Brembo North America, Inc.

Amy Deprez, Director, Development Finance, provided the Board with background information regarding this action item.

On June 17, 2008, the MEGA Board approved a Standard and Retention MEGA tax credit for Brembo North America, Inc. The standard credit was approved as a ten years, 100% employment tax credit for up to 218 new jobs and the retention credit approved for a five year up to 100% retention tax credit for the 107 jobs retained at the Company's Albion Township facility. The Company is proposing to expand its brake disk and drum manufacturing operation as a result of new business contracts. Overall this project is expected to result in the creation of 112 new jobs and \$33.2 million in additional capital investment.

Recommendation: Staff recommends the following amendments to the 100% Standard MEGA tax credit for 10 years:

- Increase the maximum Qualified New Jobs by 100, allowing for up to 318 Qualified New Jobs for the tax years through 2015 through 2019 to be covered under this tax credit;
- Amend the Company's administrative fee to increase the fee by \$5,175 due to the increase in credit value. The increased administrative fee is due December 31, 2015.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Wilson motioned approval for Resolution 2012-117. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-118 – General Motors LLC – Global Retention Credit

Resolution 2012-119 – General Motors LLC – Plug-In Electric Vehicle Engineering Credit

Resolution 2012-120 – General Motors LLC – Plug-In Battery Pack Credit

Amy Deprez, Director, Development Finance, and Bruce Seymore, Business Development Manager, provided the Board with information regarding this action item and introduced guests: Troy Kennedy, General Motors; Candace Butler, General Motors; and Brian O’Connell, General Motors.

Ms. Deprez introduced Brian O’Connell who provided the Board with an overview of the project.

Mr. O’Connell advised the Board that since the amendments to all the existing and Global Retention Credits, General Motors has continued to grow in Michigan. The Company is considering further investment that may result in the creation of 2,000 additional jobs in the state and up to \$300 million in additional new investment. These figures are in excess of the 30,000 jobs currently being retained and up to \$2.5 billion in investment in Michigan as the result of the credits. One of the potential projects is a new IT Development Center to be located at GM Technical Center in Warren. The Company is nearing the cap of 30,000 for retained jobs on their Global Retention MEGA Tax credit. As a result of these projects the Company is requesting an increase in the maximum allowance for retained jobs on their Global Retention MEGA. In addition to this request, the Company is seeking additional amendments to the Global retention MEGA tax credit, the Plug-In Electric Vehicle Engineering Credit and the Amendment to the Plug-In Battery Pack Credit to simplify, clarify and enhance the credit agreements.

Recommendation: Staff recommends the following:

1. Global Retention
 - a. Increase maximum retained jobs by 3,000, allowing for up to 33,000 retained jobs to be covered under this tax credit;
 - b. Amend agreement to require for reporting purposes annual submission of employment information;
 - c. Amend maximum credit for Detroit Renaissance Center from \$75 million to \$125 million over the life of the credit;
 - d. Amend agreement to remove the exception for the Battery Research and Testing Lab and the Manufacturing Validation Center at the GM Technical Center and allow for inclusion of up to 5,000 retained jobs at GM Technical Center;
 - e. Amend the repayment provision for relocation to 100% repayment for relocation that occurs on or before the end of the 4th year of the credit and a rolling 50% repayment of the three previous years of the credit for a relocation that occurs after the 4th year and within 24 months after the end of the 20th year of the credit; and
 - f. Set the effective date of these amendments as of January 1, 2011.
2. Plug-In Electric Vehicle Engineering Credit:
 - a. The current repayment for relocation is a repayment of up to 100% for a relocation that occurs on or before the third year of the credit and a repayment of up to 50% for a relocation that occurs within 36 months after the end of the term of the credit. Amend proposal to remove the 50% repayment provision for the second 36 months.
3. Plug-In Battery Pack Credit:
 - a. The current repayment for relocation is a repayment of up to 100% for a relocation that occurs on or before the third year of the credit and a repayment of up to 50% for a relocation that occurs within 36 months after the end of the term of the credit. Amend proposal to remove the 50% repayment provision for the second 36 months.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Hilfinger inquired about the driving force for the amendment. Mr. O'Connell responded it was due to additional work and investment. Mr. Martin asked if the jobs were retained vs. created. Mr. O'Connell responded they would be new hires. There being no further questions, **Mr. Lockwood motioned approval for Resolutions 2012-118, 2012-119 and 2012-120. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

BROWNFIELDS

Resolution 2012-121 – Ashley Grand Rapids, LLC Steelcase Campus Project – City of Grand Rapids, Kent County

Dan Wells, Community Revitalization Specialist, provided the Board with information regarding this action item.

On May 19, 2009 Ashley Grand Rapids, LLC requested that this project be amended to revise the previously approved multiphase project by re-aligning the phases to be more consistent with development demands at the time. This amendment maintained 12 phases and allowed changes in what investments would occur in each phase. The current requested amendment is to reduce the scope of phases 2 and 8. Phase 2 is the renovation of the Distribution Center. Phase 8 is complete and includes new commercial construction of a 20,000 storage facility. The previously approved eligible investment amount of \$1,864,342 is requested to be lowered to \$771,719.

Recommendation: Staff recommends approval of the request to reduce the total eligible investment to \$50,279,647 in eligible investment and credit to \$5,027,965.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-121. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

[Steve Hilfinger recused.]

Resolution 2012-122 – Globe Trading Building Project

Mr. Wells provided the Board with information regarding this action item.

This project was initially approved December 20, 2007 to be developed as a mixed use residential, retail and commercial space. This amendment request is to add a new Qualified Taxpayer, Globe Development, LLC, who has entered into a purchase agreement with the Economic Development Corporation of the City of Detroit, which owns the property. The project requests a change in scope that includes renovation of approximately 32,632 square feet of the existing building and new construction to created mixed use office, commercial and retail destination.

Recommendation: Staff recommends approval of the addition of a qualified taxpayer, Globe Development, LLC; a two year time extension; and the change in project scope. However, in order to receive the approved credit, the applicant shall provide evidence of a signed construction contract by January 27, 2013.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval of Resolution 2012-122. Mr. Martin seconded the motion.** The motion carried – 7 ayes; 0 nays; 1 recused; 3 absent.

[Steve Hilfinger returns.]

Resolution 2012-123 – 618 South Main Project

Mary Kramer, Program Specialist, provided the Board with information regarding this action item.

Ms. Kramer explained to the Board, the project will redevelop a contaminated property into a six to seven story building that will be targeted to young professionals. Project activities will include demolition, abatement of lead and asbestos, and site preparation. Public infrastructure including streetscape, street furniture, sidewalks, etc., will also be constructed.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities. However, in order for school tax capture to occur on this project, the applicant shall be limited to interest equivalent to the HUD 221(d)4 rate, but not more than four percent.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-123. Ms. Keeley seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused, 3 absent.

RENAISSANCE ZONE PROGRAM

Resolution 2012-124 – James Group International – Ford Motor Land Development [Property Owners] – City of Detroit, Wayne County

Karla Campbell, MSF Fund Manager, provided the Board with background information regarding this action item.

Ms. Campbell advised the Board that James Group International has been in the Southwest Delray Renaissance Zone since 1997. The property is owned by Ford Motor Land Development and the majority of automotive work has come from Ford Motors Company contracts. In December, 2010, the MSF approved a time extension for nine additional years with the Company making an additional investment of \$2 million in leasehold improvements, new machinery and equipment, furniture, etc. As the James Group's property is owned by Ford Motor Land Development, both entities were required to enter into the agreement with the MSF per the Renaissance Zone statute, which means that Ford is also responsible for job creation and private investment. This situation also required the James Group to contract exclusively with Ford Motor Company for its automotive work. The lease with Ford Motor Company expires in October 2012. Both parties are requesting the transfer of the Renaissance zone property from Ford Motor Land Development to James Group International.

Recommendation: Staff recommends MSF approval of the real property from Ford Motor Land Development effectively immediately. All other provisions of the previous resolution and agreement remain in effect.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2012-124. Mr. Hodges seconded the motion.** The motion carried - 8 ayes; 0 nays; 0 recused; 3 absent.

TOOL & DIE RECOVERY ZONE PROGRAM

Resolution 2012-125 – Mach Mold – Benton Charter Township, Berrien County

Karla Campbell, MSF Fund Manager, provided the Board with background information regarding these action items.

Mach Mold, Inc. was designated with the Berrien Tooling Coalition as a Recovery Zone by the Michigan Strategic Fund on September 30, 2009, effective January 1, 2010. The Michigan Economic Development Corporation received a new resolution passed by Benton Charter Township supporting an MSF approved extension for an additional five years, bringing the total to ten years with a new expiration date of 2019 rather than 2014.

Recommendation: Staff recommends a five year time extension for the Recovery Zone designated to Mach Mold, Inc. at 360 Urbandale, Benton Harbor on parcel #11-03-0800-0004-02-2 effective January 1, 2013 with a new expiration date of December 31, 2019.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Hilfinger motioned approval for Resolution 2012-125. Mr. Wilson seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-126 – Mac-Mold Base, Inc. – Village of Romeo, Macomb County

Ms. Campbell advised the Board that Mac-Mold Base, Inc., as a member of the Eastern Michigan Tool & Die, was designated a Recovery Zone by the Michigan Strategic Fund Board on December 21, 2005, effective January 1, 2006. Staff has received a new resolution passed by the Village of Romeo supporting an MSF approved amendment of the original Recovery Zone to include an additional contiguous parcel for the remaining four years. The MSF may modify an existing Recovery Zone to add additional property under the same terms and conditions as the existing Recovery Zone if the additional real property is contiguous to the existing qualified tool and die business property, will become qualified tool and die business property once it is brought into operation and the Village has consented to the modification.

Recommendation: Staff recommends approval of the amendment to include 14931 32 Mile Road, Romeo, Michigan for Mac-Mold Base, Inc. located on parcel 01-36-400-032 for the remaining four years with an expiration date of December 31, 2015.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-126. Ms. Keeley seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

ADMINISTRATION

Karla Campbell, MSF Fund Manager, provided the Board with information regarding these action items.

Resolution 2012-127 – Transfer of Delegation of Duties from MEGA Board Secretary to MSF Fund Manager

Executive Order No. 2012-9, signed by Governor Rick Snyder on June 26, 2012, transferring the authority of the Michigan Economic Growth Authority to the MSF became effective August 25, 2012. Similar to the MSF Fund Manager, the MEGA Board Secretary was given certain delegation authority by the MEGA. As the MEGA program is now encompassed by the Michigan Strategic Fund Board, the MEGA Secretary duties should be transferred accordingly to the MSF Fund Manager.

Recommendation: Staff recommends the duties of the MEGA Secretary to the MSF Fund Manager.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Ms. Keeley asked if the MEGA Board no longer exists. Ms. Campbell responded the responsibilities of the MEGA Board were now a part of the MSF Board responsibilities. There being no further questions, **Mr. Martin motioned approval of Resolution 2012-127. Mr. Petcoff seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

[Mike Finney recused.]

Resolution 2012-128 – MSF/MEDC Administrative Fees

Ms. Campbell advised the Board that on January 25, 2006, the MSF and MEDC entered into a Memorandum of Understanding for the purpose of specifying responsibilities between the MSF and MEDC in administering the 21st Century Jobs Trust Fund initiative. The MOU was amended on July 13,

2006, October 1, 2007, September 24, 2008, September 30, 2009, September 22, 2010 and September 21, 2011, respectively.

Recommendation: Staff recommends that the MOU be amended to extend the effective date of the MOU through September 30, 2013. Staff also recommends that the MSF authorize the expenditure of 4% of the annual appropriation from the 21Century Jobs Trust Fund for administrative expenses for fiscal year 2012 – 2013.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-128. Mr. Martin seconded the motion.** The motion carried – 7 ayes; 0 nays; 1 recused; 3 absent.

[Mr. Finney returns.]

REQUEST FOR CLOSED SESSION

Karla Campbell, MSF Fund Manager, requested the MSF go into closed session under Section 8(h) of the Open Meetings Act regarding communication between the Attorney General and the MSF dated June 26, 2012.

A motion was made by Mr. Hilfinger for approval of a Closed Session. Ms. Keeley seconded the motion. The motioned carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Ellen Graham, Board Relations Liaison, MEDC, took a Roll Call Vote:

ROLL CALL:

Ayes: Michael Finney, Steven Hilfinger, Paul Hodges, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, James Petcoff, Shaun Wilson

Nays: None

Recused: None

Motion carries – 8 ayes; 0 nays; 0 recused; 3 absent.

Board members returned at 3:20 p.m.

Meeting adjourned 3:21 p.m.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

January 24, 2012

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

Dear Ms. Graham:

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

Sincerely,

A handwritten signature in cursive script that reads "Andy Dillon".

Andy Dillon
State Treasurer

cc: Andrew Dillon



September 27, 2012

Ms. Ellen Graham
Board Liaison – MEDC
300 N. Washington Square
Lansing, MI

Dear Ms. Graham:

This is to advise that I am recusing myself from voting and will leave the meeting room during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on September 27, 2012:

- CDBG – MSF/MEDC Memorandum of Understanding
- STEP – MSF Grand Proposal to Small Business Administration
- Administration – MSF/MEDC Administrative Fees

The reason for my recusal and leaving the meeting room during discussion for these items relates to the fact that I may have a potential conflict of interest with respect to the parties involved in this Agenda item[s].

Sincerely,

Michael A. Finney
President & CEO



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

STEVEN H. HILFINGER
DIRECTOR

September 27, 2012

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

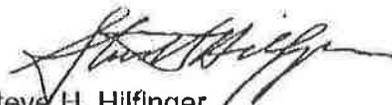
RE: September 27 MSF Board Meeting

Dear Mr. Finney:

This is to advise that I intend to recuse myself from voting on and during discussion of agenda item #F2. Proposed Large Brownfield MBT Credit Pre-Approval Letter Rescission – Globe Trade Building [Action Item – Dan Wells].

The reason for my recusal during the discussion of the aforementioned is due to having acted as legal counsel to Globe Development, LLC in my previous position with Foley & Lardner, LLP.

Sincerely,


Steve H. Hilfinger
Director

FAXED: Ellen Graham 517.241.5213

MICHIGAN NEXTENERGY AUTHORITY BOARD
August 22, 2012

PROPOSED MEETING MINUTES

A meeting of the Michigan NextEnergy Authority [MNEA] Board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, Lake Superior Room, Lansing, Michigan 48913.

MEMBERS PRESENT: Michael Finney, Tim Herman, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Lora Mikula [acting for and on behalf of John Nixon, designation attached]

MEMBERS ABSENT: Cullen Dubose

CALL TO ORDER: Michael Finney called the meeting to order at 11:39 a.m.

APPROVAL OF MINUTES FROM FEBRUARY 14, 2012: Mr. Finney asked for a motion to approve the February 12, 2012 meeting minutes. **Mr. Herman motioned approval for the minutes. Mr. Lockwood seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

PUBLIC COMMENT: Mr. Finney opened the floor for public comment. There was no public comment.

**NON-REFUNDABLE MBT TAX CREDIT FOR ALTERNATIVE ENERGY TECHNOLOGY
BUSINESS INVESTMENT**

Jessica Gomez, MEDC Program Analyst, provided the Board with background information on the following three action items:

Resolution 2012-37 – Adaptive Materials, Inc.

Adaptive Materials Inc. develops fuel cell technology for providing portable power for transportation, military, and consumer markets. The cells are powered by readily available fuels such as propane. The company was certified as an AETB in 2003. It has certified that it continues to be engaged in the business of research, development and manufacturing of an Alternative Energy Technology.

Recommendation: Staff recommends a nonrefundable MBT Credit of \$18,116 for the company's 2011 tax year.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-37. Mr. Lockwood seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2012-38 Limo-Reid, Inc.

Limo-Reid, Inc. is the surviving entity of the merger between Hybra-Drive Systems and Limo-Reid, Inc. in 2009. Hybra-Drive Systems was certified in 2007 as an MNEA Alternative Energy Technology Business. Limo-Reid, Inc. was certified as an AETB in 2009. Limo-Reid, Inc. is engaged in the research and development of prototype and commercial applications of hydraulic drive transmissions for use in automotive and marine applications.

Recommendation: Staff recommends a non-refundable MBT Credit of \$3,855 for the company's 2011 tax year.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-38. Mr. Herman seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2011-39 – O'Brien Engineered Products, Inc.

O'Brien Engineered Products, Inc. is a Michigan Corporation engaged in the research, development and manufacture of components for hydraulic transmission systems designed for use in hybrid and other advanced automotive vehicle applications. The company was certified as an Alternative Energy Technology Business in 2007 and has certified that it continues to be engaged solely in the business of research, development and manufacturing of an Alternative Energy Technology.

Recommendation: Staff recommends a nonrefundable MBT Credit of \$3,783 for the company's 2011 tax year.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-39. Mr. Herman seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

Meeting adjourned at 11:44 a.m.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

February 14, 2012

Michigan Next Energy Authority Board
300 North Washington Square
Lansing, MI 48913

To Whom It May Concern:

I hereby designate Andrew Lockwood to represent me at the Michigan Next Energy Authority Board meetings.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andy Dillon".

Andy Dillon
State Treasurer

Cc: Andrew Lockwood



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

July 11, 2012

Michigan NextEnergy Authority
300 North Washington Square
Lansing, MI 48913

To Whom It May Concern:

I hereby designate Lora Mikula, Office of Financial Management, State Budget Office, to represent me at the Michigan NextEnergy Authority board meetings when Ruth Duquette or I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Nixon".

John E. Nixon, CPA
State Budget Director
Director, Department of Technology, Management and Budget

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD MEETING
August 22, 2012

PROPOSED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority [MEGA] was held on Wednesday, August 22, 2012 at the Michigan Economic Development Corporation, Lake Superior Room. 300 N. Washington Square, Lansing, Michigan 48933.

MEMBERS PRESENT: Michael Finney, Tim Herman, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Lora Mikula [acting for and on behalf of John Nixon, designation attached]

MEMBERS ABSENT: Cullen Dubose

CALL TO ORDER: The meeting was called to order at 11:45 a.m.

APPROVAL OF THE MINUTES: Mr. Finney asked for a motion to approve the July 25, 2012 meeting minutes. **Mr. Herman motioned approval for the July 25, 2012 MEGA Proposed Meeting Minutes. Mr. Lockwood seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

PUBLIC COMMENT: Mr. Finney asked if there was any public comment. There was none.

EXECUTIVE COMMITTEE REPORT: Mr. Finney asked Mr. Lockwood if the Executive Committee had reviewed the projects on the agenda. Mr. Lockwood replied affirmatively that the Executive Committee recommended and approved the agenda items being presented to the Board.

PROPOSED STANDARD MEGA AMENDMENT

Resolution 2012-40 – Diplomat Pharmacy, Inc.

Shane Schamper, Program Analyst, provided background information on this action item.

A 100% Standard MEGA Credit for eighteen years was awarded to Diplomat Pharmacy, Inc. on April 20, 2010. The Credit was awarded for up to 4,000 qualified new jobs with a weekly wage of \$710 above the base employment number in Michigan of 269 full-time employees. After the company moved to the Flint location, it separated their distribution center from their corporate entity. This created Diplomat Specialty Pharmacy Great Lakes Distribution Center, LLC with a new EIN. Diplomat Pharmacy, Inc. is requesting Diplomat Specialty Great Lakes Distribution Center, LLC, be added to the Agreement as an Affiliated Business eligible for base and qualified new jobs purposes.

Recommendation: Staff recommends that Diplomat Specialty Pharmacy Great Lakes Distribution Center, LLC be added to the Agreement as an Affiliated Business and eligible for purposes of created qualified new employees.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Herman commented this company was a great asset and provided many opportunities for employment for this community. There being no further discussion, **Mr. Herman motioned approval for Resolution 2012-40. Mr. Lockwood seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED HIGH-TECH MEGA AMENDMENT

Resolution 2012-41 – Dow Corning Compound Semiconductor Solutions, LLC

Shane Schamper, Program Analyst, provided background information on this action item.

A 100% High-Tech MEGA Credit for ten years was awarded to Dow Corning Compound Semiconductor solutions, LLC, on December 14, 2003. The Credit was awarded for up to 140 qualified new jobs with an average weekly wage of \$1,178 above the base employment number in Michigan of 2,573 full-time employees. Dow Corning Corporation is positioned for growth through two major projects: installation of a new production line to manufacture an anti-fouling coating for electronic devices, and continued investment in the area of silicon carbide wafer research, development and manufacturing. Dow Corning Compound Semiconductor Solutions, LLC is requesting the inclusion of Dow Corning Corporation to the Agreement as an Associated Business eligible for base and qualified new jobs purposes.

Recommendation: Staff recommends that Dow Corning Corporation be added to the Agreement as an Associated Business and eligible for purposes of creating qualified new jobs.

Board Discussion: Mr. Finney asked if the base employment was included in the count. Mr. Schamper replied affirmatively. There being no further questions, **Mr. Lockwood motioned approval for Resolution 2012-41. Mr. Herman seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED ACT 381 WORK PLAN APPROVALS

Resolution 2012-42 – Rylee’s Ace Hardware Redevelopment Project

Dan Wells, Program Specialist – Brownfield, provided background information on this action item.

The proposed project involves the demolition of a vacant gas station and redevelopment of the site into a new Rylee’s Ace Hardware store. The project will also include demolition of a residential dwelling on the adjacent lot. All asbestos containing materials in the building will be abated prior to demolition. Infrastructure improvements to the public sidewalks, curb cuts and alleyway will be made to enable efficient use of the site. The Work Plan requests \$279,500 in environmental eligible activities for Department of Environmental Quality consideration. A request has also been submitted for a Michigan Community Revitalization Program grant of up to 25% of the eligible investment. The City of Grand Rapids has used \$14,917 of its EPA Assessment Grant and anticipates committing an additional \$5,000 for further assessments activities and will commit \$250,000 of the Local Site Revolving Loan Fund for environmental cleanup activities.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA Eligible activities.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2012-42. Mr. Lockwood seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2012-43 – Ralph’s Market Redevelopment Project

Mr. Wells provided background information on this action item.

This project will renovate and expand an existing 1948 era grocery store. A total of four properties have been acquired in order to accommodate the expansion. The project includes abating lead and asbestos within the existing buildings, subsequent demolition of an old gas station building and some associated parking lot areas, selective demolition of interior and exterior portions of the existing grocery store, and

removing excess soils from the site that cannot be reused during the building renovation. Removal of four underground storage tanks will be completed under Department of Environmental Quality environmental response activities. The City of Grand Rapids has committed \$20,000 to the project from its EPA Assessment grant fund. There is also a request for a Michigan Community Revitalization Program grant of up to 25% of eligible investment.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA Eligible activities.

Board Discussion: Mr. Finney asked if there were any questions from the Board, there being none, **Mr. Lockwood motioned approval for Resolution 2012-43. Mr. Herman seconded the motion.** The motion carried – 4 ayes; 0 nays; 0 recused; 1 absent.

The final MEGA Board meeting adjourned at 11:53 a.m.

DRAFT



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

January 17, 2012

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

Dear Ms. Graham:

I hereby designate Andrew Lockwood to represent me at MEGA Board meetings I am unable to attend.

Sincerely,

A handwritten signature in cursive script that reads "Andrew Dillon".

Andy Dillon
State Treasurer

cc: Andrew Dillon



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

July 9, 2012

Michigan Economic Growth Authority
300 North Washington Square
Lansing, MI 48913

To Whom It May Concern:

I hereby designate Lora Mikula, Office of Financial Management, State Budget Office, to represent me at the Michigan Economic Growth Authority Board meetings when Ruth Duquette and I are unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "J. E. Nixon".

John E. Nixon, CPA
State Budget Director
Director, Department of Technology, Management and Budget

MICHIGAN STRATEGIC FUND

2013 Meeting Dates

**Michigan Economic Development Corporation
300 N. Washington Square
Lake Michigan Conference Room
Lansing, Michigan
1:30 p.m. – 3:30 p.m.
517.241.2244**

Wednesday, January 23, 2013
1:30 p.m.

Wednesday, February 27, 2013
1:30 p.m.

Wednesday, March 27, 2013
1:30 p.m.

Wednesday, April 24, 2013
1:30 p.m.

Wednesday, May 22, 2013
1:30 p.m.

Wednesday, June 26, 2013
1:30 p.m.

Wednesday, July 24, 2013
1:30 p.m.

Wednesday, August 28, 2013
1:30 p.m.

Wednesday, September 25, 2013
1:30 p.m.

Wednesday, October 23, 2013
1:30 p.m.

Wednesday, November 20, 2013
1:30 p.m.

Wednesday, December 18, 2013
1:30 p.m.

MEMORANDUM

Date: October 24, 2012
To: MSF Board
From: Paula Sorrell, Managing Director, Entrepreneurship & Innovation
Subject: FY 2013 Business Incubator Program

BACKGROUND

Since 2009 the Michigan Strategic Fund (“MSF”) has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan’s growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators. For the 2012 fiscal year, the business incubators reported the following results occurred as a result of their activities: 113 companies created, 2,137 companies served, 639 jobs created, and \$30 million investment. The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the business incubator grants.

Pursuant to Section 1034 of Public Act 200 of 2012, the MSF is directed to award grants that total not more than \$8,500,000.00 for business incubators and accelerators as follows:

- (a) A high performance regional business incubator or accelerator that provides services in at least 8 counties and received funding as an auto technology business accelerator under section 88j of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088j, shall receive a grant of not less than \$2,000,000.00.
- (b) Funding of not less than \$750,000.00 and not greater than \$1,000,000 shall be awarded to 1 high performance business incubator or accelerator in a city with a population greater than 650,000.
- (c) Funding of not less than \$500,000.00 and not greater than \$1,000,000 shall be awarded to 1 high performance business incubator or accelerator in each of the following governmental units:
 - (i) Houghton County.
 - (ii) Isabella County.
 - (iii) Kent County.
 - (iv) Macomb County.
 - (v) Oakland County.
 - (vi) Washtenaw County.
 - (vii) Midland County.
 - (viii) A Mason County business incubator that provides services to Lake, Mason, Manistee, and Oceana Counties.
- (d) Funding of not less than \$275,000.00 and not greater than \$1,000,000 shall be awarded to 1 high performance business incubator or accelerator in Ingham County.

REQUEST

The MEDC requests that the MSF release the 2013 Business Incubator Request for Proposals (“RFP”) in the amount of \$8,500,000 to solicit proposals in response to the guidelines identified in Section 1034 of Public Act 200 of 2012. The MEDC also requests that the RFP include soliciting proposals from entities, not located in the governmental units identified in the statute (and listed above), for high-performing incubators or accelerators requesting not more than \$1,000,000. The MSF approved a 2012 Business Incubator RFP for \$6,000,000 with similar criteria as identified above and also allowed high-performing incubators not specifically stated in the statute to apply.

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

Issue RFP to the Public: October 24, 2012
Questions due from the Public: October 31, 2012
Answers posted to the MEDC web page: November 5, 2012
Applications Deadline: November 26, 2012
Award Recommendations to MSF Board: January 23, 2013

The MEDC recommends that the MSF Board approve appointing a Joint Evaluation Committee (“JEC”) comprised of MEDC Staff and external partners to review the proposals submitted and make recommendations to the MSF Board. The following individuals are recommended to be appointed to the JEC to review proposals:

Paula Sorrell – Entrepreneurial Services Managing Director, MEDC
Roselyn Zator – Entrepreneurial Services Manager, MEDC
Melda Uzbil – University Relationship Manager, MEDC
Elias Shakour – Cluster Development Manager, MEDC
Phil Tepley - SBTDC
Lauren Bigelow – Growth Capital Network
Jeffrey Rinvelt – Renaissance Venture Capital Fund
Larry Molnar – Michigan Business Incubator Association

The MEDC recommends that the MSF Board approve the scoring and evaluation criteria attached as Exhibit B to the resolution to be used by the JEC members in their review of proposals submitted in response to the RFP.

RECOMMENDATION

MEDC Staff recommends that the MSF Board approve the following actions. The MSF Entrepreneurial Subcommittee support these recommendations.

- 1) Allocation of \$8.5 million for the program;
- 2) Approval of the RFP attached as Exhibit A to the resolution;
- 3) Appointment of the JEC listed above; and
- 4) Approval of the scoring and evaluation criteria attached as Exhibit B to the resolution for the review of the proposals.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF REQUEST FOR PROPOSALS
FOR BUSINESS INCUBATORS AND ACCELERATORS**

WHEREAS, the Michigan General Government Appropriations Act (the “Act”), 2012 PA 200, Section 1034 provides that a portion of the funds appropriated to the Michigan Strategic Fund (“MSF”) for innovation and entrepreneurship be used to fund business incubators and accelerators to one high performance business incubator or accelerator in each of the following governmental units: a high performance regional business incubator or accelerator that provides services in at least 8 counties and received funding as an auto technology business accelerator under section 88j of the Michigan strategic fund act, a high performance business incubator or accelerator in a city with a population greater than 650,000, Houghton County, Isabella County, Kent County, Macomb County, Oakland County, Washtenaw County, Midland County, a Mason County business incubator that provides services to Lake, Mason, Manistee, and Oceana Counties;

WHEREAS, Section 1034 of the Act further provides that grants may be used to fund satellite locations, as determined by the MSF;

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

WHEREAS, the MEDC recommends that the MSF authorize funding for the business incubators and accelerators in the amount of \$8.5 million;

WHEREAS, in accordance with the authorizing legislation, the MEDC recommends and the MSF desires to focus an RFP on proposals submitted by entities in the counties and cities listed above for business incubator and accelerator activities;

WHEREAS, the MEDC also recommends and the MSF desires to invite proposals from entities located in governmental units not listed above provided, however, that no governmental unit may receive more than one award;

WHEREAS, the MSF has reviewed a RFP form that establishes a competitive proposal process to award grants to organizations/entities for business incubator and accelerator activities. A copy of this RFP form is attached to this Resolution as Exhibit A;

WHEREAS, the MSF Board desires to appoint a joint evaluation committee (“JEC”) to review proposals received in response to the RFP and to make recommendations to the MSF Board;

WHEREAS, the MEDC recommends to the MSF Board that the following individuals be appointed to the JEC to review business incubator proposals:

Paula Sorrell – Entrepreneurial Services Managing Director, MEDC
Roselyn Zator – Entrepreneurial Services Manager, MEDC
Melda Uzbil – University Relationship Manager, MEDC
Elias Shakour – Cluster Development Manager, MEDC
Phil Tepley - SBTDC
Lauren Bigelow – Growth Capital Network

Jeffrey Rinvelt – Renaissance Venture Capital Fund
Larry Molnar – Michigan Business Incubator Association

WHEREAS, the MEDC recommends to the MSF Board that the scoring and evaluation criteria contained in Attachment B be used by the JEC in its review of business incubator and accelerator proposals; and

WHEREAS, the MSF Board desires to appoint the JEC listed above and to approve the scoring and evaluation criteria attached as Exhibit B to this resolution for use by the JEC in its review of business incubator and accelerator proposals.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board allocates \$8.5 million from the funds appropriated to the MSF for innovation and entrepreneurship to fund the business incubators and accelerators awards and requests that the State Treasurer transfer \$8.5 million from the 21st Century Jobs Trust Fund to the MSF;

BE IT FURTHER RESOLVED, the MSF Board approves the attached RFP and authorizes its issuance;

BE IT FURTHER RESOLVED, the MSF Board approves the JEC listed above and the scoring and evaluation criteria attached as Exhibit B; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF President or the MSF Fund Manager to modify the RFP and the composition of the JEC as may be necessary and appropriate, if the modifications are not materially adverse to the interest of the MSF Board.

Ayes:

Nays: None

Recused: None

Lansing, Michigan
October 24, 2012



Michigan Strategic Fund Board 21st Century Job Funds

**REQUEST FOR PROPOSALS
2013 Business Incubators
(Eligible Entities: Non-Profits and Universities)
RFP-DOC-XXXX
Release Date: October 24, 2012**

2013 Business Incubator Request for Proposals (RFP)

Application Due Date: 11/26/2012 in .pdf format to: 2013BIRFP@michigan.org

Naming Convention of the Application (.pdf format): BI2013 – Location of Incubator or Accelerator including City, County

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

Contracts and Grants
Michigan Economic Development Corporation
300 North Washington Square, 2nd Floor
Lansing, Michigan 48913
2013BIRFP@michigan.org

TIMELINE:

Issue RFP to the public.....	October 24, 2012
Questions due.....	October 31, 2012
Answers posted to MEDC webpage.....	November 5, 2012
Applications deadline.....	November 26, 2012
Award Recommendations to MSF Board.....	January 23, 2013

FAILURE TO COMPLY WITH THE TERMS AND CONDITIONS OF THIS RFP MAY RESULT IN DISQUALIFICATION AND ELIMINATION FROM THE AWARD PROCESS.

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Section I - WORK STATEMENT

I-A) INTRODUCTION

Since 2009 the Michigan Strategic Fund (“MSF”) has provided funding to business incubators to **stimulate the creation and continued growth of technology-based businesses and jobs** by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators. The MSF through this RFP continues to encourage this activity.

I-B) PURPOSE

Pursuant to Section 1034 of Public Act 200 of 2012, the MSF shall award up to \$8.5 million in to business incubators and accelerators as follows:

- a) A high performance regional business incubator or accelerator that provides services in at least 8 counties and received funding as an auto technology business accelerator under section 88j of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088j, shall receive a grant of not less than \$2,000,000.00 in fiscal year 2012-2013.
- b) Funding of not less than \$750,000.00 in fiscal year 2012-2013 shall be awarded to 1 high performance business incubator or accelerator in a city with a population greater than 650,000.
- c) Funding of not less than \$500,000.00 in fiscal year 2012-2013 shall be awarded to 1 high performance business incubator or accelerator in each of the following governmental units:
 - (i) Houghton County.
 - (ii) Isabella County.
 - (iii) Kent County.
 - (iv) Macomb County.
 - (v) Oakland County.
 - (vi) Washtenaw County.
 - (vii) Midland County.
 - (viii) A Mason County business incubator that provides services to Lake, Mason, Manistee, and Oceana Counties.
- d) Funding of not less than \$275,000.00 in fiscal year 2012-2013 shall be awarded to 1 high performance business incubator or accelerator in Ingham County.

Grant funding awarded under this section may be used to fund satellite locations, as determined by the MSF.

Eligible recipients for these awards shall be operational as of October 1, 2012 and no recipient shall receive more than \$1,000,000.00. The MSF shall make one award per geographic region listed.

Applicants shall submit a comprehensive business plan to the MSF that demonstrates the sustainability of the organization.

Each recipient business incubator or accelerator will be required to develop a dashboard of indicators to measure the effectiveness of the business incubator and accelerator programs. Indicators shall include the direct jobs created, new companies launched as a direct result of

business incubator or accelerator involvement, businesses expanded as a direct result of business incubator or accelerator involvement, direct investment in client companies, private equity financing obtained by client companies, grant funding obtained by client companies, and other measures developed by the recipient business incubators and accelerators in conjunction with the MEDC. Dashboard indicators shall be reported for the prior fiscal year and cumulatively, if available. Each recipient shall submit a copy of their dashboard indicators to the MSF by March 1.

Any funding awarded for business incubators or accelerators in the 2013-2014 fiscal year and subsequent years will be based on the performance of the program as a whole and the results of each incubator as reported in the dashboard indicators.

I-C) FUNDING OPPORTUNITIES

MSF through this Request for Proposals (RFP) is soliciting business incubator proposals from Houghton County, Isabella County, Kent County, Macomb County, Oakland County, Washtenaw County, Midland County, Mason County (that provides services to Lake, Mason, Manistee, and Oceana Counties), Ingham County, 1 high performance business incubator or accelerator in a city with a population greater than 650,000, a high performance regional business incubator or accelerator that provides services in at least 8 counties and received funding as an auto technology business accelerator under section 88j of the MSF Act (1984 PA 270, MCL 125.2088), AND OTHER high-performance business incubators or accelerators in Michigan.

The total amount of funding available under this RFP is \$8,500,000 for up to 4 years.

1. Proposals are requested from the following:
 - a. Proposals submitted by entities located in the following governmental units shall request at least \$500,000 but no more than \$1,000,000: Houghton County, Isabella County, Kent County, Macomb County, Oakland County, Washtenaw County, Midland County, Mason County (entity provides services to Lake, Mason, Manistee, and Oceana Counties).
 - b. Proposals submitted by entities located in Ingham County shall request at least \$275,000 but no more than \$1,000,000.
 - c. Proposals submitted by entities located in a city with a population greater than 650,000 shall request at least \$750,000 but no more than \$1,000,000.
 - d. Proposals submitted by a high performance regional business incubator or accelerator that provides services in at least 8 counties and received funding as an auto technology business accelerator under section 88j of the MSF Act (1984 PA 270, MCL 125.2088) shall request \$2,000,000.
 - e. Proposals submitted by entities not located in the governmental units listed above shall not request more than \$1,000,000.
2. Eligible recipients for these awards must have been operational as of October 1, 2012.

3. Applicants must submit a proposal per requirements of Section III.
4. Requirements that must be included in proposals include:
 - a. A plan that demonstrates the sustainability of the organization.
 - b. A plan that demonstrates the organization takes a leadership role to coordinate with local/regional partners including the local university, local economic development agency, statewide service providers (such as SBTDC, BBC, MMTC, GLEQ, AMIC), consultants, and MEDC to ensure entrepreneurs and tech companies not only receive the appropriate service and connection to all the resources, but also follow-up services and feedback on these activities.
 - c. A plan that demonstrates the organization supports and participates in business plan competitions.
 - d. A plan that demonstrates the organization maintains a list of talent resources (including mentors, consultants, prospective C-level and other management talent, etc.) that the incubator/accelerator uses to assist clients.
 - e. A plan that demonstrates the organization provides professional development for the business incubator/accelerator personnel.
 - f. A plan that projects future outcomes (for example companies created, jobs created, increased investment, etc.) based on past performance and reporting metrics to the MEDC.
5. Types of services and/or programs that are strongly recommended to be included in proposals include:
 - a. Programs to deliver boot camp training to all tech companies across the State.
 - b. Programs to provide educational materials to all incubators for tech education across the State.
 - c. Programs to train companies and wet lab managers on how to safely operate a shared wet lab space.
 - d. Training programs specifically for technology companies in a region, also available state-wide, for example Sales programs.
 - e. Programs to connect early stage technology companies with manufacturers in the state to deliver product.
 - f. CEO Fireside chat series to educate entrepreneurs.
 - g. Programs to help early technology companies participate in export trade missions.
6. Types of services and/or programs that are not allowed to be included in proposals include:
 - a. Duplicative services and/or programs that are provided by state-wide partners such as consulting services from the SBTDC, manufacturing-related training classes from the MMTC, business plan competitions from GLEQ/AMIC, or SBIR/STTR training classes from BBC.
 - b. Services and/or programs already funded by another State grant (21CJF 2012 Business Incubator RFP, 21CJF 2011 Entrepreneurial Service Provider RFP, etc.) or other funders such as the LDFA.
 - c. Services and/or programs that do not create high-tech jobs and form new high-tech growth companies in the state.
 - d. Proposals that request only the funding of overhead for an incubator/accelerator.

- e. Proposals that do not meet the criteria (see II-C) 1, p. 7) listed in this RFP, may not be fully or partially funded.
7. Each recipient business incubator or accelerator shall develop a dashboard of indicators to measure the effectiveness of the business incubator and accelerator programs, at the very least this includes monthly reporting to the MEDC on the following: number of employees in the organization, dollars leveraged (match dollars), new companies created, companies expanded, companies served-tech companies, companies served-traditional companies, jobs created, jobs retained, new investments in companies served (MEDC Funds, federal funds, venture capital, angel funds, bank/loan, owner investment, new sales, other), companies/people attending events. This dashboard should mirror the MEDC's dashboard.

I-D) ELIGIBILITY, REQUIREMENTS, AND OBLIGATIONS

A. Technology Sectors

Proposals submitted **MUST** be to foster the growth of Michigan's technology based economy by supporting early stage companies and entrepreneurs to create jobs and commercialize product(s) within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

B. Non-Profit and University Entities

Only non-profit organizations and Michigan universities are eligible to receive funding through this RFP. To be eligible as a non-profit corporation, an applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan. The principal site for the applicant's management must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the "principal site of the project" requirement for a non-profit corporation, as defined in this section. Eligible non-profit organizations must be authorized to conduct business in the State of Michigan. Universities must be Michigan universities.

C. Leverage and Match

The MSF Board encourages applicants to leverage other resources as a condition of the award. Each proposal must provide specific financial or in-kind contribution committed to, or available for, the direct support of the proposed plan. Although the proportion or the amount of the leveraged resources is not specified in this RFP, applicants are highly encouraged to maximize the contribution committed for their organization. Cash match is favored. 1:1 match is preferred. Other State of Michigan grant funds are not eligible for match. Letters of financial commitment and proposal support are not required in the proposal though may be requested during the award process.

D. Award and Grant Agreements

Awards will be distributed in the form of grants at the discretion of the MSF Board. Grant agreement boilerplate language, when available, will be distributed to applicants. The total

amount available for all awards made pursuant to this RFP is \$8.5 million. Generally, awards will be disbursed up to a four year period. After awards have been officially announced, MEDC staff will contact each award recipient to set up a date and time to negotiate the contractual terms for the award grant agreement and to structure an award-monitoring program. If partial awards are recommended, the applicant will be asked to provide a brief proposal/summary indicating the organization can still continue with the intent of the proposal with the lesser funding. Successful applicants will also be informed of the requirements for Progress Reports (see below for summary of reporting requirements.).

All grant agreements approved by the MSF Board will contain a provision that the Auditor General has access to the books and records, including financial records and all other information and data relevant to the terms of the grant agreement related to the use of the funds.

Successful proposals approved for funding by the MSF Board are subject to the final execution of a legal grant agreement and successful completion of a due diligence review including, among other things: criminal and civil background checks of the applicant. Background checks will include, without limitation, affiliates, subsidiaries, officers, directors, managerial employees, and any person who directly or indirectly holds a pecuniary interest in that business entity of 20 percent or more.

Insufficient or inappropriate proposals will not be funded.

E. Award Reporting Requirements

Progress Reports are due every six (6) months, due in October and April throughout the term of the grant agreement, though metrics reporting is for five (5) years. After the term of the grant agreement the reports are annual reports. For Progress Reports, grantees must report on Milestones, Budget, and Metrics. For the annual reporting, grantees must report on metrics. The grantee is responsible for timely submission of reports that must be submitted electronically through the MEDC Portal.

Monthly Metrics are due monthly and include the following: number of employees in the organization, dollars leveraged (match dollars), new companies created, companies expanded, companies served-tech companies, companies served-traditional companies, jobs created, jobs retained, new investments in companies served (MEDC Funds, federal funds, venture capital, angel funds, bank/loan, owner investment, new sales, other), companies/people attending events. The grantee is responsible for timely submission of reports that must be submitted electronically through MEDC's Google Docs process.

Delayed, incomplete, or incorrect reporting filed will likely result in a loss of funding to the incubator/accelerator.

Annual site visits are conducted by the MEDC Grant Manager.

F. Overhead Rates

The overhead rate (indirect administration costs) for the award recipient is limited to reflect actual overhead, but not greater than 15 percent of the Award Amount over the lifetime of the grant agreement. Preference will be given to proposals that are able to leverage outside funding sources to reduce overhead expenses for the award recipient.

Section II - PROCESS AND TERMS AND CONDITIONS

II-A) QUESTIONS

Questions from Bidders concerning the specifications in this RFP must be received via e-mail no later than **October 31, 2012**. All questions or concerns about this RFP must be directed to the e-mail address below and not to any other employee or representative of the MSF or the MEDC. Failure to comply with this directive may result in disqualification and elimination from consideration under the RFP.

Contracts and Grants:
2013BIRFP@michigan.org

II-B) APPLICATIONS

The application must be in a .pdf format utilizing 10 point font or greater and submitted via email to: 2013BIRFP@michigan.org by **5:00 p.m. EST on November 26, 2012**. **All applications must be signed by an individual authorized by the Applicant to submit the application on its behalf.**

The application must include:

- 1) Contact Page, up to 1 page.
- 2) Check List Page, up to 1 page.
- 3) Proposal, up to 20 pages that includes description of services, milestones, budget, and economic impact.

II-C) SELECTION OF CRITERIA

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

The first step is an evaluation of which applications satisfactorily meet the requirements of the 2013 Business Incubator Request for Proposals document. The second step is the formal review of the proposals against the criteria identified.

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

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

2) Step II – Selection and Award

- a) During the second step of the selection process, applications will be reviewed and evaluated by a Joint Evaluation Committee (“JEC”) comprised of individuals selected by the MSF. Only those applications that satisfy the minimum requirements of this RFP will be considered for evaluation in Step II. The MSF and its JEC reserve the right to request additional information from any applicant. Incomplete proposals will not be accepted or reviewed. **Any change or update to the acceptance of proposals will be posted on the MEDC website.** Such postings shall constitute constructive notice to the general public and to all applicants of any modifications or alterations of the deadline for proposals. Therefore, applicants are strongly encouraged to continuously check the MEDC website at <http://www.michiganadvantage.org/Public-Notices-Requests-for-Proposals/>.
- b) During the JEC’s review, applicants may be required to make oral presentations of their applications to the JEC. The MEDC will schedule these presentations, if required by the JEC.

II-D) FALSE INFORMATION

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

II-E) DISCLOSURE OF INFORMATION

All applicants should be aware that applications submitted to the MSF and the MEDC in response to this process may be subject to disclosure under the provisions of Public Act 442 of 1976, as amended, known as the “Freedom of Information Act” (FOIA). Accordingly, confidential information should be excluded from Applicants’ applications. Applicants, however, are encouraged to provide sufficient information to enable the MSF and the MEDC to determine the Applicant’s qualifications and to understand or identify areas where confidential information exists and could be provided.

II-F) CHANGES IN THE PROCESS

Changes made to the RFP as the result of responses made to qualifying questions or concerns will be put in writing to each applicant. The MSF will not respond to telephone inquiries or visitation by Bidders or their representatives. The MSF does not commit to answering questions received after the date and time specified in Section II-A. Neither the MSF nor the MEDC will respond to telephone inquiries or visitation by applicants or their representatives.

II-G) ELECTRONIC RECEIPT

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY ON OR BEFORE **5:00 p.m. EST on November 26, 2012** TO: 2013BIRFP@michigan.org.

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

II-H) RESERVATION OF MSF DISCRETION

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

- 1) reject any and all proposals;
- 2) waive any errors or irregularities in the application process or in any proposal;
- 3) rebid the project;
- 4) negotiate with any Applicant for a reduced award amount, or for an increased amount to include any alternates that the Applicant may propose;
- 5) reduce the scope of the project, and rebid or negotiate with any Applicant regarding the revised project; or
- 6) defer or abandon the project.

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

Failure to comply with the terms and conditions of this RFP may result in disqualification from consideration under this RFP.

II-I) PROCESS PROTEST PERIOD

If an applicant wishes to initiate a protest of the designation recommendation, the Applicant must submit a protest in writing by 5:00 p.m. EST within seven (7) calendar days from the date of the notice of designation sent by the MSF. The written protest should include reference to the 2013 Business Incubator Request for Proposals and clearly state the facts believed to constitute an error in the designation recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF Chairperson, Fund Manager or other designee of the MSF will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a decision. This decision is final.

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

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

In fairness to Applicants who meet specifications and to prevent delays in program

implementation, the MSF will not withdraw an award or re-evaluate proposals when a protest maintains that the RFP specifications were faulty.

II-J) JURISDICTION

In the event that there are conflicts concerning this 2013 Business Incubator Request for Proposals that proceed to court, jurisdiction will be in a Michigan court of law. Nothing in this process shall be construed to limit the rights and remedies of the MSF or the MEDC that are otherwise available.

II-K) CONFLICT OF INTEREST

The Applicant must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from an award under this RFP.

Except as otherwise disclosed in the proposal, the Applicant affirms that to the best of its knowledge there exists no actual or potential conflict between the Applicant, the Applicant's project manager(s) or its family's business or financial interests ("Interests") and the MSF or MEDC. In the event of any change in the RFP, the Applicant will inform the MSF and the MEDC regarding possible conflicts of interest which may arise as a result of such change and agrees that all conflicts shall be resolved to the MSF's satisfaction or the Applicant may be disqualified from consideration under this RFP. As used in this Section, "conflict of interest" shall include, but not be limited to, the following:

1. Giving or offering a gratuity, kickback, money, gift, or anything of value to an official, officer, or employee of the MSF or the MEDC with the intent of receiving an award from the MSF or favorable treatment under a contract;
2. Having or acquiring at any point during the RFP process or during the term of the award, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Applicant's performance of its duties and responsibilities to the MSF under the award or otherwise create the appearance of impropriety with respect to the award or performance of the award; or
3. Currently in possession of or accepting during the RFP process or the term of the award anything of value based on an understanding that the actions of the Applicant or its affiliates or Interests on behalf of the MSF will be influenced.

II-L) BREACH OF CONTRACT

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

Section III - PROPOSAL FORMAT

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

III-A) PROPOSAL

- 1) Contact Page and Conflict of Interest - State the Lead Organization's full name, address, COUNTY, phone and facsimile number. Also include contact information, including phone number, email, cell phone number, and fax numbers. Also include signature as reference in II-B. And include a statement regarding any Conflict of Interest (see p.10 of the RFP, Section II-K Conflict of Interest).
- 2) Check List Page and Verification of "operational" as of October 1, 2012 – Include a checklist of the required sections of the proposal, as listed in this Section III-A) 3 a-g and an indication that the section is included in the proposal. Include the justification that the incubator was operational as of October 1, 2012.
- 3) Proposal (up to 20 pages) – Provide a proposal and include the required elements a-g, as described here. The estimated pages for each section are in parentheses. In the Proposal clearly identify the following sections as headers.

a) Executive Summary (1 page)

The Executive Summary should summarize the information provided in response to paragraphs (b) through (g), below. And specifically indicate:

- **THE NAME OF THE APPLICANT ORGANIZATION**
- **THE AMOUNT OF FUNDS REQUESTED**
- **THE AMOUNT OF MATCHING FUNDS**
- **THE TERM**
- **CATEGORY AREA:**
 - **Houghton County**
 - **Isabella County**
 - **Kent County**
 - **Macomb County**
 - **Oakland County**
 - **Washtenaw County**
 - **Midland County**
 - **Mason County (that provides services to Lake, Mason, Manistee, and Oceana Counties)**
 - **Ingham County**
 - **1 high performance business incubator or accelerator in a city with a population greater than 650,000**
 - **A high performance regional business incubator or accelerator that provides services in at least 8 counties and received funding as an auto technology business accelerator under section 88j of the Michigan strategic fund act (1984 PA 270, MCL 125.2088)**
 - **OTHER high-performance business incubators or accelerators in Michigan**

- **Summary of services or programs, succinctly stated in no more than 2 paragraphs**
- **Your TARGETED NUMBERS ANNUALLY FOR:**
 - **Companies Created**
 - **Jobs Created**
 - **Jobs Retained**
 - **Increase Investment/Revenue**

b) Proposed Services (3 pages)

Clearly indicate the services that will be offered through this proposal. The proposal must include:

- A plan that demonstrates the sustainability of the organization.
- A plan that demonstrates the organization takes a leadership role to coordinate with local/regional partners including the local university, local economic development agency, statewide service providers (such as SBTDC, BBC, MMTTC, GLEQ, AMIC), consultants, and MEDC to ensure entrepreneurs and tech companies not only receive the appropriate service and connection to all the resources, but also follow-up services and feedback on these activities. Specifically identify university involvement. Include a flow chart showing how and when clients work with the organization and partners, and the follow-up protocol.
- A plan that demonstrates the organization supports and participates in business plan competitions.
- A plan that demonstrates the organization maintains a list of talent resources (including mentors, consultants, prospective C-level and other management talent, etc.) that the incubator/accelerator uses to assist clients. Include existing list, including contact information and background/expertise of individuals.
- A plan that demonstrates the organization provides professional development for the business incubator/accelerator personnel.
- A plan that projects future outcomes (for example companies created, jobs created, increased investment, etc.) based on past performance and reporting metrics to the MEDC.

Other types of services and/or programs that are strongly recommended to be included in proposals include:

- Programs to deliver boot camp training to all tech companies across the State.
- Programs to provide educational materials to all incubators for tech education across the State.
- Programs to train companies and wet lab managers on how to safely operate a shared wet lab space.
- Training programs specifically for technology companies in a region, also available state-wide, for example Sales programs.
- Programs to connect early stage technology companies with manufacturers in the state to deliver product.
- CEO Fireside chat series to educate entrepreneurs.
- Programs to help early technology companies participate in export trade missions.

Services and/or programs that are not allowed to be included in proposals include:

- Duplicative services and/or programs that are provided by state-wide partners such as consulting services from the SBTDC, manufacturing-related training classes from the MMTC, business plan competitions from GLEQ/AMIC, or SBIR/STTR training classes from BBC.
- Services and/or programs already funded by another State grant (21CJF 2012 Business Incubator RFP, 21CJF 2011 Entrepreneurial Service Provider RFP, etc.) or other funders such as the LDFA.
- Services and/or programs that do not create high-tech jobs and form new high-tech growth companies in the state.
- Proposals that request only the funding of overhead for an incubator/accelerator.
- Proposals that do not meet the criteria (see II-C)1, p. 7) listed in this RFP, may not be fully or partially funded.

c) Past Experience (3 pages)

Clearly indicate your past experience providing business and accelerator services including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, paid for by clients, etc. Also indicate if applicant is currently receiving funds from state programs (what these are and for what purposes) and how if the applicant receives an award from this RFP, all state funds will be used in the most effective manner. Indicate specifically how the applicant intends to differentiate what services are provided through what grant, for example staff will complete time sheets indicating time spent on particular grant.

d) Team, Facilities, Partners, Vision (2 pages)

Provide a summary of the operation of the organization, including people, facilities, services, partners, and vision. Identify the key people (organization's employees and partners) who will be working on this proposal and how they are qualified to deliver the proposed services and results. Indicate how the programs/services in this proposal will complement other services provided by the organization or the organization's partners.

e) Milestones/deliverables (2 pages)

Identify semi-annual milestones/deliverable that the applicant will commit to as a result of providing the proposed services. If applicant is awarded funding, Progress Reports are due in April and October every year throughout the award, therefore provide milestones/deliverables that will be completed in April and October over the course of the proposal. Provide a brief summary of each milestone in a table format (see below). Identify how milestone completion will result in specific Economic Impact identified in g).

Include Milestone/Deliverable table:

Milestone/Deliverable	Due Date
1)	10/15/2013
2)	
3)	
ETC.	4/15/2014
ETC.	10/15/2014

Budget (5 pages)

Include 3 sections: a) Proposal Budget, b) Organization’s P&L and Balance Sheet, and c) Organization’s P&L Budget over Term of Proposal.

- Proposal Budget: Identify for the proposal, THE AMOUNT OF FUNDS REQUESTED, the TERM REQUESTED, LEVERAGE, and what the applicant proposes to do with FUNDS and the TIMING OF THE FUNDS. Progress Reports are due in April and October so include 6-month budgets of relevant line items that align with these dates.

Include the budget in a table format:

	4/1/2013-9/30/2013	10/1/2013-3/31/2014	ETC.	TOTAL
Proposal Expenses:				
Salaries				
Contractual Services				
Travel				
ETC.				
Total				

- Organization’s P&L and Balance Sheet: Attach the organization’s prior year’s Profit and Loss (P&L) Statement and Balance Sheet. Indicate how this requested funding will contribute to the sustainability of the organization.
- Organization’s P&L Budget over term of Proposal: Include a summary of P&L and annual budget for the term of the proposal. Complete the information for the prior year’s activity (the same year as included in your P&L (requested above)) and budget for each fiscal year that you are requesting funding for. Include as a separate line-item under Revenue, each state grant that you currently have (add line-items as needed) and also include this 2013 Business Incubator request amount as a line-item. Summarize your Expenses for the prior-year’s activity and subsequent fiscal years. Identify the beginning and end dates of your fiscal year.

Complete the following table for the organization:

Budgeted Line-Items	ACTUAL Prior Year – indicate beginning and ending dates, (this column should in summary match the P&L included in your proposal)	Budget FY 2013	Budget FY 2014	Budget FY 2015	Budget FY 2016	Total
Revenue:						
State Grant Name 1						
State Grant Name 2						
State Grant 2013 BI						
Federal Grants						
Corporate Grants						
Other						
Total Revenue						
Expenses:						
Payroll Related (Employee Salaries, Taxes, Benefits)						
Contractual Expenses						
Facility Expenses						
Other						
Total Expenses						

g) Economic Impact (4 pages)

Identify annually for the term of the proposal, the targeted number of companies created, jobs created, retained, and increases in investment/revenue resulting from this proposal (bolded metrics below). Include justification and assumptions related to these expectations, and how this proposal will contribute to the economic impact of the community/region. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports.

You will also be held accountable for reporting the following metrics in the table below for your Monthly Reporting. Also include in this section any other metrics that you want to be included in your dashboard of indicators.

Complete the following table for the organization including Projections:

Dashboard Metrics	FY 2012 (October 2011- September 2012)	Projections FY 2013 (October 2012- September 2013)	Projections FY 2014 (October 2013- September 2014)	Projections FY 2015 (October 2014- September 2015)	Projections FY 2016 (October 2015- September 2016)
1) Number of employees in the Organization					
2) Dollars leveraged (Match dollars)					
3) Number of companies created	Include # and list companies				
4) Number of companies expanded	Include # and list companies				
5) Number of companies served	Include # and list companies				
6) The number of jobs created					
7) The number of jobs retained					
8) MEDC/State funds obtained by companies					

9) Federal funds obtained by companies					
10) Venture capital obtained by companies					
11) Angel funds obtained by companies					
12) Bank/loan obtained by companies					
13) Owner investment obtained by companies					
14) New sales, other obtained by companies					
15) Total of lines 9-14					
16) The total number of new patents, copyrights, licensing agreements entered into by companies					
17) List of other state organizations with which you have formal collaboration agreements					
18) Companies/people attending events					

III-B) PROPOSAL SUBMITTAL

The proposal must be in a .pdf format, limited to **22 pages** (20 pages for proposal, 1 contact page, and 1 check list page) and submitted via email to 2013BIRFP@michigan.org. **Please name the file BI2013 – Location of Incubator or Accelerator including City, County (for example, BI2013-Lansing, Ingham) and submit via email to: 2013BIRFP@michigan.org.** All proposals must be signed by an individual authorized by the Applicant to submit the proposal on its behalf.

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY BY MEDC, CONTRACTS AND GRANTS, NOT LATER THAN **5:00 p.m. EST ON November 26, 2012**. THE MSF HAS NO OBLIGATION TO CONSIDER ANY APPLICATION THAT IS NOT TIMELY RECEIVED.

Proposal Evaluation Form 2013 Business Incubator RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Executive Summary: Overview</p> <ul style="list-style-type: none"> • NAME OF THE APPLICANT ORGANIZATION • AMOUNT OF FUNDS REQUESTED • AMOUNT OF MATCHING FUNDS • TERM • CATEGORY • SUMMARY • The TARGETED NUMBERS FOR: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increase Investment/Revenue 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Proposed Services: The following must be identified in the proposal:</p> <ul style="list-style-type: none"> • A plan that demonstrates the sustainability of the organization. • A plan that demonstrates the organization takes a <u>leadership</u> role to <u>coordinate</u> with local/regional partners including the local university, local economic development agency, statewide service providers (such as SBTDC, BBC, MMTTC, GLEQ, AMIC), consultants, and MEDC to ensure entrepreneurs and tech companies not only receive the appropriate service and connection to all the resources, but also follow-up services and feedback on these activities. • A plan that demonstrates the organization supports and participates in business plan competitions. • A plan that demonstrates the organization maintains a list of talent resources (including mentors, consultants, prospective C-level and other management talent, etc.) that the incubator/accelerator uses to assist clients. • A plan that demonstrates the organization provides professional development for the business incubator/accelerator personnel. • A plan that projects future outcomes (for example companies created, jobs created, increased investment, etc.) based on past performance and reporting metrics to the MEDC. • Other services and programs clearly identified and justified 		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>Past Experience:</p> <ul style="list-style-type: none"> • Prior State Funding or Other Funding • Proven record of past performance as a past contractor with MEDC (including reliable, timely, accurate progress and monthly reporting, quarterly meeting participation) • Clearly explained that no redundancy/duplication will occur 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Team, Facilities, Partners, Vision:</p> <ul style="list-style-type: none"> • Summarized operations • Identified key players • Identified complementary services 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Milestones/Deliverables:</p> <ul style="list-style-type: none"> • Identified meaningful milestones/deliverables • Achievable and leading to economic impact 		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>Budget:</p> <ul style="list-style-type: none"> • Identified meaningful budget for proposal • Included organization's financial schedules • Organization budget clearly indicates need for funding • Costs are in line with other state incubators • Costs : tech companies served ratios are reasonable 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>

Exhibit B

Economic Impact: <ul style="list-style-type: none">• Completed table• Realistic assumptions and expectations based on industry knowledge and incubator's past reported performance• Identified targeted metrics:<ul style="list-style-type: none">○ Companies Created○ Jobs Created○ Jobs Retained○ Increase Investment/Revenue		Max. Possible Points: 20 Score: _____
Total Score:		Max. Possible Points: 100 Score: _____

CONFIDENTIAL

MSF Board Meeting

Quarterly Report

Michigan 21st Century Investment Fund,
L.P.

October 24, 2012

The Customized Fund Investment Group

Important Information

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

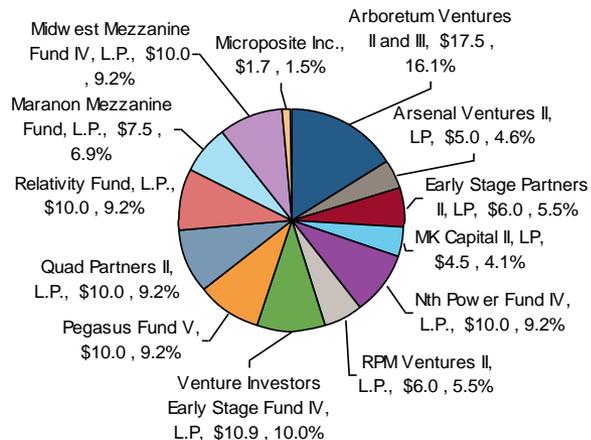
Please note that the views, analyses and opinions reflected herein unless expressly stated otherwise reflect the perspective of CFIG and do not necessarily state or reflect the views of CSAM, Credit Suisse (USA), Inc., Credit Suisse Group AG or any of their respective affiliates, officers, directors,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

Michigan 21st Century Investment Fund Summary

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

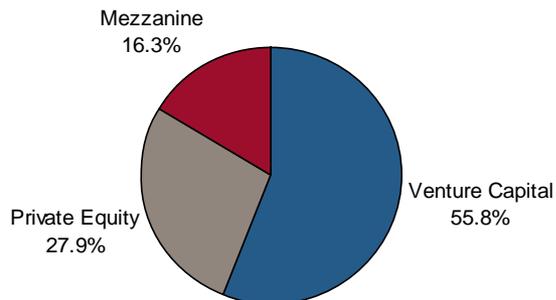
By U.S. dollars invested

MI 21st CIF Commitment Breakout



By U.S. dollars invested

Allocation by Asset Class*



Fund Managers

Arboretum Ventures		Quad Partners	
Early Stage Partners		Relativity Capital	
Maranon Mezzanine		Pegasus Partners	
Midwest Mezzanine		Venture Investors	
Nth Power		Arsenal Ventures	
RPM Ventures		MK Capital	

Michigan 21st Century Investment Fund Summary (Cont'd)

- As of March 31, 2012 the underlying funds have drawn approximately **63.2%** of their capital commitments or **\$68.9** million
- Many funds have multiple years remaining in the investment period
- Credit Suisse is actively assessing Michigan investment plans and activity for all fund managers

Years Remaining in Investment Period*
As of June 30, 2012

1 to 2 years

\$77.9 million committed (72.5%)

\$57.6 million drawn (53.7% of commitments)

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

2 to 4 years

\$4.5 million committed (4.2%)

\$2.3 million drawn (2.1% of commitments)

- MK Capital II, L.P.

4 + years

\$25.0 million committed (23.3%)

\$7.4 million drawn (6.9% of commitments)

- Arsenal Ventures II, L.P.
- Arboretum Ventures III, L.P.
- Pegasus Fund V, L.P.

* Note: Total exclude \$1.7 million investment in Microposite Inc.

Michigan-Based Portfolio Companies

As of September 2012, the Michigan 21st Century Investment Fund managers (Fund Managers) have invested **\$104.9 million** into **25** Michigan-based portfolio companies which have **809** Michigan employees. Michigan 21st Century Investment fund managers have invest nearly **1.52x** the amount they have drawn from the Fund.



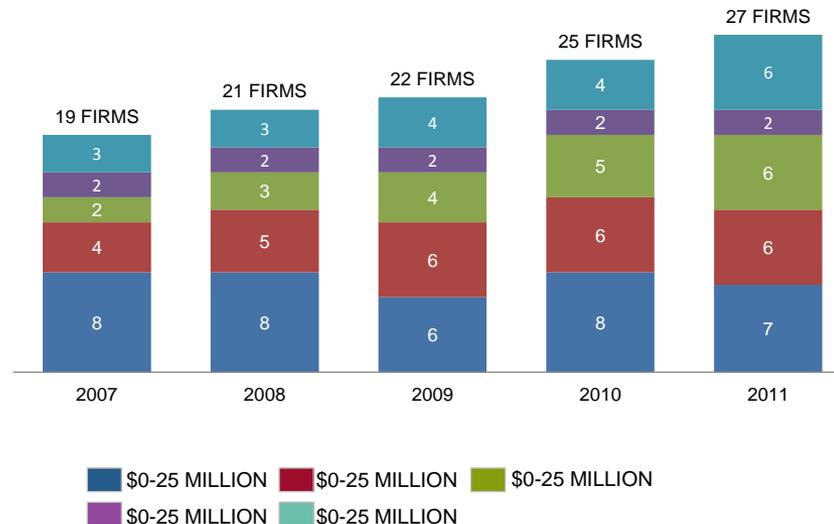
Ann Arbor, MI

A horizontal bar containing logos for 25 Michigan-based portfolio companies. The logos are arranged in two rows. The top row includes: accuri CYTOMETERS, Accord Biomaterials (Delivering Biocompatibility), AMPLIFINITY (we power world of mouth), ArborMetrix, ARBOR PHOTONICS, CytoPherx, and DeepField NETWORKS. The bottom row includes: Esperion Therapeutics (Pathways to better health), HandyLab, HISTOSONICS, HUMANETICS (Innovative Solutions), Incept BioSystems, Life Magnetics, NanoBio, Tangent Medical (Better design through understanding), and Tissue Regeneration Systems Inc. Molecular Systems Corporation, Inc. is also listed on the right side of the bar.

Michigan Venture Capital: Fund Raising*

- In 2011, Michigan headquartered firms managed 34 capital funds and Michigan office venture firms managed 18. Together, these 54 funds had 335 active portfolio companies.
- The average venture capital fund size among Michigan-based firms is \$41 million and \$60 million among all funds headquartered or with an office in the state.
- As venture firms raise their next funds, the trend for larger fund sizes continues. Michigan now has 6 funds that are greater than \$100 million. There are 8 funds between \$50 million and \$100 million and 13 funds less than \$50 million.

DISTRIBUTION OF MICHIGAN VENTURE CAPITAL FUND SIZES

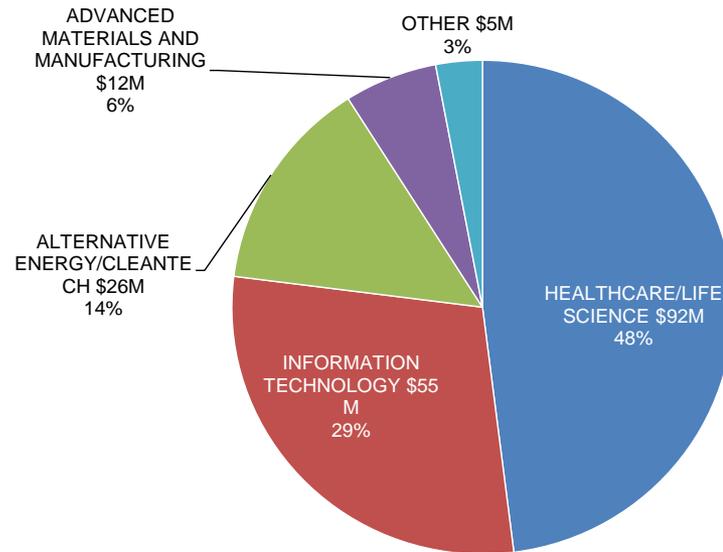


Michigan Venture Capital: Financing*

Over 38 companies in Michigan received nearly \$191 million in venture capital funding in 2011

- Twenty-two new start-ups received venture capital funding for the first time in 2011 while the remaining sixteen were the recipients of follow-on investments.
- Life Science investments accounted for nearly half of all 2011 venture capital financings, down by 25% from 2010. Meanwhile, investments in Information Technology increased to almost 30% in 2011. Other sectors like Alternative Energy/Cleantech increased and Advanced Materials and Manufacturing decreased over the prior year.

2011 FINANCINGS BY INDUSTRY SECTOR



MEMORANDUM

Date: October 24, 2012

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

From: Josh Hundt – Manager, Development Finance

Subject: Re-approval and Amendment One For:
Access Business Group LLC (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP” or “Program”)

COMPANY NAME

Access Business Group LLC
7575 Fulton Street East
Ada, Michigan 49355
www.accessbusinessgroup.com

BACKGROUND

On May 23, 2012, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of \$1,600,000 for the Company. The MBDP approval required that an Agreement be entered into within 90 days of the date of the approval, and may be extended for an additional 30 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the Agreement within the allowable 120 days. Due to the delay in entering the agreement the Company’s project has been slowed and the Company is requesting extending the deadline to reach each milestone by four months.

RECOMMENDATION

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

- a) Extend the deadline to meet the requirements set forth in Disbursement Milestone 1 from December 31, 2013 to April 30, 2014;
- b) Extend the deadline to meet the requirements set forth in Disbursement Milestone 2 from December 31, 2014 to April 30, 2015;
- c) Extend the deadline to meet the requirements set forth in Disbursement Milestone 3 from December 31, 2015 to April 30, 2016;
- d) Extend the Term of the Agreement from Execution of Agreement to December 31, 2017 to Execution of Agreement to April 30, 2018;
- e) Re-approval of the MBDP Proposal as outlined in the term sheet attached to the original Resolution (collectively, “MBDP Proposal”);
- f) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - a. Commitment will remain valid for 90 days from the date of this memo with approval for MSF Fund Manager to extend the commitment an additional 30 days.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF AN AMENDMENT OF THE MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT TO ACCESS BUSINESS GROUP LLC**

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

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

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

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

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

WHEREAS, on May 23, 2012, by Resolution 2012-55 the MSF approved a MBDP grant to Access Business Group LLC (“Company”) of up to \$1.6 million along with other general terms and conditions which were outlined in the term sheet attached to the resolution;

WHEREAS, the resolution required that the Transactional Documents to be executed within 90 days of the date of the resolution, with an optional extension of an additional 30 days;

WHEREAS, the Company is requesting an amendment to modify each milestone date by adding four months to each milestone date and extend the date that the Transactional Documents are to be executed to within 90 days of the date of this resolution, with an optional extension of an additional 30 days at the discretion of the MSF Fund Manager (“MBDP Award Amendment Recommendation”);

WHEREAS, the MEDC is recommending to the MSF to approve the MBDP Award Amendment Recommendation; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012

MEMORANDUM

DATE: October 24, 2012

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

FROM: Marcia Gebarowski, Development Finance Manager

SUBJECT: Approval of Michigan Business Development Request for \$3,000,000 Performance-based Grant & MSF Designated Renaissance Zone to:

La-Z Boy Incorporated (“Applicant” or “Company”)
1284 North Telegraph Road
Monroe, Michigan 48162
www.la-z-boy.com

MBDP PROGRAM AND ITS GUIDELINES

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

SOURCE OF INFORMATION

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

HISTORY OF THE APPLICANT

Headquartered in the City of Monroe, La-Z-Boy has been one of the world’s leading residential furniture producers for 85 years. The company manufactures a full line of comfortable products for the living room and family room, including the company’s world-famous recliners, reclining sofas and love seats, sleep sofas, modular furniture and leather upholstery, as well as stationary sofas, love seats and chairs.

The Applicant has not received any incentives from the MSF previously. In addition to the incentives being requested today, the MSF will be asked to consider Community Development Block Grant (CDBG) funds at a future board meeting related to this project. Due to timing limitations of the environmental review process, related to the CDBG, waiting to approve all incentives at one time would cause the project to incur additional costs.

PROJECT DESCRIPTION

The Applicant plans to purchase approximately 127 acres of vacant land, construct a new 150,000-200,000 square foot headquarters building and prepare the current headquarters site for redevelopment, which may include the former building being demolished. The project is proposed for City of Monroe, Michigan and will include over \$50 million in investment and the creation of 50 new jobs related to the furniture manufacturing industry.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Monroe. The city has offered a “staff, financial, or economic commitment to the project” in the form of an MSF designated Renaissance Zone for a period of nine years, estimated value of \$9 million including state and local taxes.
- c) The Applicant has demonstrated a need for the funding based on a very competitive economic incentive package from the State of Ohio with an estimated value exceeding \$20 million in state and local incentives, and an economic burden associated to the cost of purchasing a larger parcel of land in Monroe which includes an undevelopable 24 acre protected Oak Savannah the company plans to maintain.
- d) The Applicant plans to create 50 Qualified New Jobs above a statewide base employment level of 435.
- e) The project meets the program guidelines as follows: the proposed project is not a retail project; involved heavy out-of-state competition, involves a high level of capital investment and near-term job creation.

MBDP INCENTIVE OPPORTUNITY

This project involves the creation of 50 Qualified New Jobs and a capital investment of up to \$50.5 million in the City of Monroe. The requested MBDP incentive amount from the MSF is \$3 million in the form of a performance-based grant.

MSF DESIGNATED RENAISSANCE ZONE INCENTIVE OPPORTUNITY

The City of Monroe has submitted an application on behalf of La-Z-Boy Inc. for an MSF Designated Renaissance Zone (RZ) for a 9 year designation. The request is for 72.67 acres; the proposed development site is located on a portion of property currently owned by Sisters, Servants of the Immaculate Heart of Mary, parcel number 58-56-69-01501-000; La-Z-Boy plans to obtain ownership of the property after designation of the RZ. The MSF Designated RZ would become effective on January 1, 2013, and end on December 31, 2021.

The RZ request was evaluated based on the agreement of La-Z-Boy to create 50 jobs by December 31, 2015; pay an average weekly wage of \$925 plus full benefits by December 31, 2017; and make an investment of \$50 million by December 31, 2015. It is estimated that \$1.2 million will be abated annually in property taxes. A development agreement will be entered into between the Company, the Michigan Strategic Fund, and the Owner. By the end of the year, ownership will be obtained by the Company, at which point, the former owners will be released from any liability under the development agreement.

RECOMMENDATIONS

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

MBDP:

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

MSF Designated RZ:

- a) Approval of the City of Monroe’s request for a MSF Designated Renaissance Zone for La-Z-Boy, Inc. for 9 years. Designation of the portion of the property parcel number 58-56-69-01501-000 is, contingent upon the following:
 - (i) By October 24, 2013, La-Z-Boy, Inc. shall have commenced the project outlined in the City of Monroe’s application for a MSF Designated Renaissance Zone by having started construction of the new facility.
 - (ii) La-Z-Boy shall obtain ownership of the portion of the parcel housing the Renaissance Zone by December 31, 2012 and, as soon as possible, seek to split the parcel, segregating the Renaissance Zone from the rest of the parcel.
 - (iii) A development agreement is finalized between the Michigan Strategic Fund, the City of Monroe, Sisters, Servants of the Immaculate Heart of Mary, and La-Z-Boy Incorporated.

The MSF Incentives Subcommittee has indicated its support of the Recommendation.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
LA-Z BOY INCORPORATED**

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

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

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

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

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

WHEREAS, La-Z Boy Incorporated (“Company”) has requested a performance based MBDP grant of up to \$3 million (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended to the MSF Incentive Subcommittee that the MSF approve the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 90 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 30 days (“MBDP Award Recommendation”); and

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

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

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager to negotiate final milestone performance terms from that contained in the Term Sheet to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



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

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

Date: 10/3/2012

1. **Company Name:** La-Z Boy Incorporated. ("Company" or "Applicant")
2. **Company Address:** 1284 North Telegraph Road
Monroe, Michigan 48162
3. **Project Address ("Project"):** 501 Stewart Road
if different than above Monroe, Michigan 48162
4. **MBDP Incentive Type:** Performance Based Grant
5. **Maximum Amount of MBDP Incentive:** Up to \$3,000,000 ("MBDP Incentive Award")
6. **Base Employment Level** 435 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
7. **Total Qualified New Job Creation:** 50 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required),
(above Base Employment Level)

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

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

8. **Company Investment:** Up to \$51,500,000 in land acquisition, building construction, furniture/fixtures/equipment, computers, building demolition, or any combination thereof, for the Project.

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

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: an MSF designated Renaissance Zone. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. **Disbursement Milestone 1:** Up to \$600,000 Company has maintained the Base Employment Level, demonstrated acquisition of the land at the project site, and verification of final approval of municipality support by no later than June 30, 2013

b. **Disbursement Milestone 2:** Up to \$900,000 Upon completion of Disbursement Milestone 1, and upon demonstration that the building is enclosed by no later than June 30, 2014

c. **Disbursement Milestone 3:** Up to \$900,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and upon demonstration of a certificate of occupancy at the Project Site and demonstrated creation of 35 Qualified New Jobs above the Base Employment Level, by no later than December 31, 2014.

d. Disbursement Milestone 4:	Up to \$600,000	Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, Milestone 3, and upon demonstrated creation of 15 additional Qualified New Jobs above the Base Employment Level by no later than December 31, 2015.
e. Project Milestone 5:	No Disbursement	Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, Milestone 3, Milestone 4, and upon demonstration that all or a portion of the building located at 1284 North Telegraph Road has been demolished, or the building at 1284 North Telegraph Road is sold to a third party for redevelopment, or any other action for the site at 1284 North Telegraph Rd that is mutually agreed upon by the City of Monroe and the Company by no later than December 31, 2016.

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

12. Repayment Provisions:

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

13. Reporting Requirements:

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

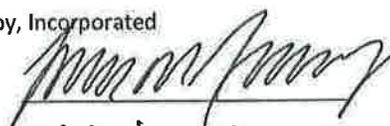
14. Public Announcements:

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by October 3, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

La-Z Boy, Incorporated

By: 

Its: CFO i SUP

Dated: 10/3/12

Acknowledged as received by:

Michigan Economic Development Corporation

By: 

Its: Development Finance Mgr

Dated: 10/3/12

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**MSF DESIGNATED RENAISSANCE ZONE
LA-Z-BOY, INC.**

WHEREAS, Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (the “MSF”) to designate up to 27 renaissance zones (a “Renaissance Zone”) in one or more cities, villages, or townships if consented by the local unit of government in which the zone is located;

WHEREAS, the Michigan Economic Development Corporation (the “MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received an application from the City of Monroe (the “Application”) for a renaissance zone designation within its jurisdiction under Section 8a(2) of the Act;

WHEREAS, La-Z-Boy, Incorporated wishes to build a facility within the proposed Renaissance Zone to house its new headquarters; and

WHEREAS, the MEDC recommends that the MSF Board approve the Application for the designation of a Renaissance Zone for property parcel 58-55-69-01501-000 comprising 95.47 acres (the “Property”) for a period of nine (9) years, provided that:

1. On or before December 31, 2012, a development agreement is finalized between the Michigan Strategic Fund, the City of Monroe, La-Z-Boy, Incorporated, and Sisters, Servants of the Immaculate Heart of Mary, Monroe, Michigan Incorporated that incorporates the terms described in this Resolution; and
2. On or before October 24, 2013, La-Z-Boy, Incorporated shall have commenced the project outlined in the City of Monroe’s application for a MSF Designated Renaissance Zone by having started construction of the new facility.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board designates a Renaissance Zone in the City of Monroe, as described in the Application, for the property parcel 58-55-69-01501-000 for a term of nine (9) years. The Renaissance Zone designation shall begin on December 31, 2013, for property tax purposes, and January 1, 2014 for income and Michigan Business Tax purposes, provided that:

1. On or before December 31, 2012, a development agreement is finalized between the Michigan Strategic Fund, the City of Monroe, La-Z-Boy, Incorporated and Sisters, Servants of the Immaculate Heart of Mary, Monroe, Michigan Incorporated that incorporates the terms described in this Resolution; and
2. On or before October 24, 2013, La-Z-Boy, Incorporated shall have commenced the project outlined in the City of Monroe’s application for a MSF Designated Renaissance Zone by having started construction of the new facility.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager of the MSF to negotiate and sign a development agreement with La-Z-Boy Incorporated consistent with the terms of this Resolution; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

DATE: October 24, 2012

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

FROM: Kenneth Murdoch, Development Finance Manager

SUBJECT: Approval of Michigan Business Development Request for \$2 million Performance-based Grant and Renaissance Zone Amendment for:

RNLF Acquisition, LLC
d.b.a. Michigan Renewable Carbon (“Applicant” or “Company”)
513 4th Street
Gwinn, Michigan 49841

MBDP PROGRAM AND ITS GUIDELINES

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

SOURCE OF INFORMATION

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

HISTORY OF THE APPLICANT

RNLF Acquisition, LLC d.b.a. Michigan Renewable Carbon (“MRC”) is a wholly owned subsidiary of Biogenic Reagents. The company is a producer of renewable reagents and biofuels for use in the metals and energy production markets. MRC recently acquired the abandoned Cliffs Natural Resources RenewaFUEL biomass production facility in Forsyth Township and is actively converting the facility for production of its carbonized biomass products.

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

PROJECT DESCRIPTION

The Applicant plans to complete the installation of a 75-foot reactor and the installation of additional process, energy recovery and emission control equipment to produce carbon products from biomass. The company plans to install a second reactor in 2013 and have the capacity to produce over 200,000 tons of biomass per year. The project is expected to result in private investment of \$16 million and the creation of 27 jobs over the next three years.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r (9) (b), that is located and operates in Michigan.
- b) The project will be located in Forsyth Township. The township has offered a financial commitment to the project in the form of transferring the existing Renaissance Zone to MRC. The Renaissance Zone would expire in 2023 and has an estimated value of \$1.7 million.
- c) The Applicant has demonstrated a need for financing assistance as they are in a pre-revenue stage and have a \$2 million dollar note that is due December 31, 2012. They have indicated that without this additional funding they are projected to have a cash shortfall in the fourth quarter of 2012 and that the project could be at risk.
- d) The Applicant plans to create 27 Qualified New Jobs above a statewide base employment level of 14.
- e) The project meets the program guidelines as follows: the company has indicated they will be making capital investment and creating jobs in 2012 and 2013 and this project has a positive projected return-on-investment for the State of Michigan.

MBDP INCENTIVE OPPORTUNITY

This project involves the creation of 27 Qualified New Jobs, as a result of the Project, and a capital investment of up to \$16 million in Forsyth Township. The requested incentive amount from the MSF is \$2 million in the form of a performance-based grant. In addition there will be a revenue participation agreement in which the company agrees to repay 112% of the total MBDP grant (\$2,240,000) provided the amount is repaid by the fifth year of the agreement, or 126% of the total MBDP grant (\$2,520,000) if repaid during years 6-10 of the agreement. Any outstanding balance of the grant repayment shall be due by the end of the 10th year of the agreement. The company shall make annual payments to the MSF in an amount equal to at least 1.5% of annual gross revenues, as indicated on the Company’s audited financial statements, generated at the Forsyth Township facility until the balance is paid in full. Please see below for more information on the recommended action.

RENAISSANCE ZONE HISTORY AND REQUEST

On January 1, 2000 a 15 year Renaissance Zone was approved for Marquette County (the “K.I. Sawyer Renaissance Zone”). On November 28, 2008, the Renaissance Zone benefit for 7.7 acres occupied by Renewafuel LLC (the “Zone”) was extended for 9 years.

On January 4, 2012, RNLF Acquisition, LLC purchased 5.76 acres of the site within the Zone owned by Renewafuel LLC. The company is currently converting the facility for production of its carbonized biomass products.

RECOMMENDATIONS

MBDP

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

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

RENAISSANCE ZONE

MEDC Staff recommends that we transfer the Renaissance Zone benefit for 5.76 acres of the Zone to RNLF Acquisition, LLC, provided the company executes a development agreement between the Michigan Strategic Fund and Marquette County that requires it to meet the job creation and investment numbers related to the MBDP Grant requirements.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
RNLF ACQUISITION LLC d.b.a. MICHIGAN RENEWABLE CARBON**

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

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

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

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

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

WHEREAS, Michigan Renewable Carbon (“Company”) has requested a performance based MBDP grant of up to \$2 million (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended to the MSF Incentive Subcommittee that the MSF approve the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 90 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 30 days (“MBDP Award Recommendation”); and

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

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

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager to negotiate final milestone performance terms from that contained in the Term Sheet to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



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

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

Date: 9/10/2012 (Replaces terms sheet dated 8/29/2012)

- | | |
|---|---|
| 1. Company Name: | RNFL Acquisition LLC d.b.a. Michigan Renewable Carbon |
| 2. Company Address: | 513 4 th Street ("Project")
Gwinn, Michigan 49841 |
| 3. MBDP Incentive Type: | Performance Based Grant |
| 4. Maximum Amount of MBDP Incentive: | Up to \$2 million ("MBDP Incentive Award") |
| 5. Base Employment Level | 14 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company. |
| 6. Total Qualified New Job Creation:
(above Base Employment Level) | 27 The minimum number of total Qualified <u>New</u> Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan Income taxes are withheld as required), |

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

a. **Start Date for Measurement of Creation of Qualified New Jobs:**

Signed Terms Sheet

7. **Company Investment:**

Up to \$16 million in building renovations, lease costs, leasehold improvements, machinery & equipment, personal property and pollution control equipment.

8. **Municipality supporting the Project:**

Forsyth Township

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide support for the transfer of the Renaissance Zone to Michigan Renewable Carbon. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. **Disbursement Milestone 1:**

Up to \$2 million Upon demonstrated verification that the Company has entered into supply agreements for biomass carbon products that justify revenues of at least \$6 million; demonstrated verification that an additional \$2 million of capital equity has been secured; and final approval of municipality support by no later than December 31, 2012.

b. Milestone 2:

Up to \$-0-

Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 27 Qualified New Jobs above the Base Employment Level, by no later than December 31, 2014.

10. Term of Agreement:

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

11. Repayment Provisions:

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

a. **Revenue Participation.** The final agreement will include revenue participation terms and conditions which will require the company to repay 112% of the total grant (\$2,240,000) provided the amount is repaid by the fifth year of the agreement, or 126% of the total grant (\$2,520,000) if repaid during years 6-10 of the agreement. Any outstanding balance of the grant repayment will be due in full by the end of the 10th year of the agreement. The company shall make annual payments to the MSF in an amount equal to at least 1.5% of annual gross revenues, as indicated on the Company's audited financial statements, generated at the Forsyth Township facility until the outstanding balance is paid in full.

12. Reporting Requirements:

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

13. Public Announcements:

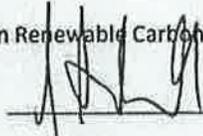
The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by September 12, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Michigan Renewable Carbon

By: _____


CEO

Its: _____

Dated: 29 August 2012

Acknowledged as received by:

Michigan Economic Development Corporation

By: _____


DFM

Its: _____

Dated: 9-11-12

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**AMENDMENT TO RESOLUTION GRANTING TIME EXTENSION FOR AN EXISTING
RENAISSANCE ZONE**

K.I. Sawyer Renaissance Zone, County of Marquette: RNFL Acquisition, LLC

WHEREAS, on November 25, 2008, by Resolution 2008-189 the Michigan Strategic Fund approved the extension of a portion of the existing K.I. Sawyer Renaissance Zone for Renewafuel, LLC, 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 Renewafuel, LLC, the County of Marquette and the MSF that incorporated the terms described in Resolution 2008-189;

WHEREAS, a development agreement was entered into by and between Renewafuel, LLC, the County of Marquette and the MSF effective on November 25, 2008, that set forth certain obligations of Renewafuel, LLC which have not been met. The development agreement provides that the failure to comply with any terms or conditions of the agreement is an event of default and grounds for revoking the time extension;

WHEREAS, on January 4, 2012, RNFL Acquisition, LLC acquired Renewafuel, LLC, renamed Cliffs Michigan Biomass, LLC, and plans to convert the facility for production of carbonized biomass products;

WHEREAS, the Michigan Economic Development Corporation ("MEDC") administers the renaissance zone program and received an application from the County of Marquette (the "Application") for a partial transfer of the renaissance zone designation for property located within the K.I. Sawyer Renaissance Zone;

WHEREAS, the partial transfer of the renaissance zone designation will result in additional capital investment and job creation within the K.I. Sawyer Renaissance Zone and the County of Marquette provided its consent to the partial transfer of the renaissance zone designation;

WHEREAS, the MEDC recommends that the MSF approve the Application for a partial transfer of the renaissance zone designation for property sub-parcels AL-34 and AL-35 only within parcel 52-05-265-002-20 in the K.I. Sawyer Renaissance Zone comprising 7.7 acres for the remainder of the term of the renaissance zone designation ending on December 31, 2023, provided that an amended and/or restated development agreement is entered into between the County of Marquette, RNFL Acquisition, LLC and the Michigan Strategic Fund; and

WHEREAS, the MEDC recommends that the MSF revoke the time extension of the renaissance zone designation for property sub-parcels AL-02 only within parcel 52-05-265-002-20 in the K.I. Sawyer Renaissance Zone effective December 31, 2012.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application for a partial transfer of the renaissance zone designation for property sub-parcels AL-34 and AL-35 only within parcel 52-05-265-002-20 in the K.I. Sawyer Renaissance Zone comprising 7.7 acres for the remainder of the term of the renaissance zone designation ending on December 31, 2023, provided that an amended and /or restated development agreement is entered into between the County of Marquette, RNFL Acquisition, LLC and the Michigan Strategic Fund;

BE IT FURTHER RESOLVED, that the MSF Board revokes the time extension of the renaissance zone designation for property sub-parcels AL-02 within parcel 52-05-265-002-20 in the K.I. Sawyer Renaissance Zone effective December 31, 2012;

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 2008-189 shall remain unchanged and in full effect.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012
To: Michigan Strategic Fund (“MSF”) Board Members
From: Kenneth Murdoch – Development Finance Manager
Subject: Briefing Memo – Nexteer Automotive Corporation
Amendment to Retention MEGA

COMPANY NAME

Nexteer Automotive Corporation
3900 Holland Road
Saginaw, Michigan 48601

BACKGROUND

Nexteer Automotive Corporation was formed in 2009, when Delphi’s global steering operations were sold to GM and renamed Nexteer Automotive Corporation.

The Company represents that it is the only global Tier One automotive supplier exclusively focused on advanced steering and driveline systems technology. The company’s current focus is electric power steering, a green technology that offers automakers increased fuel economy and reduced emissions.

Globally headquartered in Buena Vista Township, Michigan, the company has 20 manufacturing plants, six engineering centers and 14 customer service centers located in North and South America, Europe and Asia.

On November 17, 2009, the Michigan Economic Growth Authority (MEGA) approved a Retention MEGA to Steering Solutions Services Corporation for a tax credit that allowed for up to a 100 percent retention employment tax credit for 10 years for the 2,400 retained employees at the Buena Vista Township facility, provided that the company maintained a statewide employment threshold of 1,000 employees.

On January 21, 2011 an assignment agreement was entered into between Steering Solutions Services Corporation and Nexteer Automotive Solutions. This assignment agreement transferred the terms, conditions, responsibilities, rights, duties and obligations of the MEGA tax agreement to Nexteer Automotive Corporation.

On March 12, 2012 the MEGA Tax Agreement was amended to redefine “average weekly wage” and redefine the computing method for Retained Jobs.

Project Description

Since the assignment and amendment to the MEGA Tax Credit the company has expanded its new electric power steering (EPS) program for OEMs. The company has indicated that the new EPS production could be done at any of its global locations. The company estimates that the new production will require an estimated \$60 million of investment and result in the creation of 325 jobs by December 31, 2014. In order to make the Buena Vista site feasible the company is requesting assistance from the MSF.

OTHER STATE AND LOCAL ASSISTANCE

Buena Vista Township recently approved a 25 year P.A. 328 tax abatement for this project. The estimated value of the tax abatements is \$10,202,000.

STATUS OF PROJECT

The MEGA tax credit began with the company's tax year ending December 31, 2010. As of today, the Company has submitted their MEGA Tax Credit Certificate for the 2010 tax year.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends the following amendments to the Nexteer Automotive Corporation MEGA tax credit.

- Increase the maximum retained jobs by 325, allowing for up to 2,725 retained jobs to be covered under this tax credit for tax years 2012 and 2013, all remaining credit years will allow for the original 2,400 retained jobs. Set the effective date of these amendments as January 1, 2012.
- All other terms and conditions of the MEGA Tax Credit Agreement will remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**Nexteer Automotive Corporation
Retention Credit (Amendment #1)**

WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority (“MEGA”) under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended, with the authority to authorize tax credits under the Michigan Business Tax Act, 2007 PA 36, as amended;

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

WHEREAS, the MEGA Board adopted Resolution 2009-195 on November 17, 2009, authorizing a Tax Credit in connection with Qualified Retained Jobs to Steering Solutions Services Corporation to retain jobs and make investment at its facility in Buena Vista Charter Township, Saginaw County (the “Project”);

WHEREAS, on January 21, 2011 the Retention Tax Credit was assigned to Nexteer Automotive Corporation (the “Company”);

WHEREAS, as a result of an expansion to the Project, the Company wishes to increase the Retention Tax Credit authorized for Qualified Retained Jobs from 2,400 to 2,725 for the Company’s tax years ending December 31, 2012 through December 31, 2013; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the Amendment to the Retention Tax Credit by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board, effective January 1, 2012, authorizes increasing the maximum Qualified Retained Jobs from 2,400 to 2,725 for the Company’s tax years ending December 31, 2012 through December 31, 2013, with the maximum Qualified Retained Jobs for the remaining eligible tax years to remain at 2,400; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-195 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012
To: Michigan Strategic Fund Board
From: LeTasha Peebles, Program Specialist
Subject: Briefing Memo – Continental Automotive Systems Holding US, Inc.
Resolution Amendment

COMPANY NAME

Continental Automotive Systems Holding US, Inc.
2400 Executive Hills Blvd.
Auburn Hills, MI 48326

BACKGROUND

Continental Automotive represents themselves as one of the leading global auto suppliers. Continental provides automotive electronics and mechatronics with products and systems which focus on driving safety, environmental responsibility and cost-efficiency, and manufactures a comprehensive spectrum of products relating to the drivetrain engine management electronics and fuel injection.

On July 21, 2009, the MEGA Board approved a 10-year, 100 percent Standard and Retained MEGA Tax Credit for Continental Automotive Systems Holding US, Inc. (Resolution 2009-124) amended by Resolution 2010-108 to establish an automotive powertrain engineering center through consolidations of the Company's Affiliated powertrain engineering operations, including the creation and retention of jobs in Auburn Hills, Oakland County and the retention of jobs at their facility in the City of Dearborn, Wayne County. The MEGA credit is for a maximum of 230 Qualified New and 225 Retained Jobs with an average weekly wage of \$1,692 above a base employment of 1,227.

On July 25, 2012 the Board approved a resolution that allowed for an increase on the maximum amount of Qualified New Jobs the company could collect on for a period of three years. However, the Resolution incorrectly stated the three year period as September 30, 2015 through September 30, 2018 which was the company's original fiscal year in the agreement. The period should actually be January 1, 2015 through December 31, 2018 which is the correct fiscal year.

STATUS OF PROJECT

The MEGA tax credit began with the company's tax year ending December 31, 2010. As of today, the Company has submitted their Annual Certificate Application for the 2011 tax year.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends amending the resolution to the correct dates of January 1, 2015 through December 31, 2018. All other terms and conditions of the original MEGA remain in effect.

MICHIGAN STRATEGIC FUND

Resolution 2012-

**Continental Automotive Systems Holding US, Inc.
Standard and Retention Credit (Amendment #3)**

WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority (“MEGA”) under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended, with the authority to authorize tax credits under the Michigan Business Tax Act, 2007 PA 36, as amended;

WHEREAS, Executive Order 2012-9, transferred all the authority, powers, duties, functions and responsibilities, records, personnel, property, unexpended balances of appropriations, allocations, or other funds of the MEGA to the Michigan Strategic Fund (“MSF”);

WHEREAS, the MEGA Board adopted Resolution 2009-124 on July 21, 2009, authorizing a Tax Credit for Continental Automotive Systems Holding US, Inc. (the “Company”) of 100 percent for a period of ten consecutive years, beginning no later than the Company’s tax year ending September 30, 2010;

WHEREAS, the MEGA Board adopted Resolution 2010-108 on July 27, 2010, amending the Tax Credit by adding an additional facility located at 1791 Harmon Road within the City of Auburn Hills;

WHEREAS, the MEGA Board adopted Resolution 2012-36 on June 25, 2012, further amending the Tax Credit by increasing the maximum number of Qualified New Jobs for the Company’s tax year ending September 30, 2015 through September 30, 2018;

WHEREAS, the Company’s actual tax year ending date is December 31 and the authorizing resolution needs to be amended;

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the Amendment to the Standard and Retention Tax Credit by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes an amendment to amend the tax year ending dates from September 30 to December 31; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-124, as amended, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

October 24, 2012
Lansing, Michigan

MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund

From: Mary Kramer, MEDC – Brownfield Program Specialist

Subject: Large Brownfield MBT Credit Amendment Approval
Harbor Shores BHBT Land Development, LLC and
Powell Construction Services, LLC
Harbor Shores Hideaway (Parcel K Development) Project
Benton Charter Township, County of Berrien

APPLICANTS

Harbor Shores BHBT Land Development, LLC
201 Graham Avenue
Benton Harbor, Michigan 49022
Contact: Jeff Gilbertsen, Vice President

Powell Construction Services, LLC
3531 Niles Road
St. Joseph, Michigan 49085
Contact: Gregory Powell, President

Project Eligible Investment:	\$21,000,000
Requested Credit Amount:	\$2,625,000
Requested Credit Percentage:	12.5%

PROJECT DESCRIPTION

This project, known as the “Hideaway”, is a site condominium consisting of the construction of new residential cottages in Benton Charter Township, Berrien County. The project is part of a larger, area wide project known as the Harbor Shores Development. The project, as originally approved, was to be constructed in two phases.

The amendment request for the project is to add 13 qualified taxpayers to Phase I; revise the project phasing from two to three phases; and reduce the number of cottages from 17 to 15 and add the construction of a clubhouse to the first phase of the project.

First, the applicant has requested that the following individual homeowners be added as qualified taxpayers:

- Douglas B. and Jill D. Wileman, husband and wife
- Angela L. Kuiper Trust
- Kathleen W. Wirtz
- Michelle A. Priefer
- David W. Williams Trust
- Carol Hake Trust

- Matt J. and Deirdre C. Downs, husband and wife
- Ronald L. Eng and William K. Eng, joint tenants
- John E. and Debra L. Small, husband and wife
- John D. Shugrue and Elizabeth A. Price, husband and wife
- Mark E. Goble
- Jay A. and Deborah K. Craig, husband and wife
- Orrin and Nancy Radis, husband and wife

Second, the applicant has requested that the scope of the project be revised to include the construction of a clubhouse during Phase I with the total number of cottages being reduced from 57 to 55.

Third, the project is currently structured with two phases. The first phase includes construction of 17 cottages with \$6.3 million in eligible investment. The second phase includes construction of 40 cottages with \$14.7 million in eligible investment. The total number of cottages to be constructed was 57 with total eligible investment of \$21 million.

The amended project will be completed in three (3) phases as described below:

Phase I – Construction of 15 cottages and a clubhouse. This phase is to be completed in 2012 and the estimated eligible investment is \$7.2 million, and;

Phase II – Construction of 20 cottages. This phase will be completed in 2016 and the estimated eligible investment is \$6.9 million, and;

Phase III – Construction of 20 cottages. This phase will be completed by 2020 and the estimated eligible investment is \$6.9 million.

With these changes, there will be two fewer cottages constructed but there is the addition of a clubhouse. The total amount of eligible investment will remain the same at \$21 million.

COST OF ELIGIBLE INVESTMENTS BY PHASE

Phase I	
Site Improvements	\$ 150,000
New Construction	<u>7,050,000</u>
Phase I Total	\$ 7,200,000
 Phase II	
Site Improvements	\$ 150,000
New Construction	<u>6,750,000</u>
Phase II Total	\$ 6,900,000
 Phase III	
Site Improvements	\$ 150,000
Site Improvements	<u>6,750,000</u>
Phase III Total	\$ 6,900,000

TOTAL COST OF ELIGIBLE INVESTMENTS

Site Improvements	\$ 450,000
New Construction	<u>20,550,000</u>
TOTAL	\$ 21,000,000

RECOMMENDATION

The MEDC recommends approval of the Brownfield MBT Credit amendment request to add 13 qualified taxpayers; change the project scope from two phases to three phases; reduce the number of cottages from 17 to 15 and add the construction of a clubhouse to the project.

MICHIGAN STRATEGIC FUND

Resolution 2012-

**Harbor Shores BHBT Land Development, LLC and Powell Construction Services, LLC
Hideaway (Development Parcel K) Project
Brownfield Redevelopment MBT Credit – Amendment #1
Benton Charter Township, Berrien County**

At the meeting of the Michigan Strategic Fund (“MSF”) held on October 24, 2012 in Lansing, Michigan.

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

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

WHEREAS, by Resolution 2009-210 on December 15, 2009, the MEGA Board awarded a Brownfield MBT Tax Credit to Harbor Shores BHBT Land Development, LLC and Powell Construction Services, LLC (the “Applicants”) to make eligible investment in two phases up to \$21,000,000 at an eligible property in Benton Charter Township, Berrien County (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, the Applicants have submitted a request to amend the Project by adding the following additional homeowners as Qualified Taxpayers to recognize their eligible investment in the Project:

Douglas B. and Jill D. Wileman, husband and wife
Angela L. Kuiper Trust
Kathleen W. Wirtz
Michelle A. Priefer
David W. Williams Trust
Carol Hake Trust
Matt J. and Deirdre C. Downs, husband and wife
Ronald L. Eng and William K. Eng, joint tenants
John E. and Debra L. Small, husband and wife
John D. Shugrue and Elizabeth A. Price, husband and wife
Mark E. Goble
Jay A. and Deborah K. Craig, husband and wife
Orrin and Nancy Radis, husband and wife

WHEREAS, the Applicants have further requested to amend the Project by amending the scope of the Project into three phases and adding additional cottages as follows:

Phase I – Construction of 15 cottages and a clubhouse;

Phase II – Construction of 20 cottages; and

Phase III – Construction of 20 cottages; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by adding the following additional Qualified Taxpayers:

Douglas B. and Jill D. Wileman, husband and wife
Angela L. Kuiper Trust
Kathleen W. Wirtz
Michelle A. Prierer
David W. Williams Trust
Carol Hake Trust
Matt J. and Deirdre C. Downs, husband and wife
Ronald L. Eng and William K. Eng, joint tenants
John E. and Debra L. Small, husband and wife
John D. Shugrue and Elizabeth A. Price, husband and wife
Mark E. Goble
Jay A. and Deborah K. Craig, husband and wife
Orrin and Nancy Radis, husband and wife

BE IT FURTHER RESOLVED, that the MSF Board amends the Project by authorizing the Project to be completed in three phases as follows:

Phase I – Construction of 15 cottages and a clubhouse;

Phase II – Construction of 20 cottages; and

Phase III – Construction of 20 cottages.

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-210 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund

From: Dan Wells, MEDC – Brownfield Specialist

Subject: Large Brownfield MBT Credit Amendment Request
160 W Fort, LLC
Former Federal Reserve Building Project
City of Detroit, County of Wayne

PETITIONER

160 W Fort, LLC
1092 Woodward Avenue
Detroit, Michigan 48226

Contact: Dan Gilbert, Managing Member

Project Eligible Investment: \$15,364,411
Requested Credit Amount: \$1,383,058 (capped)
Requested Credit Percentage: 10%

PROJECT DESCRIPTION

This project will redevelop the Federal Reserve Bank of Chicago Detroit Branch Building (1927) and Annex (1951) located at 160 West Fort Street in the City of Detroit. The project was initially approved December 18, 2007 to redevelop the vacant building into 84 condominiums and 4,000 square feet of ground floor retail. The original qualified taxpayer subsequently lost control of the property through bank foreclosure. The petitioner purchased the building in February, 2012, and requests to be added as a new qualified taxpayer so they can bring the building back into use.

The petitioner also requests approval of a new end use that includes redeveloping the vacant building into a mix of 10,500 square feet of ground floor retail and 121,000 square feet of Class A office use on the upper stories. The upper floors will be brought to a “white box” condition, except for two floors at approximately 41,270 square feet, which will be built out with tenant improvements. Demolition costs include selective interior demolition and lead and asbestos abatement. Building renovations include refurbishing the entry and lobby interiors, reroofing, façade restoration, mechanical and electrical upgrades, window refurbishing, new restrooms, fire protection, core architectural refinishing and modifications, underground garage repairs and architectural and engineering costs.

In addition, the petitioner requests that an extension of three years to complete eligible investment be granted.

Approximately 6 permanent full-time jobs are anticipated to be created for building operations and maintenance at an average hourly wage of \$18, and one identified tenant is expecting to place 40 jobs in the area to receive tenant improvements at an average annual salary of \$54,000. It is expected that once

the building is fully leased, approximately 500 jobs will be located there. The total capital investment will be approximately \$27.9 million.

ELIGIBLE INVESTMENT BREAKDOWN

Demolition	\$ 1,034,000
Building Renovation	+ <u>14,330,411</u>
TOTAL	\$ 15,364,411

RECOMMENDATION

The MEDC recommends approval of the requested amendment to add a qualified taxpayer, change the scope of the project and add three years to complete eligible investment.

MICHIGAN STRATEGIC FUND

Resolution 2012-

**FRBD, LLC (Former Federal Reserve Building Project)
Brownfield Redevelopment MBT Credit – Amendment #1
City of Detroit**

At the meeting of the Michigan Strategic Fund (“MSF”) held on October 24, 2012 in Lansing, Michigan.

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

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

WHEREAS, by Resolution 2007-104 on December 18, 2007, the MEGA Board awarded a Brownfield MBT Tax Credit to FRBD, LLC (the “Applicant”) to make eligible investment up to \$13,830,583 at an eligible property in the City of Detroit (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, the Applicant has submitted a request to amend the Project by adding an additional Qualified Taxpayer, 160 W Fort, LLC; changing the scope of the project to include redeveloping the vacant building into a mix of ground floor retail and office use on the upper floors; and extending the Project completion date by three additional years; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by adding an additional Qualified Taxpayer, 160 W Fort, LLC; changing the scope of the project to include redeveloping the vacant building into a mix of ground floor retail and office use on the upper floors; and extending the Project completion date by three additional years; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2007-104 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund

From: Nate Scramlin, MEDC – CATeam
Dan Wells, MEDC – Community Development Incentives Specialist

Subject: Act 381 Work Plan Approval
City of Midland Brownfield Redevelopment Authority
Stadium District Project
City of Midland, County of Midland

APPLICANT

City of Midland Brownfield Redevelopment Authority

Contact: C. Bradley Kaye, Director of Planning and Community Development

ACT 381 WORK PLAN REQUEST

The City of Midland Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (hereinafter Work Plan) request for the approval of local and school tax capture for MEGA eligible activities in the amount of \$7,722,774.

PROJECT DESCRIPTION

This project will demolish the former McKay Press and First Choice Auto Sales buildings and will result in the construction of a four-story, 230,265 square-foot mixed-use building that will complement the adjacent Dow Diamond minor league baseball park. The development will occur on approximately 5.23 acres of property located at 215 State Street and 608 East Ellsworth Street in the City of Midland. 608 East Ellsworth Street is currently owned by and 215 State Street is under a purchase agreement to Midland Downtown Partners, LLC, who will lease space to tenants.

The redevelopment will transform the former industrial site into a mixed-use development in downtown Midland. The new mixed-use development will have retail uses on the ground floor (e.g. restaurants, coffee shop, fitness center, banking) and professional office space on the upper three floors. A number of public infrastructure improvements will be made including streetscape upgrades along this entire corridor linking the new development to the existing downtown with matching pedestrian walkways, decorative lighting and street planters.

Approximately 200 permanent full-time jobs are anticipated to be created by the retail and professional office portions of the project at an average hourly wage of \$38. The total capital investment will be approximately \$46 million.

QUALIFYING CRITERIA

The project is located within the boundaries of the City of Midland, which is a Qualified Local Governmental Unit, and has been deemed a facility as verified by the Michigan Department of Environmental Quality (MDEQ). The property is the subject of a Brownfield Plan, duly approved by the

City of Midland Brownfield Redevelopment Authority and concurred with by the City of Midland on August 22, 2011.

KEY STATUTORY CRITERIA

a) Overall Benefit to the Public:

Aside from the reuse of abandoned, contaminated industrial property, this project will extend the vibrancy and density of downtown Midland. This new development will greatly improve the aesthetics around Dow Diamond and further attract residents towards the downtown area and riverwalk along the Tittabawassee River. Up to 200 new jobs associated with the development will positively impact surrounding businesses downtown and may likely provide opportunities for spin-off retail and commercial development.

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

This project is expected to create approximately 200 new, full-time jobs in the professional and retail sectors.

c) Level and Extent of Contamination Alleviated:

The former industrial uses and/or historic deposition of fill from unknown sources have resulted in the presence of numerous hazardous substances at levels above generic residential use criteria, including heavy metals, benzene compounds, and xylene. Removal of contaminated soil from the site and capping of the remaining material with building foundations, paving, and clean fill will significantly reduce potential human and environmental exposures. Due care under Part 201 of the Natural Resources Environmental Protection Act will be undertaken.

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

This project is not qualifying as Functionally Obsolete or Blighted.

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

No greenfield sites exist in the proposed redevelopment area; therefore, none have been considered. The cost of redeveloping a contaminated industrial property into a mixed-use building is a significant concern and barrier to development. Midland Downtown Partners' decision to redevelop this property was encouraged by the availability of brownfield incentives.

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

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

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

h) Other Factors Considered:

The developers intend to pursue LEED certification through the Green Building Design and Construction rating system. The development is 90% pre-leased.

OTHER STATE AND LOCAL ASSISTANCE

MEGA approved a 15% Brownfield MBT credit up to \$3,500,000 in November, 2011 for new construction investment.

TAX CAPTURE BREAKDOWN

There are 52.6038 non-homestead mills available for capture, with school millage equaling 21.7909 mills (41.42%) and local millage equaling 30.8129 mills (58.58%). The requested tax capture for MEGA eligible activities breaks down as follows:

School tax capture (41.42%)	\$3,198,773
Local tax capture (58.58%)	<u>\$4,524,001</u>
TOTAL	\$7,722,774

COST OF MEGA ELIGIBLE ACTIVITIES

Demolition	\$ 618,916
Lead or Asbestos Abatement	102,000
Infrastructure Improvements	2,210,333
Site Preparation	<u>+1,623,540</u>
Sub-Total	\$4,554,789
Contingency (15%)	<u>+ 683,218</u>
Sub-Total	\$5,238,007
Interest (Capped)	<u>+2,477,267</u>
Sub-Total	\$7,715,274
Brownfield/Work Plan Preparation	6,000
Review Cost	<u>+ 1,500</u>
TOTAL	\$7,722,774

RECOMMENDATION

The MEDC recommends approval of local and school tax capture for the MEGA eligible activities totaling \$7,722,774 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$3,198,773.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**City of Midland Brownfield Redevelopment Authority
Stadium District Project
City of Midland**

At the meeting of the Michigan Strategic Fund (“MSF”) held on October 24, 2012 in Lansing, Michigan.

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

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

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

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

WHEREAS, the City of Midland Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 215 State Street and 608 East Ellsworth Street within the City of Midland, known as the Stadium District Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same

proportion as the 41.42% to 58.58% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated October 12, 2012. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$5,238,007 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$2,477,267 in interest, and a maximum of \$7,500 for Brownfield/Work Plan preparation and MSF review costs, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$3,198,773.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the staff of the MEDC, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City of Midland as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

BE IT FURTHER RESOLVED, that the MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$2,477,267 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

October 24, 2012
Lansing, Michigan



MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund Board Members

From: Deanna Richeson, Director, Export Office

Subject: Adoption of Revised STEP Eligibility Guidelines for FY2013
State Trade and Export Promotion (STEP) Program

BACKGROUND

The SBA's STEP program assists Small and Medium-Sized Enterprises (SMEs) which by SBA's definition must have less than 500 employees. STEP is a 3-year program, funded at \$30 million annually, to support President Obama's call to jump start job growth by doubling U.S. exports in five years.

At the September 27, 2012 Michigan Strategic Fund Board (MSF) meeting Michigan's STEP application and program was approved; additionally the Memorandum of Understanding with the Michigan Economic Development Corporation (MEDC) was also amended and approved. The SBA's conditional award has been finalized as of September 27, 2012, and Michigan's STEP award for FY2013 is \$2,186,907.

PROPOSAL SUMMARY

The STEP program allows states to incentivize SMEs to begin to export, or to expand their current exports, by reimbursing 50% on allowable export-related activities. Michigan's pathway to double exports in five years includes a second-year plan to assist 600 small business clients. Our export program will direct 66% of this grant funding to SME incentives (46% reimbursements and 20% direct incentives) for the cost of export activities, in large part through deploying resources to our regional export network. Last year the MSF approved STEP Program and Eligibility Guidelines and staff are proposing revisions (attached) to the STEP Program and Eligibility Guidelines based upon the programs past year.

RECOMMENDATIONS

In accordance with the above information, MEDC Staff recommends approval of the attached revised STEP Program and Eligibility Guidelines.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF THE STATE TRADE AND EXPORT PROMOTION (STEP) ELIGIBILITY
AND APPLICATION GUIDELINES**

WHEREAS, the Export Promotion Act of 2010, Public Law 111-240, Sections 4221-4228 (“EPA”) was signed into law on September 27, 2010 to make grants to states to carry out export programs that assist eligible small business concerns, increase the number of small businesses that are exporting and increase the value of exports for those small businesses that are currently exporting (the “STEP Program”);

WHEREAS, a state or any agency of a state may apply to the United States Small Business Administration, Office of International Trade (“SBA”) for a competitive STEP Program award;

WHEREAS, the STEP Program allows a state to designate an agency of the state as the sole entity responsible for conducting the State’s trade and export activities;

WHEREAS, in accordance with MCL 125.2005 and MCL 125.2007, the Michigan Strategic Fund (“MSF”) was created as a public body corporate and politic within the Department of Treasury and has the authority to solicit grants from the federal government or to participate in a federal government program;

WHEREAS, by letters dated May 6, 2011 and May 4, 2012, Governor Rick Snyder endorsed and designated the MSF as the State of Michigan’s official applicant for the STEP Program;

WHEREAS, the MSF as an agency of the State of Michigan submitted an Application for Federal Assistance and related documents to the SBA for funding for the 2013 fiscal year (“Application”) and the SBA has made an award as of September 27, 2012 for FY2013 of \$2,186,907;

WHEREAS, on September 27, 2012, by Resolution 2012-106, the MSF Board approved the continued operation of the STEP Program and ratified the Application, and by Resolution 2012-107, authorized a revised Memorandum of Understanding with the Michigan Economic Development Corporation (“MEDC”), where subject to the control and direction of the MSF Board, the MEDC provides certain administrative services and funds for the STEP Program;

WHEREAS, on September 27, 2012, by Resolution 2012-106, the MSF Board approved the continued use of the STEP Eligibility and Application Guidelines;

WHEREAS, the MEDC recommends that the MSF revise and approve the proposed STEP Eligibility and Application Guidelines, attached as Exhibit 1, to be utilized for the operation of the STEP Program (the “STEP Guidelines”); and

WHEREAS, based on the recommendation of the MEDC, the MSF Board desires to adopt and approve the STEP Guidelines for the STEP Program.

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby adopts and approves the STEP Guidelines for the STEP Program.

AYES:

NAYS:

RECUSED:

Lansing, Michigan
October 24, 2012

Michigan Export Support for SMEs

Section 1 – General Information on the Michigan STEP Grant Program

Michigan's State Trade and Export Promotion (STEP) program provides direct reimbursements to qualified small and medium-sized export companies to develop or expand export-related activities. Interested applicants should review these guidelines prior to completing the online application intake form.

A – Program Purpose

The Michigan STEP program is designed to spur job creation by empowering Michigan small and medium-sized enterprises (SMEs) to export their products. The program has three primary objectives:

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

B – Eligibility

Eligible companies may qualify for up to \$12,000 (\$7,000 Tier 2; \$12,000 Tier 3) in assistance to offset 50 percent of their export marketing-related costs. Michigan companies must meet the following eligibility criteria to qualify for STEP funds:

1. Have 500 or fewer employees, or otherwise in accordance with Small Business Administration (SBA) guidelines.
2. Represent significant potential impact to the regional economy.
3. Have two years of domestic sales.
4. Register profit during the last year (venture capital and government grants do not qualify as sales revenue).
5. Provide an EIN number linked to a Michigan address.
6. Be in good standing with the Michigan Department of Treasury and other regulatory agencies.

C – Grant Allocation and Limitation

1. Funds will be approved for specific and measurable export initiatives.
2. Applicants agree to respond to STEP quarterly surveys and provide export sales totals, export transactions and business activities resulting from the STEP program.
3. All funds are pre-approved based on submitted application.
4. Companies are reimbursed for 50 percent of pre-approved expenses.
5. The Michigan Strategic Fund (MSF) retains final authority in the allocation of STEP funds.
6. Funds for the STEP program are subject to availability.

7. Recommendations by economic development organizations may be required.

D – Allowable Uses of STEP Funds

STEP funds may be approved for export marketing-related activities including:

1. Overseas trade mission participation
2. International or domestic trade show participation
3. Foreign market sales trips
4. U.S. Department of Commerce services
5. Website and/or marketing material translation services
6. Agent, distributor and/or customer searches
7. Foreign market research

Section 2 – The Application Process

A – Following is a summary of the application and approval process for the Michigan STEP program:

1. Interested companies complete and submit the online intake form at www.michiganadvantage.org/export.
2. MEDC staff will review intake forms:
 - Qualified companies will be contacted regarding next steps.
 - Companies that do not qualify will be contacted with rationale for decision.
3. Tier 1 companies will be referred to SBTDC for training and market research to enhance their readiness.
4. Tier 2 and Tier 3 companies will be contacted by an MEDC export representative to review:
 - Information needed for the STEP application and required forms
 - Export assistance resources
5. Companies seeking export incentives will complete and submit the STEP application.
6. Upon receipt and review of the STEP application, the MEDC export team will make a recommendation to the MSF Fund Manager
 - Approve application and contact company for next steps, or
 - Deny application with explanation (Note: denied applicants may be given feedback on how to revise and resubmit)

B – Program Guidelines

1. Eligible expenses must be approved in advance by the Regional Export Network (REN) host and International Trade Manager (ITM).
2. Funding received from other government sources (grants or subsidies from any level of government) does not satisfy the company's matching requirements for this program.

3. Companies receiving funding must submit all receipts and proof of payment documents within 30 days of event/activity completion.
4. Companies must submit a STEP application to the REN host or ITM at least 30 days before the event/activity for which funding is sought.
5. Companies will receive MEDC's quarterly survey to track export activity results.

C – Expense documentation is forwarded to the REN host (if not received directly by them) for audit, review, and approval. Upon review and final approval, payment will be made by the REN host to the company.

NOTES

1. "Export ready" is defined as a company that has the commitment and ability to export products to foreign markets.
2. Tier 1 is defined as a company that may be less than two years old and/or has not established strong domestic sales. They will be offered consultation and training to advance to Tier 2.
3. Tier 2 is defined as a company that has established strong domestic sales and has not yet become a proactive exporter. They may be new to exporting or have exported reactively.
4. Tier 3 is defined as a company that has strategically exported and is ready to expand into new foreign markets.

Questions may be directed to export@michigan.org.

MEMORANDUM

DATE: October 24, 2012

TO: Michigan Strategic Fund Board Members

FROM: Diane Cranmer

SUBJECT: TKP Holdings, LLC/Coastal Container Corporation – Request for Change in Documents

BACKGROUND

Coastal Container Corporation was established in Michigan in November 2006. TKP Holdings, LLC was established in Michigan in 2007 for the purpose of owning and improving the real estate elements of the Coastal Container Corporation 2007 project referenced herein. Both organizations are solely owned by Brent Patterson. Coastal Container Corporation is a manufacturer of corrugated packaging material. Both companies are located in Holland, Michigan, with Coastal Container Corporation employing approximately 85 individuals.

The MSF previously issued its \$5,290,000 Variable Rate Demand Limited Obligation Revenue Bonds (Coastal Container project), Series 2007 to assist in financing the acquisition of land and an approximately 224,000 square foot existing manufacturing facility, the renovation and rehabilitation of the facility and the acquisition and installation of machinery and equipment located at 1201 Industrial Avenue, Holland, Allegan County, Michigan.

REQUEST FOR CHANGE IN DOCUMENTS

The Bonds were initially secured by a letter of credit issued by National City Bank, as succeeded by PNC Bank. The PNC Bank letter of credit expires on December 15, 2012. Coastal Container Corporation and TKP Holdings, LLC (the “Obligors”) are providing an alternate letter of credit to be issued by U.S. Bank National Association and is replacing the remarketing agent, currently PNC Capital Markets, with Robert W. Baird & Co. Incorporated. In order to streamline the administration of the Bonds for the Trustee and the Remarketing Agent, it is proposed to amend the Trust Indenture as follows:

1. reduce the minimum denomination of Bonds held by a bondholder from \$100,000 to \$5,000;
2. delete the 100,000 minimum principal amount for a bondholder tendering a Bond for purchase;
3. delete a bondholder’s election to retain a Bond that is subject to mandatory tender; and
4. delete any requirements for a rating of the Bonds in connection with the provision of an Alternate Letter of Credit.

The amendments will not cause the Bonds to be deemed “reissued” for tax purposes.

RECOMMENDATION

Staff is recommending approval of the amending resolution to amend the Trust Indenture and related documents.



MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund Board Members

From: Diane Cranmer, IDR B Specialist

Subject: Private Activity Bond – Bond Authorizing
Van Andel Research Institute
NTE \$220,000,000 – Refunding/Non-Profit
Grand Rapids, Kent County

COMPANY BACKGROUND

The Van Andel Research Institute (“VARI”) was originated in the State of Michigan October 16, 1996, as a Michigan charitable trust. VARI is engaged in the continuous active conduct of medical research and operates as a medical research organization. David Van Andel is the Chairman and Chief Executive Officer. The other trustees are James D. Fahner, M.D., W. Gary Tarpley, Ph.D. and George Vande Woude, Ph.D. The institute is located at 333 Bostwick Avenue, N.E., Grand Rapids, Michigan, and employs approximately 285 individuals.

PROJECT DESCRIPTION

The proceeds of the refunding bonds will be used to currently refund the MSF’s \$220,000,000 Adjustable Rate Demand Limited Obligation Revenue and Revenue Refunding Bonds, Series 2008 issued April 10, 2008 (the “Series 2008 Bonds”). Proceeds of the Series 2008 Bonds were used to refund four prior MSF bond issues totaling \$110,000,000 (the “Prior Bonds”) and to complete the hereinafter described Project.

The proceeds of the Prior Bonds and a portion of the Series 2008 Bonds were used to assist VARI in the financing of land acquisition, the construction of an approximately 160,000 square foot medical research facility and an approximately 250,000 square foot addition thereto, including related parking and land improvements, the acquisition and installation of laboratory and other research equipment, including computer hardware and software and the acquisition and installation of office furniture and fixtures (the “Project”). The Project is located at or in the immediate vicinity of 333 Bostwick Avenue, N.E., in the City of Grand Rapids, Kent County, Michigan, and is used for medical research and education.

VARI will realize significant cost savings through the refunding of the Series 2008 Bonds by a direct bank purchase.

VARI owns and operates the Project.

Michigan Economic Development Corporation

JOB CREATION

To date, 385 jobs have been created by the Project and it is estimated 500 additional jobs will be created in the next 20 years.

ADDITIONAL INFORMATION

Legislative Information:

Senator: David Hildebrand, District 29

Representative: Roy Schmidt, District 76

Company Contact:

Timothy Myers, Vice President and Chief Financial Officer

Bond Counsel:

Dickinson Wright PLLC

Proposed Placement of the Bond Issue:

The refunding bonds will be purchased through a direct bank purchase. One series in the amount of \$110,000,000 will be purchased and held by U.S. Bank National Association and the other series in the amount of \$110,000,000 will be purchased and held by The Northern Trust Company.

RECOMMENDATION

After reviewing the Private Activity Bond Authorizing Resolution for Van Andel Research Institute, and based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General's office that the Project meets state and federal law requirements for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution for the refunding bonds in the amount of NTE \$220,000,000.



MEMORANDUM

DATE: October 24, 2012
TO: MSF Board Members
FROM: Diane Cranmer
SUBJECT: Private Activity Bond - Inducement
Evangelical Homes of Michigan - \$45,000,000 – Refinancing and New
Financing/Nonprofit—Locations in Saline and Sterling Heights, Michigan

BACKGROUND

Evangelical Homes of Michigan (EHM) is a non-profit 501(c)(3) organization founded in 1879. Its primary purpose is to provide housing and health care services to seniors living in Southeastern Michigan. It is a faith-based organization related to the United Church of Christ. EHM serves individuals of all faiths and opens their doors to those in need of quality health care, housing and community based services. The organization currently operates skilled nursing facilities in Saline, Sterling Heights and Port Huron, Michigan, and an independent living and assisted living facility in Saline, Michigan. EHM employs approximately 783 individuals and approximately an additional 75 contract employees to assist in serving their elderly clients.

PROJECT DESCRIPTION

The MSF previously issued its \$14,800,000 Variable Rate Demand Limited Obligation Revenue Bonds (Evangelical Homes of Michigan Project), Series 2008 to finance the following capital expenditures at facilities owned and operated by EHM:

- (i) Acquisition of land and the construction of an approximately 33,000 sq. ft. memory support facility located in the City of Saline, Washtenaw County;
- (ii) Renovations to a skilled nursing facility located in the City of Sterling Heights, Macomb County; and
- (iii) Refinancing an outstanding term loan used to make facility renovations at a skilled nursing facility located in the City of Saline.

EHM has requested assistance of MSF in the issuance of bonds to refund the Series 2008 Bonds and to finance the following additional expenditures:

- (i) Costs of renovating, furnishing and equipping an expansion of its Saline skilled nursing facility to provide rehabilitation services in space leased from Trinity Health-Michigan to be known as the Redies Center;
- (ii) Refinancing certain bank debt that was incurred to finance the costs of acquiring certain home health service providers and certain other capital expenditures at EHM's facilities located in Saline and Sterling Heights and financing future capital expenditures at such facilities;
- (iii) Refinancing a portion of certain Series 2008 Bonds issued by the Economic Development Corporation of the City of Saline to finance the construction and furnishing of certain non-housing assisted living facility units located within EHM's Brecon Village facility in Saline; and
- (iv) Costs of a debt service reserve fund for the bonds and costs of issuance.

Michigan Economic Development Corporation

ADDITIONAL INFORMATION

1. Job Creation:

Over the next three years, EHM projects a total staffing increase of 24 full-time employees resulting from the placing in service of the Redeis Center facility.

2. Bond Counsel:

Dickinson Wright PLLC

3. Proposed Underwriting of the Bond Issue:

Cain Brothers & Company, LLC will be acting as underwriter and/or placement agent for the bonds. The bonds may be sold in one or more series. The bonds may be sold as sub-investment grade fixed rate bonds.

RECOMMENDATION

After reviewing the Private Activity Bond Application for Evangelical Homes of Michigan, staff recommends the adoption of an Inducement Resolution in the amount of \$45,000,000 for this project.

MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund Board

From: Eric Hanna, Manager Debt Capital Programs
Greg West, Community Lending Manager

SUBJECT: Designation of the Community Development Block Grant Revolving Loan Fund
Regional Fund Managers for Regions 1-9

BACKGROUND

Over the past 18 months, staff has been working to consolidate the existing 42 Community Development Block Grant (“CDBG”) Revolving Loan Funds (“RLF”) into nine Regional Revolving Loan Funds (“RRLF”). On November 30, 2011 the MSF authorized staff to issue a Request for Applications (“RFA”) to which applicants to become a RRLF Manager could respond. The response deadline was March 1, 2012. On February 22, 2012 staff requested and the MSF approved a modification and extension through April 13, 2012. On November 30, 2011 the MSF also authorized and approved the Joint Evaluation Committee (“JEC”) along with the scoring and evaluation criteria.

As of April 13, 2012 staff did receive, and subsequently submitted to the JEC, 10 applications total, with two applications received for Region 8. The JEC met and scored all applicants, requesting supporting documentation where necessary. The JEC consisted of the following individuals (which differed slightly from the JEC approved by the MSF on November 30, 2011):

- Mark Morante, Senior Vice President Program Management and Administration
- Deborah Stuart, Director Community Development Financial Incentive Packages
- Eric Hanna, Manager Debt Capital Programs
- Greg West, Community Lending Manager
- Chris Cook, Capital Services Associate

The RFA covered areas such as entity type, board of director’s composition, loan approval committee composition, underwriting policy, collections policy, CDBG compliance strategy, financial viability, commitment to the region and staffing plan.

RESULTS

Below is a table containing the average score of each applicant as well as the region for which it submitted an application; a regional map is attached as Appendix A.

Regional Revolving Loan Fund Manager Application Scoring

<u>Region</u>	<u>Applicant(s)</u>	<u>Average Score</u>
Region 1	Northern Economic Initiatives Corporation**	45.4
Region 2	Traverse City Area Chamber Foundation**	44.6
Region 3	Northern Economic Initiatives Corporation**	19
Region 4	Capital Fund Services, Inc.**	39.6
Region 5	Great Lakes Bay Regional Development Corporation**	20.4
Region 6	Capital Fund Services, Inc.**	39.6
Region 7	Capital Fund Services, Inc.**	45.2
Region 8	I-69 Regional Development Corporation**	43.8
	Capital Fund Services, Inc.	20
Region 9	Capital Fund Services, Inc.**	39.6

*** Indicates Joint Evaluation Committee Support* *50 Points Possible*

RECOMMENDATIONS BY REGION

Staff recommends that the JEC members above be approved and as the JEC to review the applications received in response to the RFA utilizing the approved scoring and evaluation criteria.

Staff further recommends that the following designations be established for a period of three years from the effective date of November 1, 2012, with the designations being considered terminated upon that date unless the MSF extends the designation by affirmative resolution.

- Region 1** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the RRLF Manager with no supplemental conditions.
- Region 2** Staff recommends the MSF designate Traverse City Area Chamber Foundation to act as the RRLF Manager, with the supplemental condition that;
- The MSF Fund Manager to consent in writing to the final terms and conditions of a fee for service contract with Northern Economic Initiatives Corporation as generally contemplated in the RRLF Manager Application.
- Region 3** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the RRLF Manager with no supplemental conditions.
- Region 4** Staff recommends the MSF designate Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.
- Region 5** Staff recommends the MSF designate Great Lakes Bay Regional Development Corporation to act as the RRLF Manager, with the supplemental condition that;
- The MSF Fund Manager to consent in writing to the final terms and conditions of a fee for service contract with Michigan Certified Development Corporation as generally contemplated in the RRLF Manager Application.

Region 6 Staff recommends the MSF designate Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.

Region 7 Staff recommends the MSF designate Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.

Region 8 Staff Recommends the MSF designate the I-69 Regional Development Corporation to act as the RRLF Manager, with the supplemental condition that;

- The MSF Fund Manager to consent in writing to the final terms and conditions of a fee for service contract with an alternate Qualified Contractor meeting substantially the functional requirements generally contemplated in the RFA.

Region 9 Staff recommends the MSF designate Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF THE REVISED JOINT EVALUATION COMMITTEE AND DESIGNATION OF THE REGIONAL REVOLVING LOAN FUND MANAGERS

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

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

WHEREAS, on December 5, 2011, the Michigan Strategic Fund ("MSF") issued a Request for Applications for Michigan CDBG Regional Fund Manager Designation ("RFA") and approved a Joint Evaluation Committee ("JEC") to review the applications;

WHEREAS, the approved JEC was to consist of the following individuals:

Mike Pohnl - V.P., Program Administration (MSF Fund Manager)
Eric Hanna - Capital Services Associate, MEDC (Commercial Lending)
Greg West - Capital Services Associate, MEDC (CDBG Compliance)
Elisabeth Alexandrian - Capital Services Associate, MEDC (Commercial Lending)
Christine Whitz - Program Analyst, MEDC (CDBG Compliance)

WHEREAS, due to availability and experience, the following individuals served on the JEC which scored and evaluated the applications:

Mark Morante - Senior Vice President Program Management and Administration
Deborah Stuart - Director Community Development Financial Incentive Packages
Eric Hanna - Manager Debt Capital Programs
Greg West - Community Lending Manager
Chris Cook - Capital Services Associate

WHEREAS, the MSF Board desires to ratify, approve and appoint the individuals that served on the revised JEC which scored and evaluated the applications;

WHEREAS, the JEC has scored and evaluated all applications received and ranked them by region on the attached Exhibit A; and

WHEREAS, the JEC recommends and the MSF desires to designate each Michigan CDBG Regional Fund Manager by region subject to any identified supplemental condition as shown on the attached Exhibit A for a period of three (3) years from the effective date of November 1, 2012 through and until October 31, 2015, with the designations being considered terminated upon that date unless the MSF extends the designation by affirmative resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board ratifies, approves and appoints the following individuals on the revised JEC which scored and evaluated the applications:

Mark Morante - Senior Vice President Program Management and Administration
Deborah Stuart - Director Community Development Financial Incentive Packages

Eric Hanna - Manager Debt Capital Programs
Greg West - Community Lending Manager
Chris Cook - Capital Services Associate

BE IT FURTHER RESOLVED, that the MSF Board designates each Michigan CDBG Regional Fund Manager by region subject to any identified supplemental condition as shown on the attached Exhibit A for a period of three (3) years from the effective date of November 1, 2012 through and until October 31, 2015, with the designations being considered terminated upon that date unless the MSF extends the designation by affirmative resolution; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012

EXHIBIT A

- Region 1** Northern Economic Initiatives Corporation to act as the RRLF Manager with no supplemental conditions.
- Region 2** Traverse City Area Chamber Foundation to act as the RRLF Manager, with the supplemental condition that;
- The MSF Fund Manager to consent in writing to the final terms and conditions of a fee for service contract with Northern Economic Initiatives Corporation as generally contemplated in its RRLF Manager Application.
- Region 3** Northern Economic Initiatives Corporation to act as the RRLF Manager with no supplemental conditions.
- Region 4** Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.
- Region 5** Great Lakes Bay Regional Development Corporation to act as the RRLF Manager, with the supplemental condition that;
- The MSF Fund Manager to consent in writing to the final terms and conditions of a fee for service contract with a Michigan Certified Development Corporation as generally contemplated in its RRLF Manager Application.
- Region 6** Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.
- Region 7** Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.
- Region 8** I-69 Regional Development Corporation to act as the RRLF Manager, with the supplemental condition that;
- The MSF Fund Manager to consent in writing to the final terms and conditions of a fee for service contract with an alternate Qualified Contractor meeting substantially the functional requirements generally contemplated in the RFA.
- Region 9** Capital Fund Services, Inc. to act as the RRLF Manager with no supplemental conditions.



MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund Board Members

From: Amy Lux, Renaissance Zone Specialist
Program Administration

Subject: North Country Renaissance Zone
Township of Wakefield Subzone
Revocation of Renaissance Zone
Western UP Recycling Center, LLC

COMPANY BACKGROUND

Western UP Recycling Center, LLC (“Western Recycling”) came in to existence around the time their relationship with the Michigan Strategic Fund first began. The company is in the business of recycling, ultimately aiming to be capable of processing metal, plastic, paper, and cardboard for both commercial and residential customers. It is located in the Upper Peninsula within Gogebic County, situated in the Township of Wakefield Subzone (the “Subzone”) in the North County Renaissance Zone.

PROJECT BACKGROUND

The Township of Wakefield applied for and received an Extension of Time for 13 years on behalf of Western Recycling for the 20-acre portion of the Subzone owned by the company on June 24, 2009, bringing the full term of the Renaissance Zone designation to 15 years to end on December 31, 2024. In exchange for the Extension, Western Recycling contracted in their Development Agreement with the Michigan Strategic Fund (“MSF”) to erect a new facility outfitted to begin recycling metal with an eye toward eventually expanding to plastic, paper, and cardboard.

OUTSTANDING ISSUES

The company entered in to a Development Agreement (the “Agreement”) with the MSF on June 24, 2009. In the Agreement, Western Recycling committed to a \$400,000 capital investment for building renovations and improvements to the property to be completed by June 24, 2010. As of December 31, 2011, the company has reported investing \$233,000 in real and personal property combined.

The Agreement also called for the creation of 6 new full-time jobs within the first year by June 24, 2010. As of December 31, 2011, the company was still below the threshold number of full-time positions. In addition, their operations are stalled and sporadic.

In their most recent progress report, Western Recycling is reported to be improving and receipts show that small capital investments are being made toward expanding the business. However, the company has been at times non-responsive to inquiries and originally self-reported inaccurate information. After an informal investigation and repeated requests by the Michigan Economic Development Corporation (the “MEDC”), the company turned in their most recent progress report for the year 2011, which contained quantitative information that more closely resembled what was observed on site and in their tax documentation, indicating the thresholds in the Agreement had not been met.

Western Recycling was notified of noncompliance on May 21, 2012 and given 90 days to cure the violations, per the terms of Section 7 of the Agreement. Within the cure period, the Company provided their progress report for 2011 confirming its non-compliance with the Agreement. The cure period has expired and on September 18, 2012, the Company was notified that due to its breach of the Agreement, the MEDC would seek revocation of the Extension of Time.

RECOMMENDATION

The MEDC recommends revocation of the time extension for Western Recycling and that Western Recycling begin paying all taxes previously abated by the Renaissance Zone effective January 1, 2013 and December 31, 2012 for property tax purposes. No repayment of foregone taxes is being requested.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**REVOCAION OF THE TIME EXTENSION FOR AN EXISTING RENAISSANCE ZONE
North Country Renaissance Zone, Township of Wakefield: Western UP Recycling, LLC**

WHEREAS, Section 4(7) of the Michigan Renaissance Zone Act, 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) to extend the duration of renaissance zone status for portions of the an existing renaissance zone if the extension will increase capital investment or job creation (a “Subzone”);

WHEREAS, on June 24, 2009, by Resolution 2009-070, the MSF approved an Extension of Time for Western UP Recycling Center, LLC (the “Company”) beginning January 1, 2010 in the Township of Wakefield, County of Gogebic (the “Time Extension”) and authorized a development agreement be entered into with the Company;

WHEREAS, the MSF and the Company entered into a development agreement effective June 24, 2009, which set forth the conditions of the Time Extension, including, but not limited to, required capital investment and job creation thresholds by the Company;

WHEREAS, the Company has not satisfied the capital investment or job creation threshold requirements;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program, investigated this renaissance zone, notified the Company of non-compliance and confirmed continued breach after the 90-day cure period, required in Section 7 of the development agreement;

WHEREAS, the MEDC has notified the Company it will recommend the MSF revoke the Time Extension; and

WHEREAS, the MEDC recommends the MSF Board revoke the Time Extension.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board revokes the Time Extension, and effective December 31, 2012 for property tax purposes and January 1, 2013 for all others pursuant to MCL. 125.2689, the Owner and Company shall no longer be eligible for exemptions, deductions, credits or other renaissance zone benefits pursuant to MCL. 125.2689; and

BE IT FURTHER RESOLVED, the MSF Board authorizes the Fund Manager or MSF President to take any action necessary to effectuate the terms of this Resolution, including, but not limited to, revocation of the development agreement.

Ayes:

Nays:

Recused:
Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012

To: Michigan Strategic Fund Board Members

From: Amy Lux, Renaissance Zone Specialist
Program Administration

Subject: Agricultural Processing Renaissance Zone
City of Bangor, County of Van Buren
Revocation of Renaissance Zone
Michigan Biodiesel, L.L.C.

COMPANY BACKGROUND

Michigan Biodiesel, L.L.C. (“Michigan Biodiesel”) is in the business of converting biomass or other competitively priced oils into biofuels, to ultimately be used in creating a biodiesel fuel mixture that is more environmentally friendly than traditional petroleum. It is located in Van Buren County within the boundaries of the City of Bangor (the “City”), which originally sold the land to serve as the company’s facility site for \$1.

PROJECT BACKGROUND

The City applied for and received an Agricultural Processing Renaissance Zone (the “Zone”) for 10 years on behalf of the Michigan Biodiesel for an 11.99-acre portion of land, to expire on December 31, 2016. In exchange for the Zone designation, Michigan Biodiesel contracted in their Development Agreement with the Michigan Strategic Fund (the “MSF”) to erect a new 10 million gallon biodiesel fuel production plant compliant with ASTM D 6751 specifications on the property and begin operations by hiring new employees to work the facility.

OUTSTANDING ISSUES

The company entered into a Development Agreement (the “Agreement”) with the MSF on January 1, 2006. In the Agreement, Michigan Biodiesel committed to a \$5 million capital investment to construct a 10 million gallon biodiesel fuel production plant and have it operating by December 31, 2006. The Agreement also required the creation of 22 new full-time jobs within the first year by December 31, 2006.

While Michigan Biodiesel did meet its initial investment commitment, the company has not and is not compliant with their job creation obligation since 2007, operating with less than full employment. The company has also ceased producing ASTM Standard 6751-09 biodiesel, as contemplated in the original business plan incorporated in the Development Agreement. The business has struggled and is currently working through bankruptcy, a process that began over a year ago, and its financial situation remains weak. Through bankruptcy proceedings, the company no longer has control of the property.

Due to the company’s sustained non-compliance since 2007, the Michigan Economic Development Corporation (the “MEDC”), in consultation with the Michigan Department of Agriculture, originally contemplated a two year reduction of the term of the Zone designation. However, through recent discussions with company representatives, the MEDC has confirmed that the company has lost control of the land and operations have very nearly, if not completely, come to a halt.

Per Section 2(d) of the Development Agreement, Michigan Biodiesel was notified of their non-compliance in a letter from the MEDC dated June 20, 2011. The company remains out of compliance beyond the 120-day cure period. For this reason, the MEDC is recommending revocation of Zone designation.

RECOMMENDATION

The MEDC advises the MSF to approve the associated resolution, recommending the State Administrative Board revoke the Agricultural Processing Renaissance Zone for Michigan Biodiesel and for Michigan Biodiesel to begin paying all taxes previously abated by the Renaissance Zone effective January 1, 2013 and December 31, 2012 for property tax purposes. No repayment of foregone taxes is being requested.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

REVOCATION OF AN EXISTING AGRICULTURAL PROCESSING RENAISSANCE ZONE DESIGNATION: Michigan Biodiesel, L.L.C.

WHEREAS, Section 8c of the Michigan Renaissance Zone Act, 1996 PA 376, as amended, authorizes the State Administrative Board (“SAB”) to designate up to 30 renaissance zones for agricultural processing facilities upon the recommendations of the Michigan Strategic Fund (“MSF”) and the Michigan Commission of Agriculture (“MCA”) and the consent of the local unit of government in which the proposed renaissance zone will be located;

WHEREAS, on July 5, 2006, the SAB approved an Agricultural Processing Renaissance Zone for Michigan Biodiesel, L.L.C. (the “Company”) after receiving recommendation of approval from the MSF for the Company’s facility beginning January 1, 2007;

WHEREAS, Section 8c(5) of the Act requires a development agreement be entered into between the MSF and the Company (the “Agreement”) committing the Company to numerous milestones with regards to job creation and new investment and filing reports;

WHEREAS, Section 8c(3) of the Act allows the SAB to revoke the designation of all or a portion of an Agricultural Processing Renaissance Zone if the SAB determines the agricultural processing facility: (1) failed to commence operation; (2) ceases operation; or (3) fails to commence construction or renovation within one (1) year from the date the renaissance zone for the agricultural processing facility is designated;

WHEREAS, Section 2(d) of the Agreement recites that if the MSF concludes the terms and conditions of the Agreement have not been met, it may recommend that the SAB revoke all or a portion of the Agricultural Processing Renaissance Zone;

WHEREAS, the Company, among other things, has not satisfied the job creation threshold requirements, has ceased operations in manufacturing the biodiesel products outlined in the Agreement, and has lost control of the property associated with the Agricultural Processing Renaissance Zone;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program, investigated this renaissance zone, notified the Company of non-compliance and confirmed continued breach after the 120-day cure period, required in Section 2(d) of the Agreement;

WHEREAS, the MEDC has notified the Company it will recommend revocation of the Agricultural Processing Renaissance Zone; and

WHEREAS, the MEDC recommends that the MSF Board approves for recommendation to the State Administrative Board the revocation of the Company’s agricultural processing renaissance zone designation.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves for recommendation to the State Administrative Board the revocation of the Company’s agricultural processing renaissance zone designation; 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
October 24, 2012



MEMORANDUM

Date: October 24, 2012
To: Michigan Strategic Fund Board Members
From: Karla Campbell, MSF Fund Manager
Subject: Existing Tool and Die Recovery Zone
Extend Duration of Existing Zone
Praet Tool & Engineering, Inc.
Township of Macomb, Macomb County
Michigan International Tooling Alliance

COMPANY BACKGROUND

Praet Tool & Engineering, Inc., a family-owned business, was formed in 1983 and has over 120 years of combined experience within the tool industry. Located in Macomb, Michigan, a suburban community on the outskirts of Detroit, they provide turnkey, solution-based designing, engineering, and manufacturing of an array of custom tooling and equipment, fixtures, special automated machinery, and ergonomic lift and carry systems for the automotive, plastics, heavy equipment, and medical industries.

Since their 2010 designation, they have increased employment levels from 17 to 26 full-time employees. Praet Tool & Engineering has invested \$136,000 in Trak Axis Mills and newer technology for more efficient machining capabilities and invested \$70,380 in facility improvements and employee training programs.

Praet Tool & Engineering, Inc. was designated with the Michigan International Tooling Alliance as a Recovery Zone by the Michigan Strategic Fund (MSF) on December 15, 2010, effective January 1, 2011. The companies in the Michigan International Tooling Alliance were approved for various years. Praet Tool & Engineering, Inc. has obtained a resolution from the Macomb Township approving a five year designation with an expiration date of December 31, 2020. This time extension will allow Praet Tool & Engineering, Inc. to continue investing in the community with future capital investment of \$800,000 in new equipment and with an estimated future increase of up to ten full-time employees.

The Company was granted in October 1, 2009 an Economic Development Job Workforce Training of Existing Employees and they pulled the credit ahead to begin collecting with the tax-year ending December 31, 2010.

TIME EXTENSION REQUEST

The Michigan Economic Development Corporation (MEDC) received a new resolution passed by Macomb Township requesting the MSF approve an extension for an additional five years, bringing the total to ten years with a new expiration date of date of 2020 rather than 2015. The Macomb Township resolution included an additional parcel #08-18-326-021. The MEDC recommends a five year time extension for Praet Tool & Engineering, Inc. only on the original property #08-18-326-022. If approved, the new expiration date would be 2020.

RECOMMENDATION

The MEDC recommends extension of the Recovery Zone duration on the real property parcel #08-18-326-022 only, previously designated for Praet Tool & Engineering, Inc. at 51214 Industrial Drive, Macomb.

As indicated in the table attached, in all cases, the tax benefits will be phased out in 25 percent increments over the last three years of the zone designation.

<u>Year #</u>	<u>Comprises Tax Year</u>	<u>% of Tax Exemption, Deduction, Or Credit</u>
<u>1</u>	<u>2011</u>	<u>100%</u>
<u>2</u>	<u>2012</u>	<u>100%</u>
<u>3</u>	<u>2013</u>	<u>100%</u>
<u>4</u>	<u>2014</u>	<u>100%</u>
<u>5</u>	<u>2015 original exp. Date</u>	<u>100%</u>
<u>6</u>	<u>2016</u>	<u>100%</u>
<u>7</u>	<u>2017</u>	<u>100%</u>
<u>8</u>	<u>2018</u>	<u>75%</u>
<u>9</u>	<u>2019</u>	<u>50%</u>
<u>10</u>	<u>2020</u>	<u>25%</u>
	<u>2021</u>	<u>0</u>

The entire application is on file with the Michigan Economic Development Corporation.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

TIME EXTENSION FOR AN EXISTING TOOL & DIE RECOVERY ZONE: Praet Tool & Engineering, Inc.

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

WHEREAS, the Act authorizes the MSF Board to consider all applications made by tool and die businesses for a Recovery Zone;

WHEREAS, on December 15, 2010, the MSF Board designated a Recovery Zone for the Michigan International Tooling Alliance (the “Collaborative”), effective January 1, 2011;

WHEREAS, Section 8d(1) of the Act permits the MSF to extend the duration of Recovery Zone status for 1 or more periods that when combined do not exceed 15 years, upon the consent of the local governmental unit where the tool and die business is located;

WHEREAS, the Collaborative includes Praet Tool & Engineering, Inc. (the “Company”), a qualified tool and die business under the Act, located at 51214 Industrial Drive, Macomb on parcel #08-18-326-022, (collectively, the “Property”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received a request from the Company to extend the duration of its Recovery Zone designation for an additional five year period, totaling ten years, with a new expiration date of December 31, 2020, (the “Application”);

WHEREAS, by resolution, Macomb Township consented to the extension of the Recovery Zone designation for an additional five year period, for a total of ten years, with a new expiration date of December 31, 2020 and the resolution included an additional parcel #08-18-326-021; and

WHEREAS, the MEDC has fully considered the Application and recommends the MSF extend the Company’s Recovery Zone designation for an additional five year period, for a total of ten years, on parcel #08-18-326-022 with a new expiration date of December 31, 2020, but not include parcel #08-18-326-021.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves a time extension for Praet Tool & Engineering, Inc.’s Recovery Zone designation, effective January 1, 2013, for an additional five year period, totaling ten years, with a new expiration date of December 31, 2020, for the Property located at 51214 Industrial Drive, Macomb on parcel #08-18-326-022 only; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2020 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;

2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. 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;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012

MEMORANDUM

Date: October 24, 2012
To: Michigan Strategic Fund Board Members
From: Karla Campbell, MSF Fund Manager
Subject: Existing Tool & Die Recovery Zone
Revocation of Prior Location and Adding New Location –**Paramount Tool & Die, Inc.**
Wright Township, Ottawa County

COMPANY BACKGROUND

Established in 1997, Paramount Tool & Die, Inc. outgrew the company's previous 6,000 square foot building in Kent City necessitating it to relocate to a larger site. They are currently leasing its new location which was vacant for three years and consists of approximately 20,000 square feet. This tool and die maker manufactures molds for firms that produce plastic parts through the injection molding process. Paramount specializes in plastic injection molds and die cast dies and provides CNC and EDM machining.

Paramount Tool & Die, Inc. was designated with the Great Lakes Tool & Die Collaborative, LLC as a Recovery Zone by the Michigan Strategic Fund (MSF) on December 16, 2004 for a fifteen year period with an expiration date of 2019. The company's original designated location was 13864 Eagle Ridge, Kent City, Kent County.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received notice that Paramount Tool & Die, Inc. has relocated to a new location in Wright Township, Ottawa County. Paramount Tool & Die, Inc. obtained a resolution from Wright Township approving the remaining duration of seven year as a Recovery Zone for the company's new location at 1245 Comstock Street, Marne, Michigan, effective January 1, 2012, with an expiration of December 31, 2019. The company currently has thirteen full-time employees. The continuation of the Recovery Zone designation in this new location will allow Paramount to continue in their growth and invest over \$200,000 in new equipment and hire up to ten new employees over the next five years.

The Great Lakes Tool & Die Collaborative, LLC members are supportive and in unanimous agreement of Paramount Tool & Die, Inc. new location and continuation in the Collaborative. The Recovery Zone contact person provided written confirmation to the MEDC that Paramount remains a current member in good standing with their collaborative.

PROJECT DOCUMENTATION

Staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from Paramount Tool & Die, Inc. Paramount Tool & Die, Inc. is requesting the revoking of the Original Location to the New Location with a 5 year time extension to the duration of their Recovery Zone. Staff has reviewed the materials submitted and has determined the requirements of the Act have been satisfied. Attached to this memorandum is a summary of the application for the company's new location and identification of the parcels to be included in the existing Recovery Zone.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because Paramount Tool and Die, Inc.:

1. Has obtained an authorizing resolution of support from Wright Township where the company's new property is located;
2. Owns or leases the property to be included in the proposed zone and the property is used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has a NAICS code of 333511 (Industrial Mold Manufacturing); Has fewer than 75 full-time employees; and
4. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

ADDITIONAL INFORMATION

Collaborative Agreement

A collaborative agreement has been entered into between the Great Lakes Tool & Die Collaborative, LLC and Paramount Tool & Die, Inc.

Legislative Information

Senator: Arlan Meekhof - District 30

Representative: Dave Agema – District 74

RECOMMENDATION

The MEDC recommends MSF approval of the property for Paramount Tool & Die, Inc. to be designated as a Recovery Zone for its new location and continue being a member of the Great Lakes Tool & Die Collaborative, LLC.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION DUE TO RELOCATION: Paramount Tool & Die, Inc.**

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Great Lakes Tool & Die Collaborative, LLC, (the “Collaborative”), effective January 1, 2005;

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

WHEREAS, the Collaborative included Paramount Tool & Die, Inc., (the “Company”), a qualified tool and die business under the Act, located at 13864 Eagle Ridge, Kent City, on parcel #41-50-30-020-079 (collectively, the “Original Property”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received written notification from the Company that the Company has moved from the Original Property to 1245 Comstock, Marne, Michigan, located on parcel #70-06-35-100-049, (the “New Property”);

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

WHEREAS, the Company is no longer participating in, with respect to the Original Property, the collaborative agreement with the members of the Collaborative;

WHEREAS, the Company has requested the Recovery Zone designation for the Original Property be revoked in order for the Company to apply for a transfer of Recovery Zone designation to the New Property (the “Application”); and

WHEREAS, the MEDC fully considered the Application and recommends the MSF revoke the Recovery Zone designation for the Original Property in order for the Company to apply for a transfer of Recovery Zone designation to the New Property.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for Paramount Tool & Die, Inc. for the Original Property located at 13864 Eagle Ridge, Kent City, on parcel #41-50-30-020-079, effective December 31, 2012, for property tax calculation purposes and January 1, 2013, for MBT and income tax purposes; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**RELOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Paramount Tool & Die, Inc.**

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

WHEREAS, the Act authorizes the MSF Board to consider all applications made by tool and die businesses for a Recovery Zone;

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Great Lakes Tool & Die Collaborative, LLC, (the “Collaborative”), effective January 1, 2005;

WHEREAS, the Collaborative included Paramount Tool & Die, Inc. (the “Company”), a qualified tool and die business under the Act, located at 13864 Eagle Ridge, Kent City, on parcel #41-50-30-020-079 (collectively, the “Original Property”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received an application and supporting documentation (the “Application”) from the Company to relocate their current Recovery Zone designation from the Original Property to 1245 Comstock Street, Marne, Michigan on parcel #70-06-35-100-049, (the “New Property”);

WHEREAS, by resolution, the Wright Township (the “Township”) consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for the remaining duration of seven years, effective January 1, 2013, with an expiration date of December 31, 2019;

WHEREAS, the Collaborative consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for the remaining duration of seven years, effective January 1, 2013, with an expiration date of December 31, 2019

WHEREAS, the MEDC fully considered the Company’s request and recommends the MSF relocate the Recovery Zone designation from the Original Property to the New Property;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by Paramount Tool & Die, Inc. for the relocation of their Recovery Zone designation from the Original Property to the New Property for the remaining duration of seven years, effective December 31, 2012, for property tax calculation purposes and January 1, 2013, for MBT and income tax purposes, with an expiration date of December 31, 2019; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2019 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;

2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. 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;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012
To: Michigan Strategic Fund Board Members
From: Karla Campbell, MSF Fund Manager
Subject: Existing Tool & Die Recovery Zone
Revoking Prior Location and Adding New Location –
Company: United Engineered Tooling, Inc.
Local Unit: Charter Township of Garfield, Grand Traverse County
Collaborative: Northwest Michigan Tooling Coalition

COMPANY BACKGROUND

United Engineered Tooling, Inc. is a full service machine shop with over 30 years of experience and produces quality machined parts, gauges and work holding fixtures for the automotive, aerospace, and oil/natural gas industries. The company increased employment by 10 full-time employees since designation and currently has 25 full-time employees. United has invested \$1.5 million in programming software, overhead bridge cranes, forklift, lathe, building improvements, and equipment. Expansion due to growth has required United Engineered Tooling, Inc. to move from a 17,000 square foot facility to a 74,000 square feet facility. The new facility has been vacant for 3 years and is located in Garfield Charter Township, Grand Traverse County. The recovery zone request will cover 54,000 square feet of the facility. The remaining 20,000 square feet will be taxed and leased to other businesses. The Charter Township of Garfield's Resolution 2012-24-T states that the Township is aware of the split tax responsibility. The assessment and appropriate collection will remain under the jurisdiction of the Charter Township of Garfield. The Township shall notify the Michigan Economic Development Corporation if United Engineered Tooling, Inc. becomes non-compliant under the Act 376 of 1996.

United Engineered Tooling, Inc. was designated with the Northwest Michigan Tooling Coalition as a Recovery Zone by the Michigan Strategic Fund (MSF) on December 20, 2006 for a ten year period with an expiration date of 2016. The Company has invested \$1.2 million in the new facility and indicates plans to invest another \$2.3 million in additional equipment and machinery and the new expansion will allow them to hire up to ten full-time employees over the next five years.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received notice that United Engineered Tooling, Inc. has relocated from its original designated Recovery Zone at 2382 Cass Road, Traverse City, to a new location. United Engineered Tooling, Inc., obtained a resolution from the Garfield Charter Township consenting to the relocation at their new location at 1974 Cass Hartman Court, Traverse City, (the "New Property"), for the remaining duration of four years, effective January 1, 2013, with an expiration of December 31, 2016.

The Northwest Michigan Tooling Coalition is in support of United Engineered Tooling, Inc.'s relocation to their new property. The Recovery Zone contact person provided written confirmation to the MEDC that United Engineered Tooling, Inc. is a current member in good standing with their collaborative.

PROJECT DOCUMENTATION

Staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from United Engineered Tooling, Inc. Staff has reviewed the materials submitted and has determined that the requirements of the Act have been satisfied. Attached to this memorandum is a summary of the application for the company's second location and identification of the parcels to be included in the existing Recovery Zone.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because United Engineered Tooling, Inc.:

1. Has obtained an authorizing resolution of support from Garfield Charter Township where the company's new property is located;
2. Owns or leases the property to be included in the proposed zone and the property is used primarily for tool and die business operations;
3. And is qualified as a tool and die business located on the property and has a NAICS code of 333298;
4. Has fewer than 75 full-time employees; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

RECOMMENDATION

The MEDC recommends that the MSF relocate the Recovery Zone designated for United Engineered Tooling, Inc. from its prior location to its new location at 1974 Cass Hartman Court, Traverse City, located at parcel # 28-05-062-010-00 for the remaining duration of four years, effective January 1, 2013, with an expiration date of December 31, 2016.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION DUE TO RELOCATION: United Engineered Tooling, Inc.**

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

WHEREAS, on December 20, 2006, the MSF Board designated a Recovery Zone for the Northwest Michigan Tooling Coalition (the “Collaborative”), effective January 1, 2007;

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

WHEREAS, the Collaborative includes United Engineered Tooling, Inc. (the “Company”), a qualified tool and die business under the Act, located at 2382 Cass Road, Traverse City, Michigan on parcel #28-05-900-146-05 (collectively, the “Original Property”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received written notification from the Company that the Company has moved from the Original Property to 1974 Cass Hartman Court, Traverse City, Michigan located on parcel #28-05-062-010-00 (the “New Property”);

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

WHEREAS, the Company is no longer participating in, with respect to the Original Property, the collaborative agreement with the members of the Collaborative;

WHEREAS, the Company has requested the Recovery Zone designation for the Original Property be revoked in order for the Company to apply for a transfer of Recovery Zone designation to the New Property (the “Application”); and

WHEREAS, the MEDC fully considered the Application and recommends the MSF revoke the Recovery Zone designation for the Original Property in order for the Company to apply for a transfer of Recovery Zone designation to the New Property.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for United Engineered Tooling, Inc. for the Original Property located at 2382 Cass Road, Traverse City, Michigan on parcel #28-05-900-146-05, effective December 31, 2012, for property tax calculation purposes and January 1, 2013, for MBT and income tax purposes; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**RELOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: United Engineered Tooling, Inc.**

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

WHEREAS, the Act authorizes the MSF Board to consider all applications made by tool and die businesses for a Recovery Zone;

WHEREAS, on December 20, 2006, the MSF Board designated a Recovery Zone for the Northwest Michigan Tooling Coalition (the “Collaborative”), effective January 1, 2007;

WHEREAS, the Collaborative included United Engineered Tooling, Inc. (the “Company”), a qualified tool and die business under the Act, located at 2382 Cass Road, Traverse City, Michigan on parcel #28-05-900-146-05 (collectively, the “Original Property”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received an application and supporting documentation from the Company to relocate their current Recovery Zone designation from the Original Property to 1974 Cass Hartman Court, Traverse City, Michigan on parcel #28-05-062-010-00 (the “New Property”);

WHEREAS, by resolution, the Garfield Charter Township (the “Township”) consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for the remaining duration of four (4) years, effective January 1, 2013, with an expiration date of December 31, 2016;

WHEREAS, the Collaborative unanimously consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for the remaining duration of four (4) years, effective January 1, 2013, with an expiration date of December 31, 2016

WHEREAS, the MEDC fully considered the Company’s request and recommends the MSF relocate the Recovery Zone designation from the Original Property to the New Property;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by United Engineering Tooling, Inc. for the relocation of their Recovery Zone designation from the Original Property to the New Property for the remaining duration of four (4) years, effective December 31, 2012, for property tax calculation purposes and January 1, 2013, for MBT and income tax purposes, with an expiration date of December 31, 2016; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2017 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. 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;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012
To: Michigan Strategic Fund Board Members
From: Karla Campbell, State Tax Incentives Manager
Subject: Company Joining an Existing Tool & Die Recovery Zone
Existing Zone: **Eastern Michigan Tool & Die Collaborative, LLC**
Company Joining: True Industrial Corporation (a/k/a True Industries, Inc.)
d/b/a **Centerline Die & Engineering**
City of Warren, Macomb County

COMPANY BACKGROUND

When the former tool and die company at this site went out of business, Gary and Greg Kiesgen through their company, True Industries, Inc., purchased the building and equipment of the defunct company. They reopened the facility in October 2000 as Centerline Die and Engineering with eleven employees initially and currently have 20 full-time employees. Located in Warren, the company processes, designs and builds dies for the Ford Motor Company, Chrysler Corporation, General Motors Corporation, Radar Industries, Sodecia, and Hercules Machine Tool and Die Company. The Company has interfaced their Wire EDM and CNC Milling department directly to their CAD/CAM computers and use CMM technology to ensure precision quality performance.

Centerline continues to reposition itself to compete and in promotion of economic activity and job creation that will benefit the company and the community. They recently placed a new purchase order for a new CNC bridge machine center that will machine up to 98" in X-axis, 160" in Y-axis, and 40" in Z-axis. The total investment will be approximately \$700,000 and will create up to seven new positions and should be running by the end of 2012. The new equipment has allowed them to be competitive in seeking aerospace customers.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) has received a request from the Eastern Michigan Tool & Die Collaborative, LLC to allow Centerline Die & Engineering to join their existing Recovery Zone that was designated by the MSF on December 21, 2005, effective January 1, 2006. The City of Warren, by resolution, approved the creation of a five year Recovery Zone that would begin January 1, 2013, for Michigan Business Tax (MBT) and income tax purposes and end December 31, 2017. For both personal and real property tax purposes, the zone would begin December 31, 2012.

The Eastern Michigan Tool & Die Collaborative, LLC Recovery Zone members have agreed to allow Centerline Die & Engineering to join the coalition. There was a unanimous vote to accept Centerline Die & Engineering as a member. The Act allows the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone. The company joining still must meet all the requirements in the Act.

PROJECT DOCUMENTATION

The Eastern Michigan Tool & Die Collaborative, LLC wants Centerline Die & Engineering as a member because they are confident that Centerline will add strength and value to the collaborative. Additionally, Centerline's connections are strong and diverse which will assist collaborative members in their efforts to expand, grow, and network to enter new markets and diversify business models.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because True Industrial Corporation (a/k/a True Industries, Inc.) d/b/a Centerline Die & Engineering:

1. Has obtained an authorizing resolution of support from the City of Warren where the company’s property is located;
2. Owns or leases the property to be included in the proposed zone and the property is used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has a NAICS code of 333514;
4. Has fewer than 75 full-time employees; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

ADDITIONAL INFORMATION

Property Address

28661 Van Dyke Avenue, Warren, MI 48093

Real Property Parcel Numbers

#13-16-229-043

Any and all personal property situated on the real property is eligible for the benefit

Legislative Information

Senator: Steven M. Bieda - District 09

Representative: Lesia Liss - District 28

RECOMMENDATION

The MEDC recommends MSF approval of the property for True Industrial Corporation (a/k/a True Industries, Inc.) d/b/a Centerline Die & Engineering to be designated as a Recovery Zone and join the Eastern Michigan Tool & Die Collaborative, LLC.

As indicated in the table below, in all cases, the tax benefits will be phased out in 25 percent increments over the last three years of the zone designation.

Year #	Comprises Tax Year	% of Tax Exemption, Deduction, Or Credit
1	2013	100%
2	2014	100%
3	2015	75%
4	2016	50%
5	2017	25%
	2018	0%

With the repeal of the Michigan Business Tax, companies that receive a Tool & Die Recovery Zone designation after December 31, 2011, will only receive the benefit on real and personal property. The entire application is on file with the Michigan Economic Development Corporation.

MICHIGAN STRATEGIC FUND

RESOLUTION

2012-

**COMPANY JOINING AN EXISTING TOOL & DIE
RENAISSANCE RECOVERY ZONE:**

True Industrial Corporation (a/k/a True Industries, Inc.) d/b/a Centerline Die & Engineering

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

WHEREAS, the Act authorizes the MSF Board to consider all applications made by tool and die businesses for a Recovery Zone;

WHEREAS, on December 21, 2005, the MSF Board designated a Recovery Zone for the Eastern Michigan Tool & Die Collaborative, LLC, (the “Collaborative”), effective January 1, 2006;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add 1 or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

WHEREAS, with the repeal of the Michigan Business Tax, companies that receive a Tool & Die Recovery Zone designation after December 31, 2011, will only receive the benefit on real and personal property unless they have an existing certificated credit;

WHEREAS, the Collaborative now includes True Industrial Corporation (a/k/a True Industries, Inc.) d/b/a Centerline Die & Engineering (the “Company”), a qualified tool and die business under the Act, located at 28661 Van Dyke Avenue, Warren, on parcel #13-16-229-043, (collectively, the “Property”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, the MEDC received a request from the Collaborative to allow the Company to join their existing Recovery Zone for a period of five years that would begin January 1, 2013, (the “Application”);

WHEREAS, by resolution, the City of Warren, (the “City”) consented to the addition of the Company to the existing Collaborative Recovery Zone for a period of five years with an expiration date of December 31, 2017; and

WHEREAS, the MEDC fully considered the Application submitted by the Collaborative and recommends the MSF Board approve the Property to be designated as a Recovery Zone and join the Collaborative.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves True Industrial Corporation (a/k/a True Industries, Inc.) d/b/a Centerline Die & Engineering at 28661 Van Dyke Avenue, Warren, on parcel #13-16-229-043 be designated as a Recovery Zone, effective December 31, 2012, for property tax calculation purposes and January 1, 2013, for other tax purposes, and join the Eastern Michigan Tool & Die Collaborative, LLC for a period of five years with an expiration date of December 31, 2017; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2017 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. 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;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2012



MEMORANDUM

Date: October 24, 2012
To: Michigan Strategic Fund Board
From: Karla Campbell, MSF Fund Manager
Subject: Quarterly Reports of Administrative Amendments

As authorized in October 2010, by Resolution 2010-184, the MEGA Board Secretary has the authority to execute certain MEGA amendments under the following conditions:

- Addition of a related entity for base employment level purposes only that is in existence and operational in Michigan;
- Amendment of the beginning year that a company is eligible to receive a tax credit prospectively for no more than one year and adjusting the remaining years accordingly;
- Amending the project location provided that the new location is within the same taxing jurisdiction as originally approved;
- Transferring the tax credit provided that the transferee submits the appropriate documents and assumes all the duties and responsibilities of the company and that the transferee is a related company to the transferor;
- Company name changes, federal employer identification number changes, or a combination of both.

In the second quarter of 2012, the following amendments have been executed by the MEGA Board Secretary on behalf of the MEGA Board:

- ZF Group North American Operations, Inc; addition of an Affiliated Company;
- Webasto Roof Systems, Inc.; addition of a related entity for Base Purposes only.

In the third quarter of 2012, the following amendments have been executed by the MEGA Board Secretary on behalf of the MEGA Board:

- Proto Manufacturing, Inc.; corrected Qualified New Jobs (QNJ) requirement;
- Danotek Motion Technologies, Inc.; name change on Assignment Agreement;
- Nissan North America, Inc. – name change on Assignment Agreement;
- Siemens Water Technologies Corp., assignment of MEGA Credit to new entity.

All documentation related to the changes to the above-mentioned MEGA Credits are on file with the MEDC Program Administration.



MEMORANDUM

DATE: October 24, 2012

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

FROM: Amy Deprez, Director, Development Finance
Joseph Martin, Manager, Brownfield and MCRP

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

On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the deals that were approved during the 4th quarter of the 2012 fiscal year.

Detailed information is now sent to all Board Members as they are approved. As such, the detailed informational sheet on each approval is not included in this memo. If you would like additional information on a project, please let us know.

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Cooper Standard Automotive FHS, Inc.	7/23/12	Village of Leonard	\$235,730	55	\$3.5 million
Ogihara America Corporation	8/9/12	Howell	\$300,000	78	\$34.9 million
ETS Development Group, LLC	8/15/12	Harper Woods	\$300,000	57	\$25,000
Pinnacle Foods Group, LLC	8/15/12	Imlay City	\$800,000	29	\$14.3 million
Alternative Automotive Technologies, LLC	8/27/12	Troy	\$500,000	176	\$5.7 million
Mayser Polymer USA, Inc.	8/29/12	Canton	\$200,000	50	\$3.92 million
MERSEN USA Midland – MI, Inc.	8/30/12	Freeland	\$320,000	32	\$21.3 million
RSB Transmissions NA, Inc.	9/4/12	Village of Homer	\$350,000	109	\$14.3 million
Corium International, Inc.	9/28/12	Kentwood	\$360,000	45	\$8.44 million
Dieomatic, Inc.	9/28/12	Auburn Hills	\$690,000	230	\$28.9 million
Marrone Michigan Manufacturing, LLC	9/28/12	Bangor	\$350,000	39	\$19 million
Martin-Brower Company, LLC	9/28/12	St. Johns	\$500,000	150	\$16.25 million
mophie, LLC	9/28/12	Kalamazoo	\$240,000	50	\$4 million

Michigan Economic Development Corporation

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Sherbrooke Land Company, LLC	9/26/2012	City of Detroit	\$599,412	1	\$3.5 million
Uptown RDA, LLC	9/24/2012	City of Flint	\$625,000	75	\$3.7 million
313 East Grand River, LLC	9/24/2012	City of Lansing	\$68,187	1	\$680,000



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL SERVICES TEAM
July 1 – September 30, 2012**

BACKGROUND

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

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

APPROVALS BY AUTHORIZED DELEGATES

Between July 1, 2012 and September 30, 2012 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

SSBCI - MBGF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
Chem Link, Inc.	MBGF-CSP	\$ 312,500	\$ 1,295,000	Approved by Chair and Fund Manager	July 9, 2012	Y
Midbrook Industrial Washers, Inc.	MBGF-CSP	\$ 341,500	\$ 697,000	Approved by Chair and Fund Manager	July 31, 2012	N
Midbrook Industrial Washers, Inc.	MBGF-CSP	\$ 1,350,000	\$ 4,000,000	Approved by Chair and Fund Manager	July 31, 2012	N
Superior Roll, LLC	MBGF-CSP	\$ 70,000	\$ 262,000	Approved by Chair and Fund Manager	July 31, 2012	Y
Hausbeck Brothers, Inc.	MBGF-CSP	\$ 300,000	\$ 820,000	Approved by Chair and Fund Manager	July 31, 2012	Y
Edibles Rex, Inc.	MBGF-CSP	\$ 939,000	\$ 1,900,000	Approved by Chair and Fund Manager	August 14, 2012	N
InstruMedics, LLC	MBGF-CSP	\$ 299,400	\$ 600,000	Approved by Chair and Fund Manager	August 30, 2012	Y
Grandpapas, Inc.	MBGF-CSP	\$ 905,374	\$ 2,414,377	Approved by Chair and Fund Manager	September 25, 2012	N
Brink Terminal Services, Inc.	MBGF-LPP	\$ 499,000	\$ 1,000,000	Approved by Chair and Fund Manager	September 25, 2012	N
Total		\$ 5,016,774	\$ 12,988,377			

MSDF:						
Organization	Request Type	MSF Support	Loan Amount	Action	Date Approved	Closed
Applied Textiles, Inc.	MSDF-MCSP	\$ 598,800	\$ 1,200,000	Approved by Chair and Fund Manager	August 27, 2012	N
C & J Seeger, Inc.	MSDF-MCSP	\$ 99,800	\$ 200,000	Approved by Chair and Fund Manager	September 20, 2012	N
Total		\$ 698,600	\$ 1,400,000			



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN/GRANT PORTFOLIO
October 2012**

FOR QUARTER ENDED 09/30/12

BACKGROUND

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

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

APPROVALS BY AUTHORIZED DELEGATE

Between July 1, 2012 and Sept 30, 2012 the following actions were approved by one of the authorized MSF Board members:

Award ID	Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
06-1-P1-0487	MSU (Grant)	Final Disbursement	\$2,425,851	\$2,425,851	Aug 7, 2012
21-2006-0206	Sonetics Ultrasound	Extension	\$1,214,682	\$1,214,682	July 10, 2012
21-2006-0378	Evigia Systems, Inc.	Loan Conversion	\$1,736,300	\$1,736,300	July 10, 2012
21-2006-0138	Everist Genomics	Restructure	\$1,569,999	\$1,569,999	July 16, 2012
21-2006-0697	KTM Industries, Inc.	Subordination and Restructure	\$2,011,185	\$1,962,055	July 16, 2012

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR QUARTER ENDED 09/30/12**

Award ID	Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
21-2006-0090	XB TransMed	Restructure	\$508,263	\$385,000	July 16, 2012
21-2006-0105	Zeeland Bio-Based Products	Confidentiality	\$1,011,593	\$820,575	July 16, 2012
21-2008-2722	CytoPherx, Inc	Amend Warrant Agreement	\$2,000,000	\$2,000,000	July 16, 2012
21-2008-2912	Danotek Motion Technologies	Subordination and Restructure	\$1,828,981	\$1,650,000	July 18, 2012
21-2006-0151	Tellurex Corporation	Subordination and Restructure	\$1,263,950	\$1,263,950	Aug 1, 2012
21-2008-2720	Arbor Photonics Corporation	Subordination and Conversion	\$1,502,000	\$1,502,000	August 7, 2012
21-2008-2710	Compendia Bioscience Inc.	Termination	\$1,750,000	\$250,000	August 7, 2012
22-2004-0255	Pixel Velocity	Subordination and Restructure	\$1,808,645	\$1,808,645	September 11, 2012
21-2007-0037	Forensic Fluids	Loan Payback	\$75,000	\$77,907.54	September 20,2012



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR THE PURE MICHIGAN VENTURE MATCH FUND
October 2012**

FOR QUARTER ENDED 09/30/12

BACKGROUND

On March 28, 2012, the Michigan Strategic Fund (“MSF”) Board approved the creation and operation of the Pure Michigan Venture Match Fund (“PMVMF”). Pursuant to Section 88k of the MSF Act, the MSF must establish a competitive process to make awards under the PMVMF. All applications are reviewed externally by an independent peer review expert. The MSF Board delegated to the MSF Fund Manager the authority to approve PMVMF awards upon the recommendation of the independent peer review expert.

APPROVALS BY AUTHORIZED DELEGATE

Between July 1, 2012 and Sept 30, 2012 the following actions were approved by one of the authorized MSF Board members:

Award ID	Organization	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date Approved
N/A	nanoRETE	Funding	\$500,000	\$0.00	September 9, 2012