

MICHIGAN STRATEGIC FUND BOARD MEETING
September 27, 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 August 22, 2012 Minutes *[Action Item]*

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

Communication *[Information – Ellen Graham]*

B. CDBG *[Action Items – Deborah Stuart]*

1. City of Hart – Façade Improvement Project
2. City of Plainwell- Façade Improvement Project
3. SubTerra Systems, LLC- Settlement Agreement and Release of Claim
4. MSF/MEDC MOU for CDBG

C. STEP – MSF Grant Proposal to Small Business Administration [SBA] – State Trade & Export Promotion [STEP] Program *[Action Item – Val Hoag/John Wolf-Meyer]*

D. 21st Century Jobs Fund Program

1. MBDP/MCRP Background Check Amendment *[Action Item – Karla Campbell]*
2. FY2012 Michigan Translational Research and Commercialization [M-TRAC] Program *[Action Item – Melda Uzbil]*
3. Entrepreneurial Services Provider ESP *[Action Item - Paula Sorrel]*
4. Centers of Innovation *[Action Item – Martin Dober]*
5. Capital Conduit Program – Appointments to Grow Michigan, LLC *[Action Item – Eric Hanna]*
6. Michigan Business Development Program – Magna Mirrors of America DBA Magna Sealing & Glass Systems *[Action Item - Joshua Hundt]*
7. **Michigan Business Development Program** – Cherry Growers, Inc. *[Action Item – Joshua Hundt]*

E. MEGA

1. Proposed Standard MEGA Amendment - Brembo North America, Inc. Amendment *[Action Item – Joshua Hundt]*
2. Proposed Global MEGA Retention MEGA Amendment - General Motors, LLC *[Action Item – Joshua Hundt]*
 - Amendment to Global Retention
 - Amendment to Plug-In Electric Vehicle Engineering Credit
 - Amendment to Plug-In Battery Pack Credit

F. Brownfields

1. Proposed Large Brownfield MBT Credit Amendment #2 Request – Steelcase Campus Project – City of Grand Rapids, Kent County *[Action Item – Dan Wells]*
2. Proposed Large Brownfield MBT Credit Pre-Approval Letter Rescission – Globe Trade Building *[Action Item – Dan Wells]*
3. Proposed Act 381 Work Plan Approval – 618 South Main Project *[Action Item – Mary Kramer]*

- G. **Renaissance Zone Program** – James Group International – Ford Motor Land Development [Property Owners] – City of Detroit, Wayne County – Request for Transfer of Real Property [*Action Item – Karla Campbell*]
- H. **Tool & Die** [*Action Item – Karla Campbell*]
 - 1. Mach Mold – Benton Charter Township, Berrien County – Extend Duration of Existing Zone
 - 2. Mac-Mold Base, Inc. – Village of Romeo, Macomb County – Amending Recovery Zone
- I. **Administration** -[*Action Item – Karla Campbell*]
 - 1. Transfer of Delegation Duties from MEGA Board Secretary to MSF Fund Manager
 - 2. MSF/MEDC Administrative Fees
- J. **Approval of Closed Session Minutes – June 27, 2012** [*Action Item – Karla Campbell*]

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
August 22, 2012

PROPOSED MEETING MINUTES

A meeting of the Michigan Strategic Fund [MSF] Board was held on Wednesday, August 22, 2012 at the Michigan Economic Development Corporation, Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan 48933

MEMBERS PRESENT: Michael Finney, Steve Hilfinger, Mike Jackson, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Howard Morris [via phone], Jim Petcoff, Richard Rassel [via phone], Shaun Wilson

MEMBERS ABSENT: Paul Hodges, Bill Martin

CALL TO ORDER: Mr. Finney called the meeting to order at 1:35 p.m.

APPROVAL OF THE JULY 25, 2012 MEETING MINUTES: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Petcoff motioned approval of the July 25, 2012 MSF Board meeting minutes. Mr. Jackson seconded the motion. The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

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

- A correction was made to the July 25, 2012 Proposed Meeting Minutes, page 9, paragraph 4, Board Discussion. “Mr. Finney” was changed to “Mr. Lockwood”, as Mr. Finney had been recused.
- A recusal letter was received from Shaun Wilson for International Master Product Corporation.
- A recusal letter was received from Mike Finney for Barracuda Networks Amendment and Michigan Life Science Innovation Center.
- A recusal letter was received from Steve Hilfinger for Michigan Life Science Innovation Center.
- Richard Rassel and Howard Morris were attending the meeting via phone.
- The September 26, 2012 MSF Board meeting has been rescheduled to Thursday, September 27, at 1:00 p.m. in observance of Yom Kippur.

CDBG

Resolution 2012-87 – Process and Compliance Handbook Recommendation

Deborah Stuart, Director, Community Incentive Programs, provided the Board with information about this action item.

At its April 25, 2012 meeting, the MSF Board authorized the issuance of a Request for Proposal to solicit a vendor to review our current Community Development Block Grant Administration Guide, recommend policy and format changes, provide sample documents, where appropriate, and provide a web friendly document that can be updated by staff as needed and authorized the MSF Fund Manager to appoint the Joint Evaluation Committee [JEC] to review any proposals received. Three proposals were received. The JEC scored the proposals and ranked them based on communication skill and clarity of proposal, competence, experience and staff capacity; proposal fee; and timeline for completion. CDM Michigan, Inc. was ranked the highest by all evaluators specifically due to their location and accessibility; good

understanding of the project; detailed and clear examples of how they would tackle the problem; experienced staff; and timeline for completion.

Recommendation: Staff recommends the MSF Board authorize the MSF Fund Manager to negotiate, award, and enter into a contract for the CDBG Process and Compliance Handbook with CDM Michigan, Inc. for an amount not to exceed the bid amount of \$119,480.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-87. Mr. Lockwood seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-88 – Village of Carp Lake – American Recovery and Reinvestment Act [ARRA]

Ms. Stuart provided the Board with information about this action item.

Carp Lake Township currently has a CDBG ARRA grant in the amount of \$61,463, to improve their sewage lagoon drain. Due to the fact that bids exceeded the current budget outlined in the grant agreement, the Township is requesting an additional \$17,645. This is an extremely important project for the Township to address, as losing one of the wastewater lagoons would greatly reduce wastewater capacity and put the Township in violation of their discharge permit with the State. The remaining \$13,750 balance of Reed City's existing ARRA grant will not be disbursed and will be available to be reallocated to Carp Lake Township. The terms of Reed City's Grant Agreement have not been met. Therefore, the City has been advised that we are closing the project at a reduced amount and the community has agreed. All ARRA projects must be completed by September 30, 2012 and Carp Lake Township has agreed that they can meet this deadline.

Recommendation: Staff recommends that the MSF amend the Township of Carp Lake's Grant Agreement to increase CDBG funding from \$61,463 to \$79,108.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-88. Mr. Petcoff seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

IDRB

[Shaun Wilson recused.]

Resolution 2012-89 – Reissuance of \$4,700,000 Michigan Strategic Fund – International Master Product Corporation, Series 2010

Diane Cranmer, IDRB Specialist, provided the Board with information about this action item and introduced guest, Robert Swartz, Bond Counsel, Clark Hill, PLLC.

Mr. Schwartz explained to the Board the \$4,700,000 Michigan Strategic Fund Bond [International Master Products Corporation - IMP], Series 2010 [the "2010 Bonds"] were issued to finance the construction and equipping of an approximately 24,000 square foot addition and expansion to IMP's existing facility and the acquisition and installation of machinery and equipment consisting of a printing press and a CTP unit. IMP would like to amend the 2010 Bond Documents in order to allow PNC Bank to lower the interest rate on the 2010 Bonds. The amendments will cause the 2010 Bonds to be deemed "reissued" for tax purposes. The MSF Board is being asked to approve amendments to the 2010 Loan Agreement, the 2010 Bond Purchase Agreement, the 2010 Bond, and the 2010 Promissory Note, each reflecting the change in interest rate.

Recommendation: Staff recommends the adoption of a Bond Authorizing Resolution authorizing the amendment of the 2010 Bonds transaction documents.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Kelley motioned approval for Resolution 2010-89. Mr. Lockwood seconded the motion.** Ellen Graham, MEDC, took a Roll Call Vote:

ROLL CALL:

Ayes: Michael Finney, Steve Hilfinger, Mike Jackson, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Howard Morris [via phone], Jim Petcoff, Richard Rassel [via phone]

Nays: None

Recused: Shaun Wilson

Motion carried with 8 ayes; 0 nays; 1 recused; 2 absent.

Resolution 2012-90 – Van Andel Research Institute – NTE \$220,000,000, Refunding/Non-Profit – Grand Rapids, Kent County

Ms. Cranmer provided the Board with information regarding this action item and introduced guest, Tim Myers, Vice President and CEO, Van Andel Research Institute.

Mr. Myers provided the Board with an overview of the project. The Van Andel Research Institute [VARI] is engaged in the continuous active conduct of medical research and operates a medical research organization. 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. Proceeds of the Series 2008 Bonds were used to refund four prior MSF bond issues totaling \$110,000,000 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, the acquisition and installation of laboratory and other research equipment and acquisition and installation of office furniture and fixtures.

Recommendation: Staff recommends the adoption of a Bond Authorizing Resolution for the refunding bonds in the amount of NTE \$220,000,000.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Petcoff motioned approval for Resolution 2012-90. Mr. Jackson seconded the motion.** Ellen Graham, MEDC, took a Roll Call Vote.

ROLL CALL

Ayes: Michael Finney, Steve Hilfinger, Mike Jackson, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Howard Morris [via phone], Jim Petcoff, Richard Rassel [via phone], Shaun Wilson

Nays: None

Recused: None

The motion carried with 9 ayes – 0 nays; 0 recused; 2 absent.

21ST CENTURY JOBS FUND PROGRAM

Resolution 2012-91 – Michigan Business Development Program – Jason Incorporated DBA Janesville Acoustics

Marcia Gebarowski, Development Finance Manager, provided the Board with information about this action item and introduced guests: Dave Cataldi, President of Janesville Acoustics; Karl Dehn, Battle Creek Unlimited; Ken Tsuchiyama, Battle Creek City Manager; Joe Pilewski, Consultant with Duff and Phelps.

Mr. Cataldi provided the Board with background information regarding the project. Jason Incorporated DBA Janesville Acoustics is one of the world's largest producers of acoustical and thermal fiber insulation, and a leading producer of fiber products. The company operates as a tier I and tier II supplier for acoustical products for the transportation and automotive industry worldwide. The company is headquartered in Southfield, Michigan and has operations in Ohio, Mississippi, North Carolina, Mexico and Germany.

Mr. Dehn expressed support of the Battle Creek Unlimited with support for training and relocation expenses. Mr. Ksuchiyama advised that the City of Battle Creek will be voting on a PA 328 at their September Board meeting. Mr. Pilewski also provided support of the company. Ms. Gebarowski recapped the project. The project involves the creation of 225 Qualified New Jobs with the potential for up to 256 total jobs as a result of the Project, and a capital investment of up to \$10.05 million in the City of Battle Creek. The requested incentive amount from the MSF is \$1,500,000 in the form of a performance-based grant.

Recommendation: Staff recommends the approval of the MBDP proposal and closing will be subject to available funding and satisfactory due diligence. The commitment will remain valid for 90-days with approval for MSF Fund Manager to extend the commitment for an additional 30 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Petcoff asked why the company chose Battle Creek. Mr. Cataldi explained it had to do with their business strategy and proximity to customers. There being no further questions, **Ms. Keeley motioned approval for Resolution 2012-91. Mr. Lockwood seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-92 – Credit Acceptance Corporation Amendment

Ms. Gebarowski provided the Board with information about this action item.

On May 23, 2012, the Michigan Strategic Fund Board approved a \$1,800,000 award for Credit Acceptance Corporation under the Michigan Business Development Program. The approval included a P.A. 328 tax abatement as the form of local support for the project. Since approval, staff has learned the company is appealing its property assessment by the City to the State Tax Tribunal, and the City of Southfield has indicated that they may not approve the tax abatement request if the company does not withdraw their current tax appeal. City staff and the company may still pursue the tax abatement; however, they are requesting an alternate form of local support which would be recognized in the grant agreement if the tax abatement is not approved. Southfield has recently adopted the Property Assessed Clean [PACE] program under Public Act 270 of 2010, which promotes the installation of energy efficiency improvements and renewable energy systems by owners of commercial or industrial property within the city. This program can offer the company a financing tool to pay for building efficiency-related upgrades and improvements. This incentive would be a direct benefit to the company. The

company has also asked for an additional milestone to be added to the terms for a grant disbursement by June 30, 2015.

Recommendation: Staff recommends amending the May 23, 2012 approval to include alternate form of local support on behalf of the City of Southfield, additional new milestone for 20 new jobs by June 30, 2015; and reduction of the grant value to \$1,750,000,000 or \$6,387 per job as stated on the term sheets dated August 9, 2012.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Hilfinger motioned approval for Resolution 2012-92. Mr. Lockwood seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused.

[Mike Finney recused. Andrew Lockwood assumes chair.]

Resolution 2012-93 – Barracuda Networks Amendment

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

On June 27, 2012, the Michigan Strategic Fund approved a \$1,200,000 award for Barracuda Networks under the Michigan Business Development program. The approval included a pre-closing requirement that the Company waives all rights to their MEGA credit approved on September 28, 2008. The language in the original term sheet would disqualify the company from receiving the MEGA credit that is currently being processed for tax year 2011 for approximately \$130,000. The intent of this requirement was for Barracuda Networks to forego all future rights to their MEGA credit for any tax year after 2011 and not impede the company from receiving the credit submitted to the MEDC for processing months before the new expansion project was brought to the attention of staff.

Recommendation: Staff recommends amending the June 27, 2012 approval to approve the company's Grant Request in accordance with the Amended Terms Sheet reflecting pre-closing requirement of foregoing future MEGA credit years after 2011. All other terms and conditions of the original approval remain unchanged.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2012-93. Mr. Petcoff seconded the motion.** The motion carried – 8 ayes; 0 nays; 1 recused; 2 absent.

[Steve Hilfinger recused.]

Resolution 2012-94 – Michigan Life Science Innovation Center - 2008 Grant Modifications

Martin Dober, Senior Vice President, Entrepreneurship & Innovation, provided the Board with information on this action item.

The Michigan Life Science and Innovation Center [MLSIC] is a 57,601 square foot business incubator located in Plymouth Township, Wayne County. MLSIC was purchased from Pfizer in October 2008. The incubator is operated by Ann Arbor SPARK [SPARK]. The original purchase was facilitated by a \$1.5 million grant from the Michigan Strategic Fund [MSF] to SPARK, which requires that the building be maintained as an incubator and not sold for five years. The grant originated from the Retention of Pfizer Assets program of the 21st Century Jobs Fund. In 2011, the facility experienced significant distress with the loss of some key tenants. As the result of ongoing operating losses, SPARK has decided to dispose of the facility, and instead will focus its incubation efforts on campus at the University of Michigan. MEDC staff is negotiating an agreement with the Michigan Land Bank Fast Track Authority for the Land Bank to take ownership of MLSIC on a temporary basis while a new owner is sought to preserve it as a life sciences incubator. Necessary to transfer ownership includes obtaining approval from

the MSF to waive the provisions in the 2008 grant agreement that prohibits the transfer of ownership of MLSIC within five years of the original purchase.

Recommendation: Staff recommends that the MSF Board waive the provision in the 2008 grant agreement that prohibits the transfer of ownership of MLSIC within five years of the original purchase. This waiver would be contingent upon the successful negotiation of a purchase agreement between the Land Bank and Ann Arbor SPARK for MLSIC.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. Mr. Morris inquired regarding the original grant agreement and the proceeds. Mr. Dober explained it was a grant plus Foundation dollars. The Michigan Land Bank would purchase the building at no cost. Ms. Keeley expressed concern regarding the waiver of terms and the financial risk for the MEDC/MSF. She asked would become of the proceeds of any sale of the facility. Mr. Dober explained that it was not clear at this time would could be done with the proceeds. She also asked if the pool of money could be for incubators statewide. Mr. Dober explained that the Legislature appropriates a certain amount for incubators in Wayne County. Ms. Keeley asked who would apply. Mr. Dober responded the award would be released in October. Ms. Kelley further inquired as to how the gap would be filled. Mr. Dober replied that corporate funds would be used until transitioned. There being no further questions, **Mr. Jackson motioned approval for Resolution 2012-94. Mr. Petcoff seconded the motion.** The motion carried – 7 ayes; 0 nays; 2 recused; 2 absent.

[Mike Finney and Steve Hilfinger return.]

Resolution 2012- 95 – Entrepreneurial Services Provider Request for Proposals

Resolution 2012-96 – Approval of Joint Evaluation Committee and Scoring for Entrepreneurial Services provider Request for Proposals

Resolution 2012-97 – Allocation for Entrepreneurial Services Provider program

Resolution 2012-98 – Approval of Final Decision Document Related to the Entrepreneurial Services Provider Request for Proposals

Paula Sorrel, Managing Director, Entrepreneurship & Innovation provided the Board with information on this action item.

Ms. Sorrell explained to the Board that on July 25, 2012, the Michigan Strategic Fund Board [MSF] approved a Notice of Public hearing for the Entrepreneurial Services Provider Program Request for Proposals. The public hearing was held August 9, 2012. The draft RFP was amended in response to comments from the Public hearing. The anticipated timeline was provided to the Board as well as recommendations for the Joint Evaluation Committee.

Recommendation: Staff recommends approval of the following proposed actions:

- Allocation of \$5.25 million from funds appropriated to the MSF for innovation and entrepreneurship to the RFP;
- Approval of the RFP;
- Appointment of the JEC recommended by staff; and
- Approval of the scoring and evaluation criteria

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-95, Resolution 2012-96, Resolution 2012-97 and Resolution 2012-98. Ms. Keeley seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-99 – Official Travel Guide Vendor Recommendation

Christin Armstrong, Corporate Counsel, and Robin Peebles, Publications Specialist, provided the Board with information regarding this action item.

Ms. Armstrong advised the Board that on March 28, 2012 the Michigan Strategic Fund [MSF] issued a Request for Proposals [RFP] for the Official State of Michigan Travel Guide. The purpose of the RFP was to enter into a contract with a full-service integrated marketing partner and publisher for development, sales, production and proactive distribution of the Official State of Michigan Travel Guide, featuring articles with a focus on high quality content, editorial expertise, compelling photography and innovative, but proven, proactive distribution solutions. Meredith Corporation was selected as the vendor. Subsequent to the June 26, 2012 MSF Board meeting, the Department of Technology, Management and Budget requested that the proposals be reevaluated and rescored. A new Joint Evaluation Committee was appointed by the MSF Fund Manager and all three proposals were reevaluated and rescored. Again, Meredith Corporation scored the highest among the proposals received. While the price proposal submitted by Meredith Corporation is slightly higher than the bidder that received the second highest score, the technical proposal demonstrated that Meredith Corporation is best able to meet the goals and objectives of the RFP and to offer the best value to the MSF and the State of Michigan.

Recommendation: Staff recommends that the MSF Board award and enter into a contract for the Official Michigan Travel Guide to Meredith Corporation for Midwest Living for the period of approximately October 1, 2012 to September 30, 2015, with an initial amount of \$1,500,000 and two one-year additional extensions, exercisable at the sole discretion of the MSF Board.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2012-99. Ms. Keeley seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

RENAISSANCE ZONE PROGRAM

Resolution 2012-100 – Renaissance Zone Program – Revocation of Existing Renewable Energy Renaissance Zone – Energy Components Group, LLC – City of St. Clair, St. Clair County

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

In September of 2009, the State Administrative Board [SAB] approved a Renewable Energy Renaissance Zone [RERZ] after receiving recommendation of approval from the MSF for Energy Component Group's proposed project, focused on expanding its manufacturing competencies and expertise to service the energy and alternative energy markets in the city of St. Clair. In 2009, an amended development agreement was entered into committing the company to benchmarks with regard to job creation and new investment. The company was not successful in proceeding with the project. The facility is located within the Renaissance Zone and is not completing energy related work as required under the terms of the development agreement. The Michigan Economic Development Corporation has notified the company of their intent to seek a recommendation of revocation of the RERZ.

Recommendation: Staff recommends the MSF recommend revocation to the SAB of the existing Renewable Energy Renaissance Zone for Energy Components Group, LLC effective beginning in 2013 due to a failure to meet the Development Agreement benchmarks.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-100. Ms. Keeley seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

NEXTMICHIGAN DEVELOPMENT CORPORATION

Resolution 2012-101 – West Michigan Economic Partnership

Ms. Campbell provided the Board with information regarding this action item and introduced guests: Rick Chapla, Vice President, Business Development, The Right Place; and Ed Garner, President & CEO, Muskegon Area First.

Ms. Campbell advised the Board an application from West Michigan Economic Partnerships was received in July 2012 by the MEDC after approval from Governor Synder's office on the interlocal agreement creating the NextMichigan Development Corporation. The West Michigan Economic Partnership has several prime sites: the former GM Stamping facility in Wyoming, the former Steelcase Campus, and the Consumers Energy Cobb plant located in Muskegon. The designation of the Next Michigan Development Corporation shall empower West Michigan with the incentive tools to support its economic development efforts. Mr. Chapla, The Right Place, explained the advantages within western Michigan as they are geographically linked, co-location of various companies, the labor pool, and the infrastructure of roads, rail and airports. Mr. Garner further expressed the connection of ports and facilities for transportation purposes.

Recommendation: Staff recommends the MSF designation of the West Michigan Economic Partnership as a Next Michigan Development Corporation with immediate effect, Wednesday, August 22, 2012.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Hilfinger asked if this was the last designation. Ms. Campbell replied affirmatively. Mr. Lockwood inquired if there were a possibility more would be added to the existing. Ms. Campbell responded it was a possibility. There being no further questions, **Mr. Lockwood motioned approval for Resolution 2012-101. Mr. Jackson seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Meeting adjourned 2:22 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

MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund (MSF) Board Members

From: Sarah L. Rainero, Community Assistance Team Specialist

Subject: Community Development Block Grant Program
Façade Improvement Project
City of Hart, County of Oceana

BACKGROUND

The City of Hart, located in Oceana County, is requesting a \$209,120 Community Development Block Grant (CDBG) to fund the façade improvements for three buildings.

The following information provides a summary of the proposed improvements for each property site:

- **The Flower Bin (27 South State Street)**
This building is a former theatre that was built in 1927 and is presently occupied by an antique shop. The improvements to the façade will be on the front and south sides of the building. Improvements include restoring the pigmented structural glass and repairing the existing windows, the marquee, and the south wall. Match will include façade improvements.
- **Eric R. Fox, Attorney at Law (111-115 South State Street)**
This building has two storefronts. One will be used as an attorney's office and the other will be leased out for retail/commercial space. Formerly, the building housed numerous retail businesses, as well as the lobby of the Wigton Motel back in the 1950's. The improvements to the façade will be on the east, north and west elevations of the building. Improvements include rebuilding the front façade, installing new windows and doors, removing the steel siding, replacing the existing rear windows with new clad wood windows, and repairing/replacing the existing brick. Match will include façade improvements.
- **Hart Dental (113 Washington)**
This building previously housed the town library, the city hall, and a pub. The improvements to the façade will be on the front, rear and east sides of the building. Improvements include removing wood panels from window openings, repairing wood frames, installing new wood sashes, removing existing faux stone veneer and signage, reworking the front of building to uncover the original storefront, installing new transoms, display windows, display area, bulkhead and recessed entrance, repairing/replacing the existing brick and installing new signage. Match will include façade improvements.

NATIONAL OBJECTIVE

This project qualifies for CBDG funding as the project activities will benefit all residents of the project area and 56.4 percent of the residents of the City of Hart are low and moderate income persons, as determined by census data provided by the U.S. Department of Housing and Urban Development.

ELIGIBLE ACTIVITY

This project involves eligible activities identified in Section 105(a)(4) of Title I of the Housing and Community Development Act of 1974, as amended.

SCREENING GUIDELINES

The project was evaluated utilizing the CDBG guidelines. It has been determined that the project meets the following standards to qualify as an eligible project under the CDBG program:

Project Type:

This project was selected because the community demonstrated that the project is located in a traditional downtown. All improvements will meet the Secretary of Interior's Standards for Rehabilitation and the community has also shown the local organizational capacity to successfully complete this project. This project was evaluated and given priority based on the following points:

- The buildings are located in a highly visible location.
- The City has a full-time downtown development professional able to administer the project.
- The community has adopted a downtown development plan.

Minimum Local Participation:

The private business match contribution for each property is noted in Attachment A and equals \$66,506. In addition the City of Hart is contributing \$1,000 per business for a total of \$3,000. Overall, \$69,506 is twenty-five percent (25%) of the total project cost. The City of Hart has agreed to escrow the match funds from each business owner prior to requesting disbursement of any CDBG funds

Financial Viability and Background Check:

The background checks for all businesses in this project are underway. Each business will be required to clear a background check prior to project funds being disbursed. All businesses receiving the benefits from this project have been determined to be financially viable.

PROJECT BUDGET

See Attachment A.

RECOMMENDATION

After reviewing the proposal, staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program. Therefore, staff recommends that a grant agreement, in the amount of \$ 209,120, be authorized for the City of Hart for façade improvements.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF CITY OF HART FAÇADE IMPROVEMENT PROJECT

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

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

WHEREAS, The CDBG program has policies, criteria, and parameters which are enumerated in the 2012 Program Guidelines, as amended (the "Criteria"). The MSF by Resolution 2012-28 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2012-67 authorized and approved the Guide which included guidelines for facade grants;

WHEREAS, the City of Hart (the "Community") has submitted a complete application for approval requesting funding to be used to fund the façade improvements to three buildings within their downtown (the "Project");

WHEREAS, the CDBG program staff reviewed the application and proposed Project in light of the Criteria, Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, and at least 51 percent of the project beneficiaries are low and moderate income persons; and

WHEREAS, staff recommends that a grant agreement be authorized and entered into with the Community for funds from the CDBG program for the reasons set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$209,120 for the payment or reimbursement of costs associated with the Project, and, allocates \$209,120 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds; and

BE IT FURTHER RESOLVED, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the proposed Project; and

BE IT FURTHER RESOLVED, if the Community fails to execute and return the grant agreement to staff within 90 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void. Based upon a showing of good cause, staff may extend the time period for executing and returning the grant agreement for an additional 30 day period.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund (MSF) Board Members

From: Sarah L. Rainero, Community Assistance Team Specialist

Subject: Community Development Block Grant Program
Façade Improvement Project
City of Plainwell, County of Allegan

BACKGROUND

The City of Plainwell, located in Allegan County, is requesting a \$129,900 Community Development Block Grant (CDBG) to fund the façade improvements for three buildings.

The following information provides a summary of the proposed improvements for each property site:

- Edward Jones Building (101 South Main Street)
This is a financial planning office that has been located at this building since 1992. Improvements will be on the front façade and the side of the building that faces East Bridge Street. Improvements include window work on the second and third floors (18 windows), repair open mortar joint and brick work. Match will include façade improvements.
- Campbell's Pharmacy (102 South Main Street)
This building is known as the Spencer Woodward Building where the pharmacy has been located for nearly 100 years. Improvements will be made to the front façade and the side of the building that faces E. Bridge Street. Improvements include window restoration on the second and third floor (34 windows), remove cedar shake canopy, restore transom windows, brick work, new storefront and canvas awning. Match will include façade improvements.
- Hart's Jewelry (124 North Main Street)
This store has sold and repaired jewelry at this location for 42 years. Improvements will be made to the front and rear sides of the building. Improvements include remove the cedar shake canopy, repair brick, and new fabric awning. Match will include façade improvements.

NATIONAL OBJECTIVE

This project qualifies for CBDG funding as the project activities will benefit all residents of the project area and 51 percent of the residents of the City of Plainwell are low and moderate income persons as determined by census data provided by the U.S. Department of Housing and Urban Development.

ELIGIBLE ACTIVITY

This project involves eligible activities identified in Section 105(a)(4) of Title I of the Housing and Community Development Act of 1974, as amended.

SCREENING GUIDELINES

The project was evaluated utilizing the CDBG guidelines. It has been determined that the project meets the following standards to qualify as an eligible project under the CDBG program:

Project Type:

This project was selected because the community demonstrated that the project is located in a traditional downtown and within their Downtown Development Authority District. All improvements will meet the Secretary of Interior's Standards for Rehabilitation and the community has also shown the local organizational capacity to successfully complete this project. This project was evaluated and given priority based on the following points:

- All three buildings are located in highly visible locations.
- The City has a full-time community staff member able to administer the project.
- The community has adopted a downtown development plan.

Minimum Local Participation:

The private match contribution for each property is noted in Attachment A and equals \$44,192 which is twenty-five percent (25%) of the total project cost and will be provided by the business owners. The City of Plainwell has agreed to escrow the match funds from each business owner prior to requesting disbursement of any CDBG funds

Financial Viability and Background Check:

The background checks for all businesses in this project are underway. Each business will be required to clear a background check prior to project funds being disbursed. All businesses receiving the benefits from this project have been determined to be financially viable.

PROJECT BUDGET

See Attachment A.

RECOMMENDATION

After reviewing the proposal, staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program. Therefore, staff recommends that a grant agreement, in the amount of \$129,900, be authorized for the City of Plainwell for façade improvements.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF CITY OF PLAINWELL FAÇADE IMPROVEMENT PROJECT

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

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

WHEREAS, The CDBG program has policies, criteria, and parameters which are enumerated in the 2012 Program Guidelines, as amended (the “Criteria”). The MSF by Resolution 2012-28 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2012-67 authorized and approved the Guide which included guidelines for façade grants;

WHEREAS, the City of Plainwell (the “Community”) has submitted a complete application for approval requesting funding to be used to fund the façade improvements for three buildings within their downtown (the “Project”);

WHEREAS, the CDBG program staff reviewed the application and proposed Project in light of the Criteria, Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, and at least 51% of the residents in the Community are low or moderate income persons; and

WHEREAS, staff recommends that a grant agreement be authorized and entered into with the Community for funds from the CDBG program for the reasons set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes a grant agreement be entered into with the Community not to exceed \$129,900 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$129,900 from the Michigan CDBG program for the purpose of funding the Community’s proposed Project contingent upon the MSF’s continued receipt of CDBG funds and availability of adequate funds;

BE IT FURTHER RESOLVED, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the proposed project; and

BE IT FURTHER RESOLVED, if the Community fails to execute and return the grant agreement to staff within 90 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void. Based upon a showing of good cause, staff may extend the time period for executing and returning a grant agreement for an additional 30 day period.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund (MSF) Board Members

From: Deborah Stuart, Director of Community Development Financial Incentives

Subject: Community Development Block Grant (CDBG) Program
SubTerra Royalty Agreement Settlement and Release of Claims

BACKGROUND

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 L.L.C. n/k/a Subterra, LLC. The objectives of the study was to provide research and conclusions to biotechnology, pharmaceutical and research organizations for the need to isolate, accelerated growth facilities required to augment and/or expedite their prospective research programs.

There were special terms to the grant agreement, including a Royalty Agreement, dated May 26, 2000, with Subterra Systems L.L.C.. The Royalty payment would take effect if the company had sales in excess of \$500,000 annually. The project was later amended to increase the grant to \$277,000, but the royalty agreement stayed in place and was not amended.

The company has not reached the minimum threshold to require a royalty payment, but has indicated that they are having difficulty financing a proposed expansion with the Royalty Agreement pending. In a letter from Prairie Plant Systems Inc. dated May 28, 2012, the company 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 a nine percent (9%) non-compounded interest rate, assuming they had made monthly payments.

RECOMMENDATION

Staff recommends that 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.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF SETTLEMENT AGREEMENT WITH SUBTERRA SYSTEMS LLC

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, the MSF Board on October 5, 1999, by Resolution 1999-222, authorized the funding of a feasibility study by Carp Lake Township for the benefit of Prairie Plant Systems Inc. (a/k/a Subterra Systems L.L.C. or Subterra, LLC) ("Company") and authorized the Fund Manager to negotiate a Royalty Agreement ("Agreement") with the Company;

WHEREAS, the MSF executed the Agreement with the Company on May 26, 2000 requiring royalty payments if the gross sales of the Company exceed \$500,000 annually;

WHEREAS, the Company has indicated their desire to reach a settlement and termination of the Agreement even though they have not triggered royalty payments according to the Agreement in order to facilitate financing of a proposed expansion; and

WHEREAS, staff recommends the MSF approve a settlement and termination of the Agreement in the amount of \$229,426.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the settlement offer by the Company in the amount of \$229,426; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager to negotiate and execute a Settlement and Termination Agreement and Release of Claims on the MSF Board's behalf as long as the final contract terms and conditions are not materially adverse to the interests of the MSF Board.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund (MSF) Board Members

From: Deborah Stuart, Director of Community Development Financial Incentives

Subject: Approval of a Memorandum of Understanding between the Michigan Strategic Fund and the Michigan Economic Development Corporation

BACKGROUND

The U.S. 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 to eligible Units of General Local Government to carry out State approved activities.

During a recent monitoring visit by HUD, it was 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 the 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. The attached MOU outlines responsibilities and signing authority between the two entities.

RECOMMENDATION

Staff recommends that the MSF approve the attached MOU between the Michigan Strategic Fund and the Michigan Economic Development Corporation effective immediately through July 1, 2013.

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MICHIGAN STRATEGIC FUND
AND
THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

This Memorandum of Understanding (“MOU”) is entered into as of September 27, 2012 between the Michigan Strategic Fund (“MSF”) and the Michigan Economic Development Corporation (“MEDC”) to set forth the parties’ understandings with respect to the MSF’s administration of the Michigan Community Development Block Grant Program (“CDBG Program”) pursuant to the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C. 5301 *et seq.*, its implementing regulations, and applicable federal and state laws (collectively, “CDBG Legislation”), and, the United States Department of Housing and Urban Development (HUD) approved State of Michigan Consolidated State Plan for Housing and Community Development (“State Plan”).

I. PURPOSE

Under the direction and control of the MSF Board, the MEDC shall provide certain administrative services associated with the CDBG Program, as provided in this MOU. It is the intent of the parties that the MSF and the MEDC will work cooperatively to ensure compliance with CDBG Legislation and that administrative services performed by the MEDC are conducted in such a way as to assist the MSF to meet CDBG Program national objectives and satisfy all CDBG Legislation and State Plan requirements.

II. MSF AUTHORITY AND RESPONSIBILITIES

The MSF is the state agency grant recipient for CDBG Program funds. Pursuant to CDBG Legislation, the MSF is responsible to ensure that CDBG funds are used in accordance with all CDBG program requirements. MSF Resolution 2012-___ dated and approved on September 27, 2012, approves this MOU. The MSF Fund Manager oversees MSF grant recipient responsibilities, and has oversight and control over all administrative services to be provided by the MEDC under this MOU.

III. MEDC RESPONSIBILITIES

Pursuant to MSF Resolution 2012-___ and in accord with the provisions of this MOU, the MEDC agrees to provide the following administrative services for the CDBG Program under the direction and control of the MSF Fund Manager:

- A. Ensure compliance with CDBG Legislation, the State Plan, MSF resolutions and all applicable state requirements related to the CDBG Program;
- B. Manage, review and monitor all CDBG Program resolutions approved by the MSF Board and all decisions of the MSF Fund Manager in compliance with CDBG Legislation and the State Plan;
- C. Provide daily administrative services and oversight of CDBG Program activities and grants. Except as provided in this MOU, the CDBG Program Manager may approve and sign no-cost grant modifications and amendments to MSF Board approved CDBG grants. Provided however, that grant modifications or amendments to increase a grant or project budget, change an award recipient or intended beneficiary, shall require prior approval by the MSF Board;
- D. Provide administrative services for daily operations of the CDBG Program’s local revolving loan fund program (“RLF”) consistent with any previous MSF Board approved RLF restructuring. The CDBG Program Manager may approve and sign RLF loans, loan amendments and loan documents, and, amendments or modifications to local RLF reuse plans consistent with MSF Board approved resolutions. Provided, however, that any transfer

or assignment of any RLFs, RLF funds or program income and any new or reassigned grant funds awarded to the RLF program shall require prior approval by the MSF Board;

- E. Prepare and present CDBG Program reports to the MSF Board, on a quarterly basis, and prepare any additional CDBG Program reports required by CDBG Legislation or MSF resolutions;
- F. Maintain separate and appropriate accounting financial records and source documents for all CDBG Program funds;
- G. After disclosure to and as directed in consultation with the MSF Fund Manager, timely review audit reports and take appropriate actions to assist with federal and state audit findings and questioned costs;
- H. Work with communities and issue grant assistance offer letters, but not incur obligations or sign grant agreements until authorized by the MSF Board;
- H. Coordinate its administrative services with all other local, state and federal agencies and departments that have any authority or responsibilities in connection with the CDBG Program or this MOU; and
- I. Consult with the MSF Fund Manager and Department of Attorney General regarding any items that would have a potential legal impact on the MSF or the parties involved in the project.

IV. DURATION OF MOU

This MOU remains in effect through June 30, 2013, unless extended in writing and signed by the parties to this MOU. This MOU may be terminated in writing by the parties, or by giving the other party 90 days written notice of such termination.

V. NO INDEMNIFICATION

The MSF and the MEDC must each seek its own legal representation and bear its own costs, including judgments, in any litigation that may arise from the performance of this MOU. It is specifically understood and agreed that none of the parties will indemnify the others in any litigation

VI. SERVICE FEES

As payment for the MEDC services under this MOU, the MSF shall pay for actual costs related to the administration of the CDBG Program. Provided, however, that those costs do not exceed the allowable administrative and technical assistance costs defined in the CDBG Legislation.

VII. MODIFICATION OF AGREEMENT

The MSF and the MEDC agree that this MOU may be modified or amended from time to time, in writing, by the parties. The modifications or amendments must be approved by the MSF Board and signed by an authorized representative of each party.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION,
a public body corporate

Dated: _____

By: _____
Jennifer Nelson
Chief of Staff and General Counsel

MICHIGAN STRATEGIC FUND,
an agency of the State of Michigan

Dated: _____

By: _____
Karla Campbell
MSF Fund Manager

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

DESIGNATION OF MICHIGAN ECONOMIC DEVELOPMENT CORPORATION TO PROVIDE ADMINISTRATIVE SERVICES FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

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 (the "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 (the "CDBG") program;

WHEREAS, pursuant to MCL 125.2007(i), the Michigan Strategic Fund ("MSF") Board may engage personnel as is necessary and engage the services of private consultants, managers, counsel, auditors, engineers, and scientists for rendering professional management and technical assistance and advice;

WHEREAS, under MCL 125.2005(7), the Michigan Strategic Fund ("MSF") Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary and appropriate;

WHEREAS, it is the desire of the MSF Board that the staff of the Michigan Economic Development Corporation (MEDC) administer MSF programs associated with the Community Development Block Grant ("CDBG") program;

WHEREAS, to that end, the MSF Board desires to enter into a Memorandum of Understanding ("MOU") between the MSF and the MEDC that describes the respective roles and responsibilities of the MSF and MEDC for the administrative services to be provided for the CDBG program; and

WHEREAS, the MSF board believes it is in the best interest of the CDBG program to enter into the attached MOU that describes the respective roles and responsibilities of the MSF and MEDC for the administrative services to be provided for the CDBG program subject to the direction and control of the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, subject to the control and direction of the MSF Board, the MEDC shall provide certain administrative services for the CDBG program as set forth in the attached MOU that describes the respective roles and responsibilities of the MSF and MEDC; and

BE IT FURTHER RESOLVED, that the MSF Board approves the attached MOU and authorizes the MSF Fund Manager to sign the MOU on its behalf.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012



MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund Board Members

From: Deanna Richeson, Director, Export Office

Subject: MSF Grant Proposal to Small Business Administration (SBA)
State Trade and Export Promotion (STEP) Program

BACKGROUND

The SBA's State Trade and Export Promotion (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.

Forty percent of the SBA's annual STEP funding (\$12 million) was set aside for the top ten exporting states, with Michigan ranking 8th. The SBA required a 25% match and allowed only state entities to apply.

The State of Michigan's year-2 proposal named the Michigan Strategic Fund ("MSF") as the applicant and the 25% match was committed by the Michigan Economic Development Corporation ("MEDC"). Governor Rick Snyder by letter dated May 4, 2012, endorsed and designated the MSF as the State of Michigan's official applicant for the STEP Program.

Michigan's STEP application was submitted in May, revised following receipt of SBA's conditional award and resubmitted in July. Based on SBA's conditional award letter dated July 5, 2012, Michigan's anticipated STEP award is \$2,186,907. MEDC's 25% match of \$728,969 brings the STEP program budget to \$2,915,876. Additional MEDC funding brings the export program budget to approximately \$4 million. Final SBA STEP awards will be announced between September 26-30.

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. In alignment with SBA's goal to maximize the use of existing federal and state export resources, Michigan in year-2 will continue to integrate and expand services currently provided by the U. S. Department of Commerce (US-DOC), SBA, Michigan Department of Agriculture and Rural Development (MDARD) and Michigan Small Business and Technology Development Center (MI-SBTDC) with services delivered by regional and local service providers. SBA funds, along with public and private resources, will support the following goals:

- Increase the number of small business exporters in Michigan
- Increase the value and volume of exports from Michigan
- Expand Michigan exports to new markets, raising competitiveness in the global marketplace

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%

Michigan Economic Development Corporation

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reimbursements and 20% direct incentives) for the cost of export activities, in large part through deploying resources to our regional export network. Doubling Michigan's SME export sales in five years will be accomplished by:

- Multi-faceted marketing and outreach efforts
- Coordinating export readiness assessment
- Coordinating the counseling, training and support services related to readiness
- Facilitating SME access to capital and support services related to financial readiness
- Facilitating SME connections to new markets and foreign buyers
- Supporting SME advancement through the export continuum – from “interested in exporting” to “fully engaged in exporting”

To create awareness among Michigan SMEs of opportunities for overseas market expansion, a statewide marketing campaign employing traditional and social media will be expanded. Information on export and trade services, event calendars listing training workshops, trade shows, foreign buyer and trade missions and instructions on how to access services will be maintained on MEDC's website and linked to all Pure Michigan Export partner portals.

Regional Export Networks (RENS) will be utilized to coordinate efficient and effective delivery of STEP export services, supported by MEDC's partnerships with US-DOC, SBA, MI-SBTDC, MSU-IBC, Van Andel Global Trade Center (VAGTC), Automation Alley, and the Lansing Regional Chamber of Commerce. To add capacity in each region, facilitate robust communications and encourage timely service delivery, Pure Michigan Export has funded an International Trade Manager (ITM) position in each of four regions (Southeast – Automation Alley; West – VAGTC; Central – Lansing Regional Chamber of Commerce; Northern - Northwest Michigan Council of Governments) plus one statewide Agricultural ITM and a statewide China ITM). ITMs work closely with their REN and foster regional and statewide collaboration. ITMs are responsible for coordinating, implementing, monitoring and reporting export activity resulting from services funded by this program. RENS administer STEP incentives and process company reimbursements for pre-approved export activities. Pure Michigan Export also funds a Grant Specialist to support the STEP program and ensure compliance with SBA guidelines.

RECOMMENDATIONS

MEDC Staff recommends that the MSF Board ratify and approve the application submitted to the SBA for STEP Program funding. MEDC Staff also recommends that the MSF approve the Amended Memorandum of Understanding with the MEDC for the MEDC to provide the identified administrative services and matching funds for the STEP Program. In accordance with the above information, MEDC Staff recommends reapproval of the proposed eligibility and application guidelines and grant template used last year. Lastly, MEDC Staff recommends that the MSF Board approve 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.

**AMENDED MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MICHIGAN STRATEGIC FUND
AND
THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

This Amended Memorandum of Understanding (“MOU”) is entered into as of September ___, 2012 between the Michigan Strategic Fund (“MSF”) and the Michigan Economic Development Corporation (“MEDC”) to set forth the parties’ duties, functions and responsibilities with respect to the administration of the State Trade and Export Promotion Grant Program (“STEP”) pursuant to the Export Promotion Act of 2010, Public Law 111-240, Sections 4221-4228, and any program established there under (“STEP Program”) and state laws, and effective October 1, 2012, amends and replaces the existing Memorandum of Understanding executed as of September ___, 2011.

The MSF shall retain ultimate control and direction over the STEP Program and related activities. Pursuant to this MOU, the MEDC, under the direction and control of the MSF Board, shall provide administrative services associated with the STEP Program, matching funding and related activities to the MSF. It is the intent of the parties that the MSF and the MEDC will work together to ensure that administrative services are conducted in such a way as to maximize economic benefit to the State of Michigan.

I. PURPOSE

The purpose of this MOU is to specify the responsibilities between the MSF and the MEDC in administering the STEP Program.

II. MSF RESPONSIBILITIES

The MSF agrees to:

- A. Pursuant to MSF Resolution 2012-___ and its declared intent at the September 27, 2012 MSF Board Meeting, the MSF engages the MEDC to provide administrative services to the MSF for the STEP Program;
- B. In consideration for those services as provided below, the MSF shall reimburse the MEDC for administrative services and associated expenses provided in connection with the STEP Program out of STEP Program funds. The MEDC shall provide the MSF with a quarterly invoice describing all authorized expenditures the MEDC incurs in connection with the STEP Program, including but not limited to MEDC’s authorized administrative costs. Expenses subject to reimbursement may not exceed that allowable by state and federal law; and
- C. The MSF shall make available to the MEDC the grant proceeds received from the United States Small Business Administration, Office of International Trade in the amount of \$2,186,907 for eligible reimbursements and expenses in connection with the STEP Program.

III. MEDC RESPONSIBILITIES

The MEDC agrees to:

- A. Administer all daily operations of the STEP Program;
- B. Ensure compliance with all requirements of the STEP enabling legislation, all applicable state and federal laws and regulations in connection therewith, and any MSF resolutions addressing the STEP Program. Among its responsibilities, the MEDC shall use its best efforts to ensure compliance with state and federal merit staffing requirements, if any, applicable to the STEP Program being serviced by this MOU;
- C. Prepare and present program reports on a periodic basis to the MSF Board and as requested and prepare any additional reports required by enabling legislation, MSF resolutions, or law;

- D. Properly manage, review and monitor all STEP Program resolutions approved by the MSF Board in compliance with applicable state and federal laws, rules, regulations and program requirements;
- E. Maintain appropriate financial records and source documents for all STEP Program funds disbursed at the direction of the MSF Board;
- F. After disclosure to and as directed in consultation with the MSF Board, review audit reports and take appropriate actions to assist with federal and state audit findings and questioned costs;
- G. Submit invoices for reimbursement to the MSF on a quarterly basis detailing the project expenditures and administrative costs to date;
- H. Not incur obligations in excess of the funding authorized by the MSF Board for the STEP Program;
- I. Coordinate its administrative services with all other state and federal agencies and departments that have any responsibilities in connection with the administration of the STEP Program or this MOU;
- J. The MEDC shall make available to the MSF for the STEP Program the match funds or services in the amount of \$728,969 for eligible reimbursements and expenses in connection with the STEP Program;
- K. The MEDC shall fund and provide during the term of this MOU an International Trade Development Manager (“ITDM”) for each regional export network host organization, an International Trade Manager and a grant administrator to coordinate all required information and reports for the United States Small Business Administration, Office of International Trade; and
- L. The MEDC shall provide the Salesforce database for use by the regional partners for quarterly STEP export activity tracking and reporting; make access to the database available to the regional partners for data entry; and assimilate STEP data, per federal requirements, in quarterly reports to the Small Business Administration (SBA). Any reasonable expense for the Salesforce database and associated costs shall be reimbursable from STEP Program funds.

IV. DURATION OF MOU

This MOU remains in effect until terminated in writing by the parties, or by giving the other party 90 days written notice of such termination.

V. INDEMNIFICATION

The MSF and the MEDC must each seek its own legal representation and bear its own costs, including judgments, in any litigation that may arise from the performance of this MOU. It is specifically understood and agreed that none of the parties will indemnify the others in any litigation.

VI. MODIFICATION OF AGREEMENT

The MSF and the MEDC agree that this MOU may be amended, in writing, by the parties. The modification must be signed by the representative of each party or his/her authorized designee.

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

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION,
a public body corporate

Dated: _____

By: _____
Michael A. Finney
President & CEO

MICHIGAN STRATEGIC FUND,
an agency of the State of Michigan

Dated: _____

By: _____
Karla Campbell
MSF Fund Manager

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

STATE TRADE AND EXPORT PROMOTION (STEP) GRANT PROGRAM

APPLICATION AND CONTINUATION OF PROGRAM

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, in 2011 the MSF as an agency of the State of Michigan submitted an Application for Federal Assistance and related documents to the SBA for STEP Program funding which it received for the 2012 fiscal year;

WHEREAS, on September 21, 2011, by Resolution 2011-137, the MSF Board approved the MSF’s creation and operation of the STEP Program, ratified the May 2011 application for federal assistance from SBA and was advised of a July 2011 tentative notice of award of \$1,466,978.51 which was to be matched by \$489,022 in state funds (to be provided by the Michigan Economic Development Corporation to the MSF to meet this requirement);

WHEREAS, on September 28, 2011, the SBA granted the above referenced award for the 2012 fiscal year;

WHEREAS, the MSF as an agency of the State of Michigan has submitted an Application for Federal Assistance and related documents to the SBA for STEP Program funding for the 2013 fiscal year (“Application”);

WHEREAS, the SBA issued a tentative notice of award to the MSF by letter dated July 5, 2012, in the amount of \$2,186,907 (“Base Grant”) and requested revised information;

WHEREAS, the MSF submitted a revised Application and related documents on July 16, 2012(the “Revised Application”);

WHEREAS, the STEP Program requires a state share of twenty-five (25%) percent, or \$728,969 (“Match”), which shall be provided by the Michigan Economic Development Corporation (“MEDC”) to the MSF to meet this requirement, for a total program budget of \$2,915,876;

WHEREAS, the Revised Application and related documents have been made available to the MSF Board members for review;

WHEREAS, the MSF Board desires to support, authorize and ratify the submission of the Revised Application by the MSF;

WHEREAS, the MEDC provides administrative services to the MSF for a variety of programs overseen by the MSF, has been active in supporting the application process and is willing to contribute financial support to the STEP Program;

WHEREAS, the MEDC recommends that the MSF Board ratify and support the Revised Application signed and submitted by Jennifer Tebedo, Grant Development Manager, as the Authorized Organization Representative and e-Business Point of Contact for the federal government’s Central Contractor Registry, and recommends that the MSF Board authorize the MSF Chairperson or MSF Fund Manager to sign the STEP Program Cooperative Agreement with the SBA and other documents necessary to effectuate the application process and obtain the SBA's approval and disbursement of STEP Program funding to the MSF;

WHEREAS, the MSF desires to continue the operation of the STEP Program as originally approved in Resolution 2011-136 and to participate in the STEP Program and accept the Match from the MEDC for a STEP Program budget of \$2,915,876;

WHEREAS, the MEDC recommends the continued use of the STEP Guidelines and Template and the STEP Grant Application for the STEP Program approved in Resolution 2011-138; and

WHEREAS, the MEDC recommends the continued use of the Delegation of Authority for the STEP Program and all other authority granted and approved in Resolution 2011-139.

NOW, THEREFORE, BE IT RESOLVED, that the MSF ratifies and approves the Revised Application for STEP Program funds signed by Jennifer Tebedo, Grant Development Manager, as the Authorized Organization Representative and e-Business Point of Contact for the federal government’s Central Contractor Registry and its submission, and authorizes the MSF Chairperson or the MSF Fund Manager, in consultation with the Department of Attorney General, to sign the STEP Program Cooperative Agreement with the SBA for Fiscal Year 2013 and other documents necessary to effectuate the application process and obtain the SBA's approval and disbursement of Fiscal Year 2013 STEP Program funding to the MSF;

BE IT FURTHER RESOLVED, the MSF Board approves the continued operation of the STEP Program in Fiscal Year 2013 pursuant to Resolution 2011-137;

BE IT FURTHER RESOLVED, the MSF accepts the Match from the MEDC for a total Fiscal Year 2013 STEP Program budget of \$2,915,876;

BE IT FURTHER RESOLVED, the MSF approves the continued use of the STEP Guidelines and Template and the STEP Grant Application for the STEP Program approved in Resolution 2011-138; and

BE IT FURTHER RESOLVED, the MSF reaffirms the Delegation of Authority for the STEP Program and all other authority granted and approved in Resolution 2011-139.

AYES:

NAYS:

RECUSED:

Lansing, Michigan
September 27, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**STATE TRADE AND EXPORT PROMOTION (STEP) GRANT PROGRAM
AMENDED MEMORANDUM OF UNDERSTANDING**

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

WHEREAS, in 2011 the MSF as an agency of the State of Michigan submitted an Application for Federal Assistance and related documents to the SBA for STEP Program funding which it received for the 2012 fiscal year;

WHEREAS, on September 21, 2011, by Resolution 2011-137, the MSF Board approved the MSF’s creation and operation of the STEP Program, ratified the May 2011 application for federal assistance from SBA and was advised of a July 2011 tentative notice of award of \$1,466,978.51 which was to be matched by \$489,022 in state funds (to be provided by the Michigan Economic Development Corporation to the MSF to meet this requirement);

WHEREAS, on September 28, 2011, the SBA granted the above referenced award for the 2012 fiscal year;

WHEREAS, the MSF as an agency of the State of Michigan has submitted an Application for Federal Assistance and related documents to the SBA for STEP Program funding for the 2013 fiscal year (“Application”);

WHEREAS, the SBA issued a tentative notice of award to the MSF by letter dated July 5, 2012, in the amount of \$2,186,907 and requested revised information;

WHEREAS, the MSF submitted a revised Application and related documents on July 16, 2012 (the “Revised Application”);

WHEREAS, the STEP Program requires a state share of twenty-five (25%) percent, or \$728,969 (“Match”), which shall be provided by the Michigan Economic Development Corporation (“MEDC”) to the MSF to meet this requirement, for a total program budget of \$2,915,876;

WHEREAS, the MEDC provided administrative services and funds to the MSF for the STEP Program pursuant to a Memorandum of Understanding approved by Resolution 2011-137 and subject to the direction and control of the MSF, and has been active in the application process;

WHEREAS, if the STEP Program funds for Fiscal Year 2013 are awarded to the MSF, the MEDC desires to continue to provide administrative services and funds to the MSF for activities approved by the MSF under the STEP Program; and

WHEREAS, the MSF Board has indicated its intent that, under the attached Amended Memorandum of Understanding and subject to the direction and control of the MSF, the MEDC staff shall provide certain STEP Program administrative services and funds, the Match, to the MSF for the STEP Program consistent with the terms of the attached Amended Memorandum of Understanding (“AMOU”).

NOW, THEREFORE, BE IT RESOLVED, subject to the direction and control of the MSF Board, that the MEDC shall continue to provide certain administrative services and funds, the Match, for the MSF's STEP Program consistent with the terms of the attached AMOU;

BE IT FURTHER RESOLVED, that the MSF Board approves the attached AMOU and authorizes the MSF President or Fund Manager to sign the AMOU on its behalf; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF to accept funds, the Match, from the MEDC.

AYES:

NAYS:

RECUSED:

Lansing, Michigan
September 27, 2012



MEMORANDUM

Date: September 13, 2012
To: MSF Incentive Subcommittee
From: Karla Campbell, MSF Fund Manager
Subject: Michigan Business Development and Community Revitalization Program
Amended Background Review Policy

BACKGROUND

At the February 2012 MSF meeting, the MSF passed by Resolution 2012-25, the Background Review Policy (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. Since that time, it was determined that some minor changes needed to occur to meet the legislative intent and, at the same time, continue to move these programs in order to complete deals.

Staff is now recommending the following changes:

1. The previous Policy did not have a time constraint. Staff is recommending the ability to go back five years on all applicants and their parent company.
2. Adding the language “or its parent company” regarding an applicant is not publicly traded.
3. 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. The applicant must state how the issue does not negatively reflect on the business integrity of the applicant or Key Personnel;
 - b. The MSF Chairperson and the MSF Fund manager may, but are not obligated to, consider the mitigating circumstances;
 - c. The MSF Chairperson and the MSF Fund Manager together may or may not determine that the circumstances have been mitigated to the satisfaction of both.

Below is a list of examples of mitigation that could be considered by the MSF Chairperson and the MSF Fund Manager. While it is not an exhaustive list as predicting what might be uncovered during a background check, this list is a sampling of how corrective action could be addressed:

1. Payment of any and all fines from any governmental representative by the offending company whether it be the applicant, subsidiary, parent or related company;
2. If particular employees were responsible, they have been disciplined or terminated, depending on the severity of the offense;
3. Whether or not the offense was performed by the applicant company or a related company;
4. Processes have been established so the issue does not reoccur.
5. Whether or not the offending company is cooperating with the legal and financial aspects of the investigation and moving toward a positive resolution.

Recommendation

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF THE BACKGROUND REVIEW GUIDELINES FOR THE
MICHIGAN BUSINESS DEVELOPMENT PROGRAM AND
THE MICHIGAN COMMUNITY REVITALIZATION PROGRAM**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law by Governor Jennifer M. Granholm;

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 and MCL 125.2090b, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”) respectively;

WHEREAS, on December 21, 2011, the MSF created the MBDP and the MCRP, and authorized the MSF Fund Manager to develop the overall process for each of the MBDP and MCRP;

WHEREAS, pursuant to MCL 125.2088c(4), (“Section 88c(4)”), the MSF is required to establish requirements toward prohibiting providing incentive awards under the MBDP and MCRP to awardees with certain criminal convictions or civil liabilities;

WHEREAS, pursuant to MCL 125.2088r(5) (“Section 88r(5)”), the MSF, with assistance from the MEDC and the Chief Compliance Officer, is required to establish policies and procedures to conduct background checks on each qualified business applying for an award under the MBDP;

WHEREAS, on February 27, 2012, by Resolution 2012-25, the MSF approved background review guidelines toward compliance with Section 88c(4) and Section 88r(5);

WHEREAS, the attached Exhibit 1 reflects the MEDC’s recommendation for the current background review guidelines;

WHEREAS, the MEDC has recommended to the MSF Incentive Subcommittee that the MSF approve the background review guidelines set forth on the attached Exhibit 1 toward compliance with Section 88c(4) (“Background Review Guidelines for MBDP and MCRP”); and

WHEREAS, the MSF Incentive Subcommittee has indicated its support of the approval of the Background Review Guidelines for MBDP and MCRP.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Background Review Guidelines for MBDP and MCRP for incorporation by the MSF Fund Manager into the process for the MBDP and MCRP.

BE IT FURTHER RESOLVED, Resolution 2012-25 is rescinded effective September 27, 2012.

Ayes:
Nays:
Recused:

Lansing, Michigan
September 27, 2012

Exhibit 1

As of September 27, 2012

BACKGROUND REVIEW GUIDELINES FOR THE MICHIGAN BUSINESS DEVELOPMENT PROGRAM AND THE COMMUNITY REVITALIZATION PROGRAM

The following guidelines shall be utilized as part of the due diligence process for both the MBDP and the MCRP prior to finalizing a written agreement providing for any incentive under the MBDP or MCRP:

1. **Certification Form from all Applicants.** All applicants to either the MBDP or MCRP shall provide staff with the completed certification form, including all requested information to correctly identify the applicant, and all of the applicant's Key Owners and Personnel.
2. **Key Personnel Questionnaire Form from Key Owners and Personnel of Smaller Private Applicants.** If an applicant is not publicly traded, and has less than 100 employees, in addition to the applicant providing the completed certification form required in paragraph 1, each of the Key Owners and Personnel of the applicant shall provide staff with a filled out and certified questionnaire form including all requested information. Provided however if the applicant's parent has 100 or more employees the requirements of this paragraph 2 shall not apply;
3. **Publicly Held Applicants (or their parent companies).** If an applicant (or its parent company) is publicly held, the applicant shall, in addition to providing the completed certification form required in paragraph 1, shall also provide a copy of its (or, as applicable, its parent company's) last annual report filed with the SEC, and any subsequent filings with SEC which disclose litigation or other adverse events or otherwise reference the date of the SEC filing to permit staff to be able to find and review such information on the SEC website; and
4. **Background Check.** A background check, covering the previous five (5) calendar year period, via Westlaw, LexisNexis, Google, or any other internet search engine shall be conducted on all applicants and all Key Owners and Personnel (which includes a parent company); and
5. **Joint Ventures/Business Combinations.** If an applicant is comprised of one or more business entities, such as a joint venture, or other business combination, each of the involved business entities comprising the business combination shall be considered an applicant for purposes of the MBDP and MCRP Background Review process, and each, and their respective Key Owners and Personnel, are subject to the above guidelines;
6. **Findings of a criminal conviction described under Section 88c(4)(a)** (dealing with state contract or subcontract). If a background check results in a finding of any offense listed in Section 88c(4)(a), the potential MBDP or CRP award may not continue to proceed through the MBDP or MCRP process toward a final written agreement.
7. **Findings of a criminal conviction or civil liability described under Section 88c(4)(b)** (dealing with criminal or civil liabilities, that negatively reflect on business integrity, based on certain described events):
 - a. If a background check results in a finding of any offense listed in Section 88c(4)(b):
 - i. the applicant may submit, in writing, to the MSF Chairperson and the MSF Fund Manager, mitigating circumstances that it believes support that the particular finding does

not negatively reflect on the business integrity of the applicant or the Key Owners and Personnel, as applicable.

- ii. The MSF Chairperson and the MSF Fund Manager may, but are not obligated to, consider the mitigating circumstances; and
 - iii. For the potential MBDP or CRP award to continue to proceed through the MDBP or MCRP process toward a final written agreement, the results of the background check must be satisfactory to either: (i) both the MSF Chairperson and the MSF Fund Manager, or (ii) the MSF Board.
8. **Representation and Warranty by the Applicant in the Final Agreement.** All written agreements memorializing the final MBDP or MCRP award shall, in addition to other normal and customary representations and warranties required by the MSF, include representation and warranty language from the applicant, to the effect that to the best of its knowledge, the applicant and its Key Owners and Personnel, do not have the criminal convictions described in Section 88c(4)(a), or the criminal convictions or civil liabilities described in Section 88c(4)(b) which would prohibit the MSF from providing the incentive under Section 88c(4)(b), and that none of the support of the MSF shall be used as otherwise prohibited under Section 88c(4)(c) and 88c(4)(d).

Key Owners and Personnel means: if the applicant is a business entity, its affiliates, subsidiaries, officers, directors, managerial employees (of applicants with ten (10) managerial employees or less), and anyone holding 20 percent or more of a pecuniary interest, directly or indirectly, in that business entity (which includes a parent company).

MEMORANDUM

Date: September 27, 2012
To: MSF Board Members
From: Martin Dober, Senior Vice-President, Entrepreneurship & Innovation
Subject: FY 2012 Michigan Translational Research and Commercialization (M-TRAC) Program

BACKGROUND

Through the 21st Century Jobs Fund program, the Michigan Strategic Fund (“MSF”) provides funding for entrepreneurship and innovation projects. Under Section 880 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 MEDC recommends that the MSF issue the \$6 million RFP attached as Exhibit A in order to solicit proposals for the Michigan Translational Research and Commercialization (“M-TRAC”) Program. The MTRAC program uses the Coulter Process, a proven, nationally recognized, technology commercialization model to mine, fund and actively manage technology commercialization projects at Michigan’s universities. This process has been demonstrated at 16 schools to date and has enabled participating schools to speed up technology transfer and leverage millions of dollars to fund projects into perpetuity. The Coulter Process is an acceleration program where projects are provided specialized, focused services and guided through to success in a time- and cost-efficient manner.

The Coulter Process significantly leverages the existing the talent connections from the Technology Transfer Talent Network (“T3N”), the industry connections from the Michigan Corporate Relations Network (“MCRN”), and the funds from the Michigan Universities Commercialization Initiative/ Michigan Initiative for Innovation and Entrepreneurship (“MUCI/MIIE”) that have been funded by the MSF.

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

- Final RFP, JEC, and Scoring and Evaluation Criteria to the MSF for Approval: September 27, 2012
- Issue RFP to the public: September 27, 2012
- Applications deadline: November 30, 2012
- JEC Review completed: December 21, 2012
- Results of the JEC presented to MSF Board for funding decisions: January 23, 2012

APPOINTMENT OF THE JEC:

Below is a list of the JEC members.

AMY STURBERG
Executive Director, Blackstone Charitable Foundation

MARA NEAL
Director of Research Awards, Wallace H. Coulter Foundation

ROBERT (BOB) MORFF
Venture Partner, Hatteras Venture Partners
Former VP of Technology Development, Wallace H. Coulter Foundation

FRED MOLNAR
Chief Officer, Commercial Operations, iCyt Mission Technology

HUGO BRAUN
Co-Founder and Partner, North Coast Technology Investors

CHRIS GIBBONS
President and CEO, HistoSonics

JAN GARFINKLE
Founder and Managing Director, Arboretum Ventures

BANU ONARAL
Professor & Director, School of Biomedical Engineering, Science & Health Systems

CHRIS RIZIK
CEO and Fund Manager, Renaissance Venture Capital Fund

MAHENDRA RAMSINGHANI
Managing Director, First Step Fund

ANNA BIER
Technology Business Consultant, Michigan Small Business and Technology Development Center (MI-SBTDC)

ELIAS SHAKOUR
Technology Development Manager, Cluster Development, MEDC

PAULA SORRELL
Managing Director of Entrepreneurship, Entrepreneurship and Innovation, MEDC

ROSELYN ZATOR
Incubator and Entrepreneurial Services Manager, Entrepreneurship and Innovation, MEDC

MELDA UZBIL
University Relations Director, Entrepreneurship and Innovation, MEDC

RECOMMENDATION

MEDC staff recommends that the MSF approve the following actions. These recommendations were supported by the Entrepreneurial Subcommittee in its meeting on September 18, 2012.

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 attached as Exhibit A to the first resolution; and
3. Appointment of the JEC and approval of the JEC scoring and evaluation criteria attached as Exhibit B to the second resolution.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

Michigan Translational Research and Commercialization Program Request for Proposals

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

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

WHEREAS, pursuant to 2012 PA 200, the Legislature appropriated \$75 million to the 21st Century Jobs Trust Fund for fiscal year 2011-2013;

WHEREAS, pursuant to MCL 12.258 the Michigan Strategic Fund (“MSF”) Board may request the state treasurer to transfer appropriated funds from the 21st Century Jobs Trust Fund to the MSF in the amounts designated by this board to fund disbursements or reserves required for programs or activities under Chapter 8A of the MSF Act;

WHEREAS, pursuant to Section 88o of the Act, the MSF shall create and operate a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge and bioeconomy technologies;

WHEREAS, the MSF desires to issue a Request for Proposals (“RFP”) from Michigan institutions of higher education in order to make grants under the Michigan Translational Research and Commercialization Program (“M-TRAC Program”);

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by MCL 125.2088o, and establishes a competitive process for awarding grants to Michigan institutions of higher education in order to make grants under the M-TRAC Program. A copy of this RFP form is attached to this Resolution;

WHEREAS, the MSF Board desires to (1) allocate \$6 million from the 21st Century Jobs Trust Fund 2012-2013 appropriation and (2) approve the attached RFP form and authorize its issuance.

NOW, THEREFORE, BE IT RESOLVED, that the MSF (1) allocates \$6 million from the 21st Century Jobs Trust Fund 2012-2013 appropriation and (2) approves the attached RFP form and authorizes its issuance; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager, in consultation with the Attorney General, to modify the RFP as may be necessary or appropriate, if the modifications are not material.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012



Michigan Strategic Fund Board 21st Century Job Fund

REQUEST FOR PROPOSALS
**Michigan Translational Research and Commercialization
(M-TRAC)**
(Michigan Institutions of Higher Education)

EXECUTIVE SUMMARY

Michigan Translational Research and Commercialization (M-TRAC)

The statute that this program is being created under is MCL 125.2088o, the technology transfer acceleration program.

The Gap

The important gaps we have identified in the existing university technology transfer ecosystem are the initial idea generation (also called mining), hands-on management of the funded projects with a commercialization focus and continuous market input during the commercialization process. MTRAC fills these gaps, leverages existing technology transfer programs created by the MSF and ties them together in a meaningful way. MEDC proposes to allocate up to \$6M in total to MTRAC programs disbursed over 3 years.

How does MTRAC work?

As a result of this RFP, each selected university will build an MTRAC program based on the proven Coulter Process as described in detail in the RFP. Each MTRAC program will focus on a specific technology/market area proposed by the school. The corner stones of each program can be summarized in 3 bullets:

- Full time Commercialization Project Director (CPD) with domain expertise. The CPD will generate new projects and manage funded projects.
- Targeted funds to reduce the market risk and technical risk of projects.
- Independent Oversight Committee (OC) with domain expertise comprised of Michigan’s investors, entrepreneurs and MEDC representative. The OC selects projects and monitors progress.

Why the Coulter Process?

The Coulter Process is a proven nation-wide technology transfer model that is being implemented in 16 schools in the biomedical field. Coulter schools range from small to very large research institutions including private and public. The 4-year audited and 5-year non-audited results from the first 10 participating schools have shown significant success in number of start-ups created and amount of follow-on funding (\$) raised. In 5 years, 66 start-ups have been created with \$294M of VC funding. Please see below.

COULTER TP1 RESULTS	4 th Year Audited Results		5 th Year Non-Audited Results	
	# of projects	US\$ in million	#of projects	US\$ in million
TP1=Translational Partners 1. Consists of 10 schools.				
Funded projects (total)	200	40	240	46
VC Funded start-ups	27	148	38	294
Start-ups with other types of funding	17	5+	28	5+
	Total=44		Total=66	
Industry licenses	24		28	
Governmental funding		150+		150+

Success factors

- New idea generation (mining) by the Project Director
- Detailed due diligence before project selection
- Project selection with outside market input (through independent OC)
- Hands-on project management with laser-focus on commercialization
- Accelerated timelines that are milestone-based, market-driven and product-focused
- Targeted funds for product and market validation
- Process requires the customer to be in the team
- Active OC monitors progress and suggests corrective action

How will MEDC manage it?

A member of the MEDC staff has founded and directed the Coulter program at Duke University that has been successfully endowed with \$20M, generated 4 start-ups and raised \$82M of follow-on funding.

MEDC will have one or more Board seats on the Oversight Committee of each MTRAC program. Each program will have quarterly reporting to MEDC and will hold at least two OC meetings per year.

Selection Criteria and Metrics

The schools will have to justify their technology/market focus by providing evidence of (1) adequate research expenditures (\$) in the relevant research area, (2) competency of the technology transfer team and (3) commitment from the school's administration in the form of administrative support and financial match.

The selection process consists of review of RFPs and a site-visit to each school by the Joint Evaluation Committee.

The metrics are number of companies created, jobs created, licenses to Michigan and non-Michigan companies and follow-on funding (\$).

Summary

The MTRAC program presents a significant opportunity to use a proven nation-wide technology transfer model in Michigan's universities, tie existing technology transfer programs together and make an impact by filling the gaps in the ecosystem.



Michigan Strategic Fund Board 21st Century Job Fund

REQUEST FOR PROPOSALS
**Michigan Translational Research and Commercialization
(M-TRAC)**

(Michigan Institutions of Higher Education)

RFP-DOC-XXXX

Release Date: Sep 27, 2012

Michigan Translational Research and Commercialization (M-TRAC) Request for Proposals (RFP)

Application Due Date Nov 30, 2012 in .pdf format to: mtrac2012@michigan.org

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 this process. The MSF is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this process and any contract awarded as a result of this process (the “Contract”). Failure to comply with the terms and conditions of this RFP may result in elimination or disqualification from consideration. C&G will remain 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, 3rd Floor
Lansing, Michigan 48913
mtrac2012@michigan.org

TIMELINE:

Issue RFP to the public.....	Sep 27, 2012
Question and Answer Period.....	Sep 27, 2012-October 26, 2012
Applications deadline.....	Nov 30, 2012
JEC Review completed.....	Dec 17, 2012
Results of the JEC presented to MSF Board for funding decisions.....	Jan 23, 2012

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Section I - WORK STATEMENT

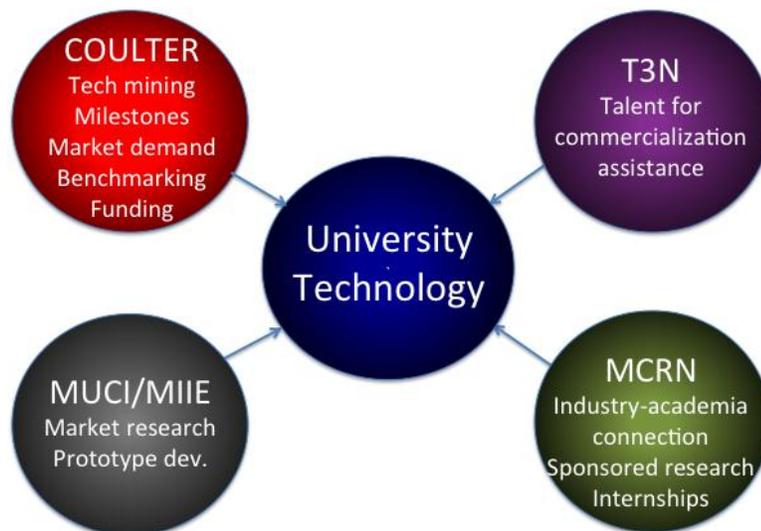
I-A) INTRODUCTION

Under 21st Century Jobs Fund, the Michigan Strategic Fund (“MSF”) has the opportunity to foster the growth of innovative technologies and companies with the potential for high growth in Michigan. Under Section 880 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.

Through this Michigan Translational Research and Commercialization (“M-TRAC”) Request for Proposals (RFP), the MSF Board desires to allocate up to \$6M million (“Award Amount”), disbursed over 3 years, to universities that do cutting-edge research and translate this research into innovative companies that have potential for high-growth and job retention and promote a culture of entrepreneurship in Michigan.

Existing University Programs, Gaps and Leverage

The MSF and the MEDC work with the universities to help them in commercialization of their research and knowledge. In 2011, the MSF Board created and allocated \$6.8M to the University Technology Acceleration and Commercialization Program (“UTACP”) which consists of the Technology Transfer Talent Network (“T3N”), Michigan Corporate Relations Network (“MCRN”) and Michigan University Commercialization Initiative (“MUCI/MIIE”). The existing university programs provide funding to researchers in amounts between \$1,000 - \$50,000 for prototyping, additional applied research, market assessment, technical assessment, hiring entrepreneurs etc. We have learned from the existing programs that there is a need for technology mining, market input and hands-on management at a project level that may tie university programs together in a meaningful way to influence more impactful economic development.



The Coulter Process fills a gap that we have identified in the university research commercialization ecosystem that significantly leverages the existing the talent connections from the T3N, the industry connections from the MCRN, and the funds from the MUCI/MIE.

In the Coulter Process, besides the benefit of mining, researchers are provided up to \$300,000 over the life of the project for reducing the technical and market risk of the projects in addition to help from subject-matter expert Project Directors. The Coulter Process in simple terms is more of an acceleration program (rather than incubation) where projects are provided specialized, focused services to minimize commercial risks and are guided through to success in a time- and cost-efficient manner.

Premise

The Coulter Process is a nation-wide best practice that facilitates and enables the translation of the cutting-edge university research and knowledge into economic impact through technology transfer. It provides a roadmap to standardize and accelerate the technology transfer process and broadly applies industry best practices to the translation of technologies that have commercial potential. This best practice has started with 10 schools in 2005 and is currently being implemented across the country in 16 universities in the biomedical field ranging from small to very large research institutions including private and public.

Below are 4-year audited results and the 5-year non-audited results from 10 Coulter schools. The audited 4th year results show that 200 projects have been funded with \$40M and have generated a total of 24 licenses and 44 start-ups with more than \$298M in follow-on funding (>7:1 ratio). Out of the 44 start-ups, 27 have been funded by VCs with \$148M while 17 have raised more than \$5M in non-dilutive funds and are currently seeking VC funding. At the end of Year 5, 66 start-ups have been created and 28 projects have been licensed to industry. The total follow-on funding amount is \$444M and \$294M of this amount is VC investment.

COULTER TP1 RESULTS	4 th Year Audited Results		5 th Year Non-Audited Results	
	# of projects	US\$ in million	#of projects	US\$ in million
Funded projects (total)	200	40	240	46
VC Funded start-ups	27	148	38	294
Start-ups with other types of funding	17	5+	28	5+
Industry licenses	24		28	
Governmental project specific funding		150+		150+

The State of Michigan is home to one of these best practices through the existing Coulter Program at the University of Michigan (<http://www.bme.umich.edu/research/coulter.php>). The University of Michigan's Coulter Program has funded 18 projects from the biomedical engineering department over the span of 5 years with \$3.5M. During this period, the program has generated one license to an existing Michigan company and 4 start-ups in the state of Michigan. This program has leveraged the Coulter grant funding into \$34.3M of follow-on funding, \$26.2 million of which came from venture capital investments.

Duke University in North Carolina also has a Coulter Program, which funded 19 projects over 5 years with \$3.5M. That program generated 3 licenses, 4 start-ups and has leveraged the Coulter grant into \$82M follow-on funding in 5 years. Both University of Michigan and Duke have met the success criteria and have built a \$20M endowment to support their Coulter programs in perpetuity. The Program Director from Duke University is now a member of the Entrepreneurship and Innovation team overseeing this program.

The Coulter Foundation is supportive, in principle, of the State of Michigan's intention to translate innovative technologies at its universities and agrees to serve in an advisory role. The goal is to implement this best practice in the state of Michigan to translate academic research into economic impact on a regional level.

I-B) PURPOSE

The Coulter Process is a nation-wide best practice that accelerates the translation of the cutting-edge university research and knowledge into economic impact. The purpose of this program is to take the proven nation-wide Coulter best practice and apply it across the research universities in the state of Michigan to create jobs and economic impact. Through this program, each university will identify a specific technology and/or market area that have the highest potential for successful commercialization.

One university can submit up to two proposals, one proposal per target area. Each area should be defined broadly enough to maximize the impact and narrowly enough so that each program can hire a Project Director and build an independent Oversight Committee with subject-matter expertise. Having the individuals with the right subject-matter expertise is a critical success factor. Funds are provided to the technology transfer offices to hire "Project Directors", perform due diligence on incoming proposals and fund the selected projects. The Project Directors mine the university research labs throughout the year to create new projects, turn the funded projects into success and assist all applicants to become successful in the future funding rounds. Project management with laser focus on commercialization combined with targeted funds ensures the success of the projects through licensing or start-ups. In addition, an independent Oversight Committee provides market input and project mentoring as well as strategic direction for the program.

Key Success Factors and Activities

The key success elements of the program are:

- Start-up and/or industry experienced dedicated project directors

- Targeted funds to perform technical and market validation for research projects to convert them into products and companies
- Independent Oversight Committee that is comprised of outside members and representative stakeholders in the process including entrepreneurs, investors, technical and business subject-matter experts
- Detailed due diligence before funding
- Commercialization timelines that are market-driven, product-focused and milestone-based
- Laser focus on follow-on funding and start-up creation
- Mentoring of research teams by experienced entrepreneurs, investors and business professionals

Activities that this program will perform are provided traditionally by the administrators of the program or in some cases by consultants hired by the administrators. These activities include but are not limited to:

- Technology mining and assessment
- Technical and market due diligence before project funding (e.g. technical, IP, user acceptance, regulatory, reimbursement etc.)
- Identification and assessment of risks including but not limited to technical risk, market risk, intellectual property, and regulatory issues
- Assessment of technical and commercial viability
- Proposal preparation and presentation for funding
- Business and marketing planning
- Creation of technical and commercial milestones focused on mitigating risks for investors and getting to a product
- Product prototyping and development
- Connecting projects with industry, investors and entrepreneurs
- Assistance with leveraging existing state resources such as the existing university programs (T3N, MCRN, MUCI/MIIE), help with STTR/SBIR preparation, Micro-loan programs, Pre-seed Fund, Business Accelerator Fund, and others.
- Training services for building commercialization best practices

The MSF through this RFP desires to create a program based on the Coulter Process called the Michigan Translational Research and Commercialization Program (M-TRAC). The MSF is soliciting proposals from The Technology Transfer Offices of Michigan's Institutions of Higher Education in distinct technology and/or market areas where the applicant proposes to create a Coulter Process based commercialization program.

The applicants will be Technology Transfer Offices from Michigan's Institutions of Higher Education. One technology transfer office can submit up to two applications. Each application must focus on economic impact in ONE distinct technology and/or market area. Transfer offices are encouraged to collaborate to make their applications stronger.

Financial cash match is required. Allocations are NOT accepted. 1:1 cash match is preferred. Collaboration is recommended and encouraged.

The total amount of funding available under the M-TRAC program is \$6,000,000 for 3-year projects.

Section II - PROCESS AND TERMS AND CONDITIONS

II-A) QUESTIONS

Questions from potential applicants regarding the M-TRAC RFP will only be accepted via email sent to:

Contracts and Grants: MTRAC2012@michigan.org

Please note: The Michigan Strategic Fund Board (“MSF Board”) or the Michigan Economic Development Corporation (“MEDC”) staff will respond to questions on an ongoing basis submitted to the above email address only from September 27, 2012 through October 26, 2012. Questions that are phoned, faxed, sent through regular mail, or emailed directly to MEDC staff will not be accepted or responded to. Responses to all qualifying questions will be posted on the MEDC’s website, www.michiganadvantage.org/XXXXX. Potential applicants are encouraged to check: www.michiganadvantage.org/XXXXX frequently during the above time period for responses to qualifying questions.

II-B) APPLICATIONS

The application must be in a .pdf format utilizing 10 point font or greater and submitted via email to: MTRAC2012@michigan.org by **3:00 p.m. EST on Nov 30, 2012**. **All applications must be signed by an individual authorized by the Applicant to submit the application on its behalf.**

The application must include:

- Contact Page, up to 1 page.
- Check List Page, up to 1 page.
- Proposal, up to 40 pages that includes description of program, process, milestones, and budget.

The proposals must address at a minimum the items described in Section III.

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 Michigan Translational Research and Commercialization (M-TRAC) Request for

Proposals document. The second step is a face-to-face site visit to the applicant institution.

1. Step I – Criteria for Satisfactory Bids

- a. Only Technology Transfer Offices of Michigan’s Institutions of Higher Education 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 the following documentation:
 - i. Executive Summary
 - ii. Letters from the university administration that commit to matching funds and other support for the program including but not limited to President, Provost, Chancellor, Deans and Chairs.
 - iii. Identification of one or two distinct technology or market area/s, in which the applicant is proposing to apply the Coulter Process to commercialize research projects and create economic impact. Each technology or market area needs to be submitted as a separate program application with a separate and will be evaluated independently.
 - iv. Resources, track record and relevant experience of the applicant in research, innovation and technology transfer in the proposed distinct technology and/or market area.
 - v. An explanation of how the applicant proposes to create the structure detailed in Section III and the Appendices.
 - vi. Detailed milestones/deliverables
 - vii. Budget – The budget must be appropriate in scale and scope to the identified technology and/or market area. It must clearly identify the activities and personnel (partially or in full) that the M-TRAC program funds will pay for are the activities and personnel that other funds/resources outside of M-TRAC will pay for.
 - viii. Economic impact – Expected number of new companies created, licenses to existing Michigan companies, licenses to existing companies outside of Michigan, jobs created, amount of follow-on funding.

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

2) Step II – On-Site Visit, Selection and Award

Details of the second step of the selection process are as follows:

- a. 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 requirements outlined in Step I will be considered for evaluation in Step II. The JEC reserves 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. The JEC will conduct on-site visits where applicants may be required to make oral presentations to the JEC. The MEDC will schedule these on-site visits.
- c. The JEC will collaborate on all award decisions.

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 process as the result of responses made to qualifying questions or concerns will be put in writing to each applicant. Neither the MSF nor the MEDC will respond to telephone inquiries or visitation by applicants or their representatives. Neither the MSF nor the MEDC will commit to answering questions received after the date and time specified in Section II-A.

II-G) ELECTRONIC RECEIPT

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY ON OR BEFORE **3:00 p.m. EST on Nov 30, 2012** TO: mtrac2012@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.

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 ten (10) calendar days from the date of the notice of designation sent by the MSF. The written protest should include reference to the M-TRAC 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 M-TRAC Provider 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 - APPLICATION 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. Appendices are attached to this RFP to assist the applicant in completing the proposal. Applicants must read all appendices.

III-A) APPLICATION

- 1) Contact Page - State the Lead Organization's full name, address, and phone and facsimile number. Also included should be contact information, including phone number, email, cell phone number, and fax numbers. Also include signature as reference in II-B.
- 2) Check List Page – 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. **The applicant must make sure that they read all the appendices. Appendices detail the implementation of the Coulter Process and proposals are expected to comply with this process and to describe how this process will be implemented, supported and funded by the applicant.**
- 3) Proposal (up to 40 pages) – Provide a proposal and include the required elements a-g, as described here. In the Proposal clearly identify the following sections as headers.

a) Executive Summary

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**
- **THE TECHNOLOGY AND/OR MARKET AREA**
- **Your TARGETED NUMBERS FOR:**
 - **New companies Created**
 - **Licenses to existing Michigan companies**
 - **Licenses to existing companies outside of Michigan**
 - **Jobs Created**
 - **Amount of Follow-on Funding**

b) Letters of Commitment

The applicant must include letters from the university administration that commit to the financial matching funds and support for the program. Attach letters of support and financial commitment from:

- The University President, Provost and Vice President of Research

- The Dean of the Department/s from which you expect to receive proposals
- The Dean of Medicine (if the proposed technology/market area is biomedical or bioengineering)
- The Chairs of the departments from which you expect to receive proposals
- The Development Office or its equivalent

c) Research Background and Past Experience

The applicant must clearly state what technology and/or market area the proposal will focus on (biomedical, energy, agriculture, etc.). For format and details of this section, please see below.

RESEARCH BACKGROUND AND PAST EXPERIENCE

1. Technology Transfer and Licensing Operation (OTT)

1.1 Provide in tabular format as shown below, for the last two years for which you have complete data **in all areas**, the data your OTT office submitted to complete the latest AUTM survey.

Fiscal Year	# of Professional Licensing FTE's	# of Invention Disclosures Received	# of New US Patent Appl.'s Filed	# of US Patents Issued	# of New Licenses and Options Executed	# of Licenses and Options Yielding Income	Licensing Income Received	# of New Start-up Companies Formed

- 1.2 Provide an organizational chart for the OTT, including where the OTT fits within the university organization. This chart should be placed as an attachment in section 12.3.
- 1.3 Describe the mission and the strategic plan for the OTT.
- 1.4 List the top five revenue-generating licenses executed by the OTT and the amount of income to the institution received from each license.
- 1.5 List the top five revenue generating licenses executed by the OTT that are in your **proposed technology and/or market area** and the amount of income to the institution received from each license.
- 1.6 Does the OTT have an “advisory” board? How often do they meet? Describe the board’s involvement with the OTT.
- 1.7 Describe the mechanisms and processes used by OTT that provide exposure of university technologies to the financial and industrial communities.
- 1.8 Describe your institution’s policy for intellectual property ownership as well as split and distribution of any licensing income.
- 1.9 Describe your institution’s policy regarding faculty and institution equity participation in spinout companies.
- 1.10 Explain any other institutional policies or procedures that reward and encourage faculty to participate in licensing and entrepreneurial activities.

1.11 State what the annual budget is for patents (in US dollars) and how many new patent applications are filed on average in one year.

2. **Background on the research in the proposed technology and/or market area.** “Unit” stands for any department, institute or center that does research your proposed technology and/or market area and from which the technology transfer office expects to receive projects for commercialization.

- 2.1 Provide a **brief** history of the research in the proposed technology and/or market area.
- 2.2 Describe the administrative and organizational structure of the relevant units that do research in the relevant area and how it fits within the institution. Include organizational chart(s), as attachment(s). If there are any related Institutes or Centers, explain their relationship to the unit in question, and include organizational charts for them as well.
- 2.3 Describe the faculty in this unit(s) in tabular format as follows.

Unit Name	Faculty Name	Degrees	Rank	Area of Research Specialization	Current Industry Consulting Relationships

- 2.4 **Briefly** describe the unit’s physical facilities.
- 2.5 **Summarize** strategic plans for the unit’s growth and development.
- 2.6 Does the unit have an outside advisory board? If yes, list, in tabular form, the board members and their affiliations. What is the board’s mission? How often did the board meet last year?
- 2.7 Educational programs and students in the proposed technology and/or market area:
 - 2.7.1 Provide in tabular form as shown below: the number of students in each degree program, and any data that you have on undergraduate and graduate student career paths after graduation, e.g., graduate school, medical school, industry, government, academia (faculty), etc.

Degree	Current Enrollment	% to Academia	% to Graduate School	% to Medical School	% to Government	% to Industry	% to Other
BS							
MS							
PhD							
MD/PhD							
JD							

- 2.7.2 Do you have an industrial internship and/or co-op program available to the students in the unit/s in question? If yes, briefly describe, and indicate what percentage of students participate in the program(s). List the companies currently participating.
- 2.8 Explain how this unit evaluates entrepreneurial and intellectual property activities on the part of faculty in consideration for promotion and tenure.

2.9 Explain how the applicant institution and this unit in particular evaluate entrepreneurial and intellectual property activities on the part of faculty as it relates to “Conflict of Interest”. Explain how the “Conflict of Interest” issues would be addressed.

3. Unit Research Activity

3.1 In tabular form as shown below, list the research funding for the past **24 months** for **each** faculty member by name. Include the grant title, the investigator’s role [e.g., PI, co-investigator], characterization of the research as basic or translational, the investigator’s percent time commitment to each grant, the funding source, the total grant amount, the percent of total grant funding going to the investigator’s lab, and the start and end dates. Include a separate table for each department.

Unit name:

Name	Grant Title	Role	Type of Research Basic or Trans- itional	% time Commitment	Funding Source	Total Grant Amt.	% Funding Going to Lab	Start Date	End Date

4. Intellectual Property Activity in the Proposed Technology and/or Market Area

4.1 For each unit, in tabular format as shown below, list all of the **US** patent applications and issued **US** patents on which any faculty member is an inventor. Include the patent or application title, patent or application (if published) number, date of issue or filing, the type of patent and the disposition of the intellectual property (e.g., licensed, optioned, abandoned, etc.). Include a separate table for each unit.

Unit Name:

Faculty Name	Patent Application Title	Issued Patent Title	Patent Number	Type of Patent (Full or Provisional)	Date Filed or Date Issued	Disposition

4.2 List any other non-patent intellectual property (e.g., copyright) sought after or obtained by faculty.

5. Collaborations

5.1 Describe in detail the entities; with which the faculty (that do research in the proposed technology and/or market area) can and/or do collaborate. Provide detail on the administrative structure of the entities and the size of the operation, (e.g., if this was a hospital or medical school, list the number of hospital beds, number of physicians, research budget).

- 5.2 Describe any formal Agreements or Memoranda of Understanding between institutions (internal or external to the organization) relating to joint research and intellectual property. If none exist, explain how you plan to address these issues.
- 5.3 If you are applying in the biomedical or bioengineering field, in tabular format as shown below, list and describe all **current** research grants where a faculty is a co-investigator with a clinical practitioner:

Biomedical or Bioengineering Faculty Name	Clinical Practitioner Name	Clinical Practitioner Affiliation	Grant Title	Duration of Project	Funding Source	Grant Amount	First time Collaboration?

- 5.4 List and describe all grants, (relevant to the proposed technology and/or market area), where a faculty member works with a customer.

Faculty Name	Customer Name	Customer Affiliation	Grant Title	Duration of Project	Funding Source	Grant Amount	First time Collaboration?
	E.g. company name	E.g. name of the department inside a company					

6. Business Incubation

- 6.1 Describe in detail any business incubation operation and facility with which you can collaborate. Describe the operation, including business staffing, physical resources, relationship with the university, whether it is public or private, funding sources, budget, and proximity to the technology transfer office.
- 6.2 List the current tenants that are from in the distinct technology and/or market area.
- 6.3 Summarize any current or recent utilization of the incubation operation by the faculty that does research in your proposed technology/market area.
- 6.4 Explain your relationship with your SmartZone or other state agencies (if available).

7. Entrepreneurial Support

- 7.1 Describe any intramural mechanisms that can provide business process education and support to entrepreneurial faculty. For example, does your institution have a business school with faculty, students, courses and/or seminars that are available to help faculty entrepreneurs in the commercialization of their technologies?
- 7.2 Describe any extramural mechanisms that can provide business process education and support to entrepreneurial faculty. For example, many communities have these kinds of services affiliated with incubator operations and/or government supported economic development agencies.

7.3 Give specific recent examples of how faculty has utilized any of these entrepreneurial support mechanisms.

8. Follow-on Capital

8.1 Describe any network(s) of relationships that exist at your institution that have been effective in connecting faculty with sources of follow-on capital.

8.2 Describe in detail any experiences that faculty have had raising post-research-phase follow-on capital to support the development and commercialization of technologies from their laboratories. Examples of such follow on capital might include SBIR or STTR grants, seed funds, corporate co-development, state or local economic development, venture capital, or angel funding. Include a description of any startup companies that have been founded by this faculty, and the amount and source of any funding received.

9. Technology Development Resources

9.1 Describe the resources, both intramural and extramural, that are readily available and capable of providing the following to university faculty:

9.1.1 Prototype design, development, and pilot manufacturing

9.1.2 FDA regulatory advice and consultation (for applications in the biomedical and bioengineering field)

9.1.3 Clinical trial design and management (for applications in the biomedical and bioengineering field)

9.1.4 Intellectual property advice and consultation

9.1.5 Commercial market assessment

10. Project Management

Appropriate program management time and talent will be key to the success of this partnership. The "Director of Technology Transfer" (also the PI and the Chair of the Oversight Committee) or his/her designee will be responsible for overall program leadership, and is expected to be the primary interface with the MEDC. In addition, the PI is expected to use approximately \$50K from the annual budget for program management to partially support a "Commercialization Project Director." This Director should be someone experienced and knowledgeable regarding all of the key aspects of taking the chosen projects from the university research lab to practice and commercialization. This person will be expected to work closely with the individual research project investigators to guide them through the technology translation process, and is expected to devote 100% of their time to managing the MTRAC projects.

10.1 If you have a particular individual in mind you would propose for this position, please describe them and attach their resume.

10.2 If you do not have a particular candidate in mind, the MEDC will work with you to identify this person.

10.3 Another key management component is the Oversight Committee whose Job Process Requirements are described in the Appendices. Please list whom you would propose to be the members of this committee, and provide a **brief** description of their qualifications.

11. Vision, Special Circumstances, Commitment, Impact, SWOT analysis

- 11.1 As the PI, provide a narrative that articulates your vision and plan for implementing this program. Explain any special circumstances or opportunities that exist within your department and institution that would make a partnership with the MEDC in this program especially successful.
- 11.2 Explain how your department and institution, if selected as a translational partner, will commit to the overall success of this program. The commitment should be substantive and tangible.
- 11.3 Explain the impact that this program award would have on the department, the institution, and the community.
- 11.4 Provide a SWOT analysis for the department and the institution (list of key Strengths Weaknesses-Opportunities-Threats) with regard to the capability for being an effective translational research partner. Discuss, in particular, the weaknesses and threats, and articulate how this grant would help ameliorate them.

12. Attachments

- 12.1 Resumes (2 page maximum). In addition to those resumes requested earlier in this application, attach resumes for:
 - 12.1.1 The Director of the Technology Transfer Office (TTO).
 - 12.1.2 The senior research administrator from the collaborating units (departments, centers and institutes).
 - 12.1.3 The Director or VP for Entrepreneurship or Innovation (if available)
 - 12.1.4 The individual to whom the Director of OTT reports
 - 12.1.5 Other resumes
- 12.2 Organization charts. Attach the organization charts called for earlier in this application.

d) The University Ecosystem and Implementation of the Coulter Process

The applicant must indicate whether the applicant is currently receiving funds from state programs and how all state funds will be used in the most effective manner. The applicant must show how this program will be integrated with the other state funds that the applicant institution is receiving from the state for entrepreneurship and commercialization e.g. MUCI/MIIE, Tech Transfer Talent Network, and Michigan Corporate Relations Network.

Explain how the applicant will create and implement the Coulter Process in the proposed technology and/or market area. The following must be identified in the proposal:

- How the applicant will implement the Coulter Process. The Coulter Process and the roles of the individuals (the Job Process Requirements “JPRs”) are described in detail in the in Appendices. Applications must comply with the process and roles detailed in these appendices and explain how it will be implemented. A brief description of the roles are given below.
 - A. **Principal Investigator (PI)/Chair of the Oversight Committee:** The PI will be the Director of the Technology Transfer Office (TTO) or his/her designee.

- B. **Academic PI:** The academic PI is responsible for leading cultural change that leads to institutionalization and sustainability of technology transfer in general and this program in particular. The PI will be a champion inside the institution at all levels for translating research projects into economic impact through technology transfer. The title of the PI might be different at each applicant institution and selection for the PI will be evaluated on a case-by-case basis. The applicant needs to make a strong case for how the PI will promote and contribute to the success of the program.
- C. **Commercialization Project Director (CPD):** One full time Project Director per program with subject-matter expertise in commercialization in the proposed technology and/or market area. The CPD will be reporting to the PIs.
- D. **Independent Oversight Committee (OC):** An independent OC with a majority of external reviewers will be created. The majority of the OC members will be from outside the applicant institution and have technical and/or business subject-matter expertise in the proposed technology or market area in which the applicant is proposing to apply the Coulter Process. These outside members will include entrepreneurs, investors, experts and a MEDC representative. There will also be members from inside the applicant institution such a department Chair, Dean, member of the Board of Regents or faculty member. The OC will be comprised of between 5-9 voting members with an odd total for voting purposes and can include other non-voting members if necessary.
- E. **Assistant to the Commercialization Project Director:** The Assistant is responsible for the administrative support of the program and maintaining an updated website for the program. This person reports to the Commercialization Project Director.

- How the applicant will include the “customer” in the project team. If your application is in the biomedical or bioengineering area, the clinician needs to be part of the research team (the original Coulter Process described in the Appendices addresses this issue in detail). If your application is not in the biomedical or bioengineering field, propose a plan as to how you plan to involve the customer in the project team and milestones.
- Identify collaborative partners and their value.
- Identify existing programs at the applicant institution that are synergistic with this program.

e) Milestones/deliverables

Identify quarterly milestones/deliverable that the applicant will commit to as a result of providing the proposed services. If applicant is awarded funding, Quarterly Progress Reports are due in January, April, July and October every year throughout the award, therefore provide quarterly milestones/deliverables that will be completed in January, April, July and October over the course of the proposal. Identify how milestone completion will result in specific Economic Impact identified in g).

f) Budget

Specifically identify THE AMOUNT OF FUNDS REQUESTED, the FINANCIAL CASH MATCH (cannot be MSF/MEDC funds) that the applicant is providing, the TERM REQUESTED, LEVERAGE (3rd party non-MSF/MEDC matching funds), and what the applicant proposes to do with FUNDS APPLIED THROUGH THIS RFP and the TIMING OF THE FUNDS. The allowed overhead rate is 15%. Progress Reports are due in January, April, July and October so include quarterly budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, Y1 Q1, Y1 Q2, Y1 Q3, Y1 Q4 etc. and rows should include the expense line items.

The budget must include funds for the research expenses and funds for the business expenses. Business expenses are not limited to but will include the following activities: due diligence before project selection, market assessment, technical assessment (if needed), travel for program related and project related activities that others that contribute to the success of the program.

\$50K from the MSF/MEDC funds will be used to pay the salary of the Commercialization Project Director (CPD). The rest of the CPD salary will be paid by the applicant institution. The salary of the Assistant to the CPD will be paid in full by the applicant institution.

g) Economic Impact

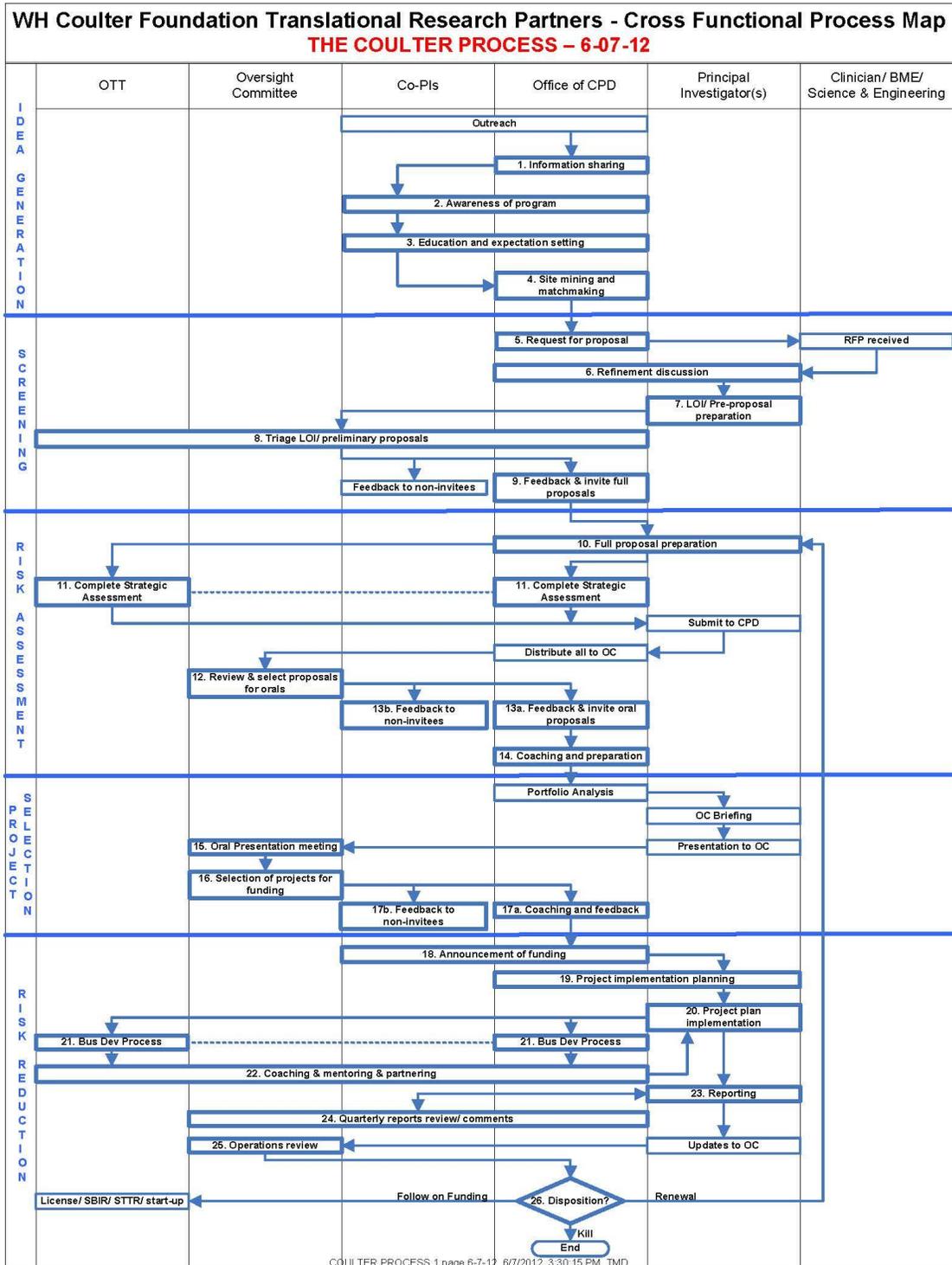
Identify the targeted number of companies created, licenses created, jobs created, and follow-on funding received. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your quarterly Progress Reports.

III-B) APPLICATION SUBMITTAL

The application must be in a pdf format, limited to 40 pages and submitted via email to mtrac2012@michigan.org. All applications must be signed by an individual authorized by the Applicant to submit the application on its behalf.

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY BY MEDC, CONTRACTS AND GRANTS, NOT LATER THAN **3:00 p.m. EST ON Nov 30, 2012**. THE MSF HAS NO OBLIGATION TO CONSIDER ANY APPLICATION THAT IS NOT TIMELY RECEIVED.

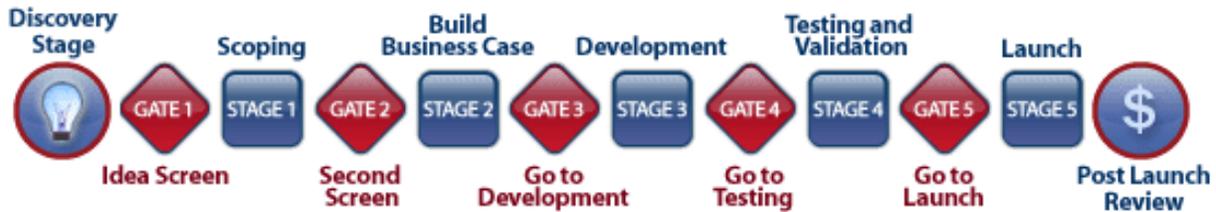
APPENDIX I - COULTER PROCESS ONE-PAGE FLOW CHART



APPENDIX II - COULTER PROCESS

We use an adaptation of the Stage-Gate product development process commonly used by most of product development companies. A brief description of this process follows:

STAGE-GATE PRODUCT DEVELOPMENT PROCESS



A Stage-Gate System is a conceptual and operational road map for moving a new-product project from idea to launch. Stage-Gate divides the effort into distinct stages separated by management decision gates (gate-keeping). Cross-functional teams must successfully complete a prescribed set of related cross-functional activities in each stage prior to obtaining management approval to proceed to the next stage of product development.

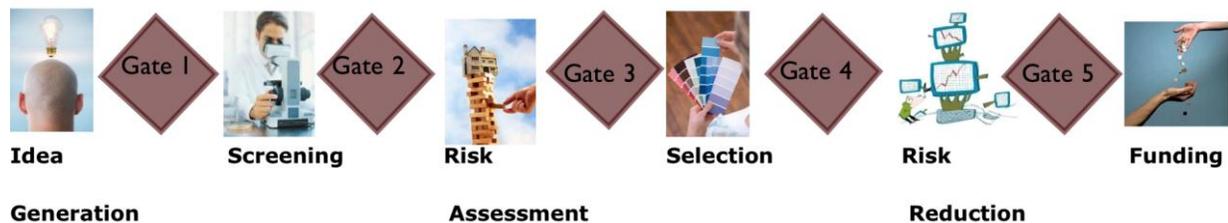
In our case, the Coulter Translational Partners program, we are attempting to bring ideas of solutions to unmet clinical needs developed by interactions between clinicians and biomedical engineers to projects that reach the point in which a commercial entity sees enough value to provide follow-on funding.

COULTER STAGE-GATE PROCESS

We have identified 5 stages in the process that occurs inside the university that are necessary to move from ideas to projects to solutions.

In Stage 1 clinical needs are identified and possible ideas of how to solve the problem are generated. These ideas go through gate 1 where only those that are deemed interesting move forward to the stage 2 where they will be screened.

Stage 2 usually involves a series of discussion between PIs and the office of the CPD, where they initial project is further defined and risks are identified. (Technical, IP, user acceptance, regulatory and reimbursement) Gate 2 will do a basic analysis usually defined as Go/NoGo, where a cursory risk analysis determines those projects that have merits to go to Stage 3.



At stage 3 a full risk assessment of the proposed project is engaged. Technical evaluation of feasibility data is reviewed, expert and end users are consulted, as are strategic marketing personnel of companies in the field of use engaged to fully understand the commercial, regulatory, reimbursement and adoption issues that will face the projects. Usually these experts could be interested parties for the solution being developed. Gate 3 concludes with selection of those projects where the full risk assessment indicates technical and commercial viability towards follow-on funding. Full proposals to be evaluated by the oversight committee are prepared

Stage 4 is the formal process of proposal preparation and presentation. It ends with the oversight committee (OC) decision. The projects are presented with participation of the bio-engineer and its clinical collaborator. The OC will make the funding decision based on the proposal, the oral presentation and the risk assessment report previously prepared by the office of the CPD. Gate 4 represents the funding decision, the level of funding and it could include request for additional information to be presented before the decision is made.

Stage 5 includes all the activities that the CPD office and the project team engages to move the project forward towards the goal of obtaining follow-on funding that allows the project to reduce risks and move closer to benefit patients. During this stage several rounds of internal funding may be included. Also foundation funding, some NIH funding, even SBIR/STTR are included. The projects are not yet under professional management/funding and it should be managed by the office of the CPD until follow-on funding from third parties is achieved. It concludes at gate 5 in which the decision of license or professionally funding by an independent entity is achieved and the project is finally out of the university and in the hands of professional management with substantial funding to carry the project to conclusion.

PROCESS DETAILED STEPS

The purpose of the rest of this document is to provide a detailed description of individual step inside the 5 stages described above and that have been identified as important activities to be carried on in order to successfully implement the 5 stage process outlined above and presented in the flow diagram annex to this document.

At the start of each step, The Coulter Process uses the following sentence. The purpose of the step is:

Step 1: Information sharing. Provide information regarding the Coulter Translational Research Program in Biomedical Engineering to any individual or organization that shows interest. This is usually accomplished by providing a link on the main page of the BME school website. The link will open a dedicated page to the Coulter Translational Partnership Program designed to provide general information about the program as well as specific details about current initiatives (RFPs, events), funded projects and program personnel, among others, in a user-friendly format.

Step 2: Awareness of the Program. To create awareness of the Coulter Translational Research Program among the main stakeholders of the program: the BME department faculty, the School of Medicine and other affiliated clinical institutions (Nursing, Dentistry, etc.) that participate in research activities.

Step 3: Education & Setting Expectation. To educate the future applicants regarding the process, due dates and specific procedures that must be followed for eligibility. Provides contact information for the CPD office. A definition of the translational research project and the criteria used for selection are provided. The web is a very efficient and effective tool to achieve this step.

Step 4: Site Mining & Matchmaking. To find and create new research relationships between clinicians who wish to solve a medical problem and biomedical engineers that have the ability to solve it. Examples: site mining, dinners, speed dating, etc.

Step 5: Request for Proposal. Inform the BME department and the SOM of the beginning of the grant cycle. Several methods are used: Web page posting; email blasts to clinical departments and BME department and clinical department meetings.

Step 6: Exploratory Discussion. Conduct a consultative, informal conversation with potential applicants. The outcome is to gain insight regarding whether or not their potential research is translational and may qualify for the Coulter program. This step will help PIs refine their ideas in order to submit a pre-proposal that has sufficient merits to be considered. CPD leadership at this stage is critical. To fully characterize the opportunity a clear understanding of the unmet clinical need and how the technology will address it. Calls to other experts in the field, to companies that are already in the space, exploratory IP landscape and the use of reimbursement and FDA resources can help characterize, re-direct or terminate the effort. Having a well characterized proposal with clear understanding of all the commercialization requirements will help the CPD to shepherd the proposal towards success. Is at this stage that the proposal should be directed towards seed or full funding.

Step 7: LOI/Pre-Proposal Preparation. Engage eligible faculty earlier in the application process. The difference with the previous step is that this is an official part of the proposal process. The pre-proposal should contain sufficient information of the clinical need; the innovation, and/or how this product is going to improve patient care or clinical outcomes. IP situation and the market potential should also be addressed. A one or two page proposal doesn't require a great deal of work by the applicant but provides a document that contains the basic elements necessary for a triage team to make a decision.

Step 8: Triage LOI/Preliminary Proposals. With all the commercial risk information gathered under the previous step, the preliminary proposal will be further analyzed to filter out proposals that are less likely to succeed. If the previous step has been thoroughly conducted, the probability of rejection at this step should be low. The initial triage composition could be the oversight committee in full, a subgroup or a different group.

Step 9: Feedback & Invite for Full Proposal. The purpose of this step is twofold: 1.) For the applicants that are not selected, it is important to give feedback regarding the reasons and advise what they can do to improve the odds for the next cycle. The goal is to keep them engaged in translational research and interested in the Program. 2.) For the applicants that are selected to submit full proposal, it is important to give them feedback that arose from the discussion during the triage step. A formal invitation to submit full proposals should be part of the discussion.

In some of the schools that utilize a LOI/pre-proposal step, once the triage team has made the selections, the CPD and/or Chair will communicate, orally or in writing, to those PIs that were not selected.

NOTE: We believe that having the Chair and the CPD personally inform the results of the triage team is the most effective and engaging process.

Step 10: Full Proposal Preparation. Provide assistance with project definition and proposal preparation. The CPD interacts with the potential applicants at every step of LOI, proposal and presentation development to optimize the chances of success for the applicant and to ensure a successful outcome for the program. CPD leadership at this stage is critical. To fully characterize the opportunity a clear understanding of the unmet clinical need and how the technology will address it. Calls to other experts in the field, to companies that are already in the space, exploratory IP landscape and the use of reimbursement and FDA resources can help characterize, re-direct or terminate the effort. Having a well characterized proposal with clear understanding of all the commercialization requirements will help the CPD to shepherd the proposal towards success. Is at this stage that the proposal should be directed towards seed or full funding.

Step 11: Triage of Full Proposals. To select proposals to be invited to make an oral presentation to the Oversight Committee. The proposals are sent to the OC for their review and a meeting or conference call is organized to discuss the proposals. This step uses the full knowledge of the OC to select those proposals that have the greatest probability of commercialization success. Different formats are used for this selection.

Step 12: Feedback & Invite for Oral Presentation. The purpose of this step is twofold: For those PIs that were rejected, the CPD and the Program PIs must spend enough time and energy reassuring them. The project PIs and Co-PIs have spent considerable time putting together a full proposal, in some cases aided by discussion with the CPD. The reasons why the OC did not select their proposal should be clearly explained and the PIs should be encouraged to continue their quest in translational research by incorporating the oversight committee comments into their project and submitting again during the next funding cycle or by moving forward with a new idea.

For the projects that have been selected for oral presentation, the discussion of the OC observations, questions and concerns should serve as the basis for the oral presentation preparation. Focusing on these items will improve the odds of presenting a fundable project. The Chair and CPD should work closely with the PIs to increase their odds of being funded.

Step 13: Coaching and Preparation. Prepare the PIs for the oral presentation. Most often, a template is provided. The CPD should explain the information that is expected in the template and how to use the Oversight Committee's suggestions or questions to increase the odds of success. Part of the coaching should include a dry run to make sure that the presentation flows well, meets the time constraints and that any questions and suggestions from the oversight committee are addressed.

Step 14: Intellectual Property & Commercialization Analysis. Provide the OC an in-depth IP and commercialization analysis for each project. For projects to successfully attract interest by VCs or industry, the IP situation must be clear and strongly protected. Besides IP, other factors such as regulatory pathway, reimbursement pathway, manufacturability, marketability and competition should be analyzed to identify possible roadblocks. In some cases some of these issues can be overcome but in others they can become such a blocking element that the project should not progress. The CPD should also have a clear understanding of how the project should proceed through the different funding mechanisms before it would be ready for industry or VC funding. This information should be part of the package presented to the OC.

NOTE: Best practice is to acquire all the commercialization information since the onset of the interaction and throughout the coaching process that the CPD engages with the project team. The CPD will provide all the commercialization information obtained to the OC/triage teams at each stage of the selection process. The CPD will advise the

selection group of any commercialization issues that have been uncovered. It is customary to have the group that prepares the IP, and the CPD, attend and present their findings to the OC during the selection meeting to address questions and issues that may arise.

Step 15: Oral Presentation. Make the final selection of the projects that will receive funding and the amount of funding for each project. The IP and commercialization information is available and this information can tilt the balance in favor or not. In general if a project progresses to this phase, the probability of funding is higher. The amount of funding depends on the available funds and the number of projects to be funded.

The presence of the clinical collaborators greatly enhances the odds of success of the funding. They are very knowledgeable of the unmet clinical need, standard practice and the impact that the project will have on patient care. In this meeting most of the discussions are centered on the business aspects and answering the questions raised by the OC during the proposal triage step.

NOTE: Most of the schools use a fixed template. At this stage little focus is on the technical aspects of the project and more on the potential commercialization. Generally, the time allotted for each presentation with discussion is ~45 minutes.

Step 16: Selection of Projects for Funding. To select which projects are going to be funded and the amount of funding once the oral presentations concludes. The OC meets and reviews all the potential projects and candidates. In some schools, a scoring sheet is used, in others each project is discussed and all those that are considered with merit are ranked. Projects are funded according to the money available. The OC may reduce or increase the amount of funding requested and may decide to provide seed funding to interesting proposals that are required to collect more data before they can return to the process for funding. The selection committee may also put some restrictions to the funding which will force the project to adjust their goals and/or milestones to receive the funding. There may be cases where some issue cannot be clarified and the funding is subject to the issue being resolved to the satisfaction of the OC.

Step 17: Coaching and Feedback. The purpose of this step is twofold: For those PIs that were rejected, the CPD and the Program PIs must spend enough time and energy reassuring them. The project PIs and Co-PIs spent considerable time preparing for the oral presentation by invitation of the OC. The reasons why the OC did not select their proposal should be clearly explained and the PIs should be encouraged to continue their quest in translational research by incorporating the oversight committee comments into their project and submitting again during the next funding cycle or by moving forward with a new idea.

For the projects that have been selected for oral presentation, the discussion of the OC observations, questions and concerns should serve as the basis for the oral presentation preparation. Focusing on these items will improve the odds of presenting a fundable project. The Chair and CPD should work closely with the PIs to increase their odds of being funded.

Step 18: Announcement of Funding. The announcement of funding is generally done verbally by the CPD and the Chair. The projects that are selected are posted visibly in the department and on the BME department website in recognition of a successful application under a very competitive process.

Step 19: Project Planning. To define all the activities that must be completed before the project begins. Some examples of the activities that have to be planned are: setting project accounts, submitting IRB, hiring of research personnel, purchase materials, etc.

Step 20: Implement Project. This is a yearlong set of activities that are to be carried out by the PI and their team to advance the project and complete the milestones in the approved proposal. During the year, quarterly reports are prepared and regular meetings are scheduled with the CPD and other stakeholders as required. IP development is one of the key activities during this phase. Regular contact with the Office of Technology Transfer will ensure that the IP is protected and the right claims are drafted.

Step 21: Coaching & Mentoring. The CPD, Chair, members of the oversight committee, personnel of the Office of Technology Transfer all play an integral role in mentoring and coaching the project team and helping them to overcome obstacles that can derail their success. It is customary to have periodic project review meetings with each one of the projects teams with participation by the Chair and CPD.

Step 22: Reporting. The Project team produces a quarterly report that describes progress versus the project milestones, updates on IP position, commercialization progress and any issues that may impede the project to meet its objectives. A high level budget report is also included.

Step 23: Quarterly Reports Review & Comments. The PI report is received by the CPD who distributes it to the OC members. The best practice is to have a short OC conference call to discuss the projects progress and give feedback to the PIs.

Step 24: Operating Review. Assess the progress of the project along the commercialization continuum. The aim is to move it closer to obtaining follow up funding. This is not a technical or scientific review, although project technical details may be included. The mission of the OC is to maximize the probability that the projects move out of the university. Patients only benefit if the projects result in products that a

third party entity is willing to invest and commercialize. The OC meets a minimum of once every 6 months to review the progress of the projects. This is a formal meeting in which the PIs and the Co-PIs (Clinical collaborators) make an oral presentation of the progress of their project.

NOTE: In most school, the PIs use a template provided by the CPD. The purpose of the template is to force the PIs to cover relevant aspects of commercialization and to allow the OC to ask questions and provide constructive feedback. The CPD conducts the meeting ensuring that the time is respected. Notes are taken regarding action items that result from the presentations, questions and discussions. The action items should be well defined, with deadlines and accountability well defined.

Step 25: Disposition Report. After the project completes the funding cycle, the OC will decide the most appropriate course for the project to proceed. During the operating review, the OC is involved in discussions regarding follow on funding issues and its timing.

NOTE: The decisions for each project that must be made are the following.

1. Renewal: If the project submitted a proposal for renewal and it was granted, the project starts a new cycle of funding.
2. Kill: If at the end of the funding cycle or at the midterm OC operating review, the project has not achieved its objectives, the OC could decide to terminate the funding for the project. If this happens in the middle of a funding cycle, the OC could require the PI to return any unused portion of funds.
3. No cost extension: if at the end of the funding cycle, the project has not completed all the milestones that were part of the original proposal, the PI may request a time extension. The OC can approve it or can delegate the decision for final approval to the Chair. If this occurs, the project team continues to submit quarterly reports.
4. Follow up funding: In this case the project will not require additional funding from the program. License to an established company and Venture-backed capital are the most desired outcomes. Alternative funding mechanisms that move the project along the commercialization pathway should have been considered and explored ahead of the funding decision. These alternative funding sources should be presented, discussed and their status updated.

APPENDIX III – JOB PROCESS REQUIREMENTS

Tech Transfer PI and Chair of the Oversight Committee

Job Process Requirements: The PI

Overall Purpose of Job: Besides the daily technology transfer related responsibilities, the PI is responsible for leading this program in particular and collaborating with other entrepreneurship and commercialization programs.

Essential Function	Activities Associated with Function	Tasks and Frequency <i>(The frequency of each task is on an ongoing basis unless otherwise noted).</i>
A. Ensure program sustainability	A1. Fundraising	Engage President, Provost and Deans of the collaborating Schools to help obtain resources for sustainability. Work with the academic PI on this.
		Include this grants program in the unit/department's long-range fundraising strategic plan and reinforce with Development Office. Work with the PI.
	A2. Succession Planning	As possible, facilitate optimal leadership transition.
	A3. CPD Development: Education and Networks	The Commercialization Program Director requires continuing education to grow their ability to be effective in their role in translating the funded technologies. The PIs can support appropriate development of CPD competencies through encouragement and funding of educational programs. The CPD must also build and maintain effective networks and the PIs can support this effort through identification and funding for the CPD to attend networking events, as relevant.
	A4. Program Operations	The PI supports the establishment and maintenance of the Program Office. The Office is staffed by the CPD and the Program Assistant. Provides direction for the creation of sustainable operating procedures and policies that will guide the grants program in perpetuity, with revisions performed as needed.
B. Oversight Committee Management	B1. Committee Leadership	The PI provides high-level direction and frames the focus for the Oversight Committee so that the Committee can provide optimal guidance, support and counsel to the PIs, CPD and the investigators. Encourages productive debate and engages additional committee members, advisors (internal and external to the university) for the Committee and grants program as needed.

Academic PI

Job Process Requirements: The Academic PI

Overall Purpose of Job: The Academic PI is responsible for leading cultural change that leads to institutionalization and sustainability of translational research in general and this grants program in particular.

Essential Function	Activities Associated with Function	Tasks and Frequency <i>(The frequency of each task is on an ongoing basis unless otherwise noted).</i>
A. Lead cultural change	A1. Support translational research faculty development	Use departmental events such as faculty meetings and annual retreat to educate faculty and show support for translational activity. Topics include intellectual property, elements of sponsored research & licensing agreements, etc.
	A2. Communication with university leadership	Engage President, Provost and Deans of the relevant Schools. Provide regular updates of translational research activity and the grants program.
	A3. Promote program to other collaborating department chairs and faculty	Engage in outreach with department chairs and faculty through events such as annual faculty retreat, grand rounds and presentations at targeted department meetings.
B. Ensure program sustainability	B1. Fundraising	Engage President, Provost and Deans of the collaborating Schools to help obtain resources for sustainability. Work with the PI on this.
		Include this program in the relevant unit/department's long-range fundraising strategic plan and reinforce with Development Office. Work with the PI.
	B2. Succession Planning	As possible, facilitate optimal leadership transition.
C. Oversight Committee Management	C1. Committee Creation and Management	Works with the PI as needed.

Commercialization Project Director (CPD)

Job Process Requirements: Commercialization Project Director (CPD)

Overall Purpose of Job: The CPD reports to the Chair and supports the Chair in all efforts to lead cultural change and ensure sustainability of the grants program. The CPD manages logistics and process for the grants program, ranging from applications, project selection, establishing new awards and assisting investigators and the Chair with quarterly reporting.

Essential Function	Activities Associated with Function	Tasks and Frequency <i>(The frequency of each task is on an ongoing basis unless otherwise noted).</i>
A. Project logistics and process	A1. Establish Program Office	The founding CPD is responsible for development and implementation of the operational elements of the program. The CPD defines and supervises the Assistant position, whose purpose is to support the program's procedures and coordinate all scheduling activities (e.g. Committee and investigator meetings).
	A2. Staff Training	Identify educational and networking opportunities that develop the CPD and Assistant's abilities to support the program.
	A3. Program Marketing & Outreach	Solicit Requests for Proposals (RFP's) from the faculty. Provide RFP's and program information to the PI for outreach to Department Chairs. Organize faculty mixers between faculty, as needed, to foster new collaborations for proposals. Meet with faculty to discuss proposal concepts and suitability for the program.
	A4. Outreach (non-faculty stakeholders)	Use meetings with industry and venture investors (including Angels and incubators) to promote the grants program in general and to generate interest for licensing as appropriate.
	A5. Project Oversight & Reporting	At a minimum, meet with project investigators each at the midpoint of each quarter. In addition to a general project update, project budget review and an opportunity to identify problems and assist with solutions, these meetings should be used to draft the quarterly progress report. Another key aspect of these meetings should be to discuss translation strategy. The OTT licensing associate managing each project's intellectual property should be invited to attend these meetings.
	A6. Budget Administration	Review project budgets to determine project progress. Develop overall program annual budget including uses of Chair's discretionary funds for the program. Present budget at program team meetings. Work with Department Finance staff to manage no-cost extension policy and process.

B. Support program sustainability	B1. Network access	Advise and assist PI's responsibility to ensure program sustainability by leveraging your professional network for the program as needed. Examples include contacts to potential industry and individual donors with affinity for technology commercialization activities and/or contacts for licensing of funded technologies.
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Commercialization Project Director Assistant (CPDA)

Job Process Requirements: Commercialization Program Assistant (Assistant)

Overall Purpose of Job: The Commercialization Program Assistant (Assistant) reports to the CPD and is responsible for the operations support of the Grants Program for the Bioengineering Department of his/her respective institution. The Assistant has primary responsibility for maintaining the program's web presence and updating web content as needed.

Essential Function	Activities Associated with Function	Tasks and Frequency <i>(The frequency of each task is on an ongoing basis unless otherwise noted).</i>
A. Project logistics and process	A1. Support Establishment and Maintenance of the Program Office	The Assistant's purpose is to support the program's procedures and coordinate all scheduling activities (e.g. Committee and investigator meetings). The Assistant is the initial point of contact for all program related questions.
	A2. Program web presence	The Assistant has primary responsibility for maintaining the program's web presence and updating web content as needed.
	A3. Project reporting	The Assistant obtains current project account budget statements for quarterly reporting. The Assistant performs administrative functions on behalf of the Chair and the CPD and assists faculty with questions.
	A4. Scheduling & briefing information	The Assistant is responsible for scheduling critical meetings for the upcoming grant year period, including: proposal pre-selection Committee meeting, oral presentation Committee meeting, quarterly update meetings and the 6-month Operations Review meeting. These meetings involve communication with many program stakeholders: Oversight Committee Members, investigators, advisors, mentors and OTT Licensing Associates. The Assistant prepares briefing materials, as appropriate, for these meetings; most notably the binders for the Oral Presentation and for the Operations Review meetings.

Oversight Committee (OC)

Overall Purpose of Job: The Oversight Committee provides high-level guidance for the grants program and reports to the PI. The Committee is comprised of critical university leadership such as Unit/Department Chair, Director of the Office of Technology Transfer, School Deans, translational faculty with expertise in the relevant technology development, as well as outside members including entrepreneurs, industry and venture advisors. The Committee is responsible for award selection, for identification and connection to resources, for mentoring program awardees and for supporting the PI's efforts to institutionalize and sustain translational research in general and the grants program in particular.

Essential Function	Activities Associated with Function	Tasks and Frequency <i>(The frequency of each task is on an ongoing basis unless otherwise noted).</i>
A. Guide the funded project portfolio	A1. Award selection (prescreening)	Review all new proposal submissions (submitted annually). Serve as primary reviewer for designated proposals. Present an overview and pros and cons of proposals for which you are primary reviewer to the Committee at the proposal screening meeting. Make recommendations for oral presentations.
	A2. Award selection (oral presentations)	Prepare for oral presentations by re-reviewing all finalist proposals and associated committee member comments and feedback. Prepare for the oral presentation meeting by developing a list of questions specific to each project and a preliminary ranking for funding recommendations. Provide real-time feedback to investigators during presentations and share insights and areas of concern relative to translation potential. Solicit discussion on key issues from Committee members for purposes of awarding best projects in line with program objectives.
	A3. Post-Award Mentoring	Provide mentoring to designated project investigators throughout the year-long grant period. Meet with your mentees and provide quarterly feedback as to project progress to the program team. Connect investigators to advisors, resources as needed.
	A4. Ensure translational success	Committee members must guide the program to optimize opportunities for translational success at every opportunity. Guidance includes developing a sophisticated portfolio-based approach to project selection (i.e. diversified in terms of stage of development or strategic in terms of a preference for selecting a higher proportion of nearer {commercialization} term projects.

B. Support program sustainability	B1. Network access	Advise and assist PI's responsibility to ensure program sustainability by leveraging your professional network for the program as needed. Examples include contacts to potential industry and individual donors with affinity for technology commercialization activities and/or contacts for licensing of funded technologies.
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Office of Technology Transfer - Technology Transfer Staff

Job Title: Dedicated Technology Transfer Staff reporting to the Director of the TTO

Overall Purpose of Job: To support the intellectual property and commercialization aspects of the program

Essential Function	Activities Associated with Function	Tasks and Frequency <i>(The frequency of each task is on an ongoing basis unless otherwise noted).</i>
A. Project Initiation	A1. Outreach	Assist Program Team as needed in planning and executing outreach initiatives including faculty meetings, presentations, networking events, etc. Assist Program Team as needed in creation of outreach materials.
	A2. Pre-Proposal Support	Gather from the technology transfer office or create as necessary an initial assessment of (a) the possible intellectual property protection and (b) commercial prospects for the proposed project. Provide above information to faculty, Program Team and Oversight Committee as necessary.
	A3. Proposal Support	Research intellectual property matters for pre-proposals selected for full proposal submission. Research market conditions and market entry for pre-proposals selected for full proposal submission. Summarize intellectual property and market research findings in one to two page summary. Provide summary to Faculty, Program Team, and Oversight Committee as needed. Participate in proposal review to record Oversight Committee comments provide information as needed.
	A4. Presentation Support	Assess review comments from Oversight Committee intellectual property and commercialization concerns and support Faculty in preparation of presentations as needed. Participate in proposal selection to record Oversight Committee comments provide information as needed. Feed Oversight Committee review comments into project planning as appropriate.
B. Project Management	B1. Participate in Regular Program Team Meetings	Attend Program Team meetings prepared to discuss the status and next planned steps for the intellectual property matters and the commercialization objectives of each project.

	B2. Commercialization Planning	At the start of each funding cycle draft (together with the faculty, technology transfer office and program team a concise outline of a commercialization plan for each project over the coming year. The plan should address Intellectual Property actions, general commercial strategy (e.g. license or start-up, etc) and ½ year and one year objectives
	B3. Networking-Resourcing Projects	Work with internal and external constituencies to ensure that each project has the proper resources on hand to complete commercialization objectives (e.g. student teams for market assessments, technology transfer office support, consultants or mentors as needed, etc.)
	B4. Commercialization Implementation	Ensure that all commercialization objectives are met through individual action or coordination of actions by the responsible group(s) leading to commercial partnerships and/or follow-on funding. Identify additional resources required as needed. Recommend to program team alternative strategies for implementation as necessary (e.g. propose hiring a consultant, keep in house, etc.)
C. Program Management	C1. Participate in Regular Program Team Meetings	Attend program team meetings prepared to discuss the status and next planned steps for resourcing the commercialization aspects of the program.
	C2. Internal Program Visibility	Assist program team in advocating for the program internal (resource allocation) and advertising the program to Faculty.
	C3. External Program Visibility	Assist program team in (1) identifying and securing external resources to support the program, (2) promoting the program to local organizations (Angel networks, Industry Councils, etc.)

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF JOINT EVALUATION COMMITTEE AND SCORING FOR THE MICHIGAN TRANSLATIONAL RESEARCH AND COMMERCIALIZATION PROGRAM REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative;

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

WHEREAS, on September 27, 2012, the MSF issued a Request for Proposals (“RFP”) to award grants to Michigan institutions of higher education under the Michigan Translational Research and Commercialization Program (“M-TRAC Program”);

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 proposals received in response to the RFP:

AMY STURSBURG, Executive Director, Blackstone Charitable Foundation

MARA NEAL, Director of Research Awards, Wallace H. Coulter Foundation

ROBERT (BOB) MORFF, Venture Partner, Hatteras Venture Partners, Former VP of Technology Development, Wallace H. Coulter Foundation

FRED MOLNAR, Chief Officer, Commercial Operations, iCyt Mission Technology

HUGO BRAUN, Co-Founder and Partner, North Coast Technology Investors

CHRIS GIBBONS, President and CEO, HistoSonics

JAN GARFINKLE, Founder and Managing Director, Arboretum Ventures

BANU ONARAL, Professor & Director, School of Biomedical Engineering, Science & Health Systems

CHRIS RIZIK, CEO and Fund Manager, Renaissance Venture Capital Fund

MAHENDRA RAMSINGHANI, Managing Director, First Step Fund

ANNA BIER, Technology Business Consultant, Michigan Small Business and Technology Development Center (MI-SBTDC)

ELIAS SHAKOUR, Technology Development Manager, Cluster Development, MEDC

PAULA SORRELL, Managing Director of Entrepreneurship, Entrepreneurship and Innovation, MEDC

ROSELYN ZATOR, Incubator and Entrepreneurial Services Manager, Entrepreneurship and Innovation, MEDC

MELDA UZBIL, University Relations Director, Entrepreneurship and Innovation, MEDC

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the JEC listed above and the scoring and evaluation criteria attached as Exhibit A.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

Proposal Evaluation Form 2012 Michigan Translational Research and Commercialization RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Executive Summary: Following items are included:</p> <ul style="list-style-type: none"> • Name of the applicant organization • Amount of funds requested • Amount of cash matching funds • Term • Technology and/or market area of focus • The targeted numbers for: <ul style="list-style-type: none"> ○ Companies Created ○ Licenses to Michigan companies ○ Licenses to non-Michigan companies ○ Jobs created ○ Amount of follow-on funding 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Research Background and Past Experience: Does the description of the proposed technology and/or market area make sense? Does the applicant have the experience to do this? Is the team capable of doing it? Are the policies and processes conducive to commercialization? Please consider the following.</p> <ul style="list-style-type: none"> • The technology and/or market focus and the reasons for why this area has been chosen over others (life sciences, energy, etc.) • The volume of federal, state, and other research funding in the proposed area • The applicant's experience and expertise in technology transfer in the proposed area • Key program personnel and their relevant experience (if available) • Technology transfer leadership and their experience • The applicant institution's leaders and their experience • Policies and processes being conducive to commercialization <ul style="list-style-type: none"> ○ Intellectual Property ○ Tenure promotion ○ Conflict of Interest Policy 		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>The university ecosystem and implementation of the Coulter Process: Do they have a reasonable plan for execution? Do they understand what they need to do to accomplish the goals? Please consider the following.</p> <ul style="list-style-type: none"> • Understanding of the Coulter Process • How the Coulter Process will be implemented and how the relevant units (departments, centers and institutes) will be involved • Integration of the Coulter Process with the other commercialization programs • The applicant's commercialization expertise and experience in the proposed market and/or technology area • The university's commitment at all levels in terms of financial match, in-kind resources and willingness to partner • Collaborative partners and their value • Technology Transfer leadership, their past track record and their commitment • Key program personnel and their value • Buy-in and support from the university leadership • Chemistry of the leadership, technology transfer team and program team 		<p>Max. Possible Points: 25</p> <p>Score: _____</p>
<p>Milestones/Deliverables:</p>		

Exhibit C

<p>Do they have a realistic plan and time line?</p> <ul style="list-style-type: none"> • Reasonable milestones/deliverables • Achievable and leading to economic impact 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Budget:</p> <p>Is the budget enough to support the necessary Coulter activities and goals and bring the projects to an investor-ready stage? Does the applicant fund the necessary personnel for the program?</p> <ul style="list-style-type: none"> • The budget is appropriate in scale and scope to proposed technology and/or market area 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Economic Impact:</p> <p>Is the proposed impact reasonable given the proposed technology/market area and the local ecosystem?</p> <ul style="list-style-type: none"> • Potential for company creation per MEDC grant invested • Potential for generating local follow-on investment and/or drawing out-of-state investment into Michigan • Reasonable targeted metrics: <ul style="list-style-type: none"> ○ Companies Created ○ Licenses to Michigan companies ○ Licenses to non-Michigan companies ○ Jobs created ○ Amount of follow-on funding 		<p>Max. Possible Points: 20</p> <p>Score: _____</p>
<p>Total Score:</p>		<p>Max. Possible Points: 100</p> <p>Score: _____</p>

MEMORANDUM

Date: September 27, 2012
To: MSF Board
From: Paula Sorrell, Managing Director, Entrepreneurship & Innovation
Subject: FY 2012 Entrepreneurial Services Provider Program

BACKGROUND

On August 22, 2012, the Michigan Strategic Fund Board (the “MSF Board”) approved an allocation of \$5.25 million for the Entrepreneurial Services Provider Program, issued the Request for Proposals (“RFP”), appointed a Joint Evaluation Committee (“JEC”), and approved the scoring and evaluation criteria. Proposals were due September 5, 2012.

RESULTS:

Twenty four proposals were received. The JEC members reviewed and scored the proposals individually and then met on September 12, 2012 to review as a group and determined a consensus score for each proposal. The scoring results of the 24 proposals are attached in Exhibit A. The JEC recommends the following for awards. Exhibit B includes summaries of these proposals.

First Customer Awards:

Michigan Tech Enterprise Corporation (MTEC) - \$387,900 for 2 years
Mid-Michigan Innovation Center Cash Flow from Customers Program (CFFC) - \$225,000 for 3 years
Institute for Research on Labor, Employment and the Economy, University of Michigan (IRLEE First Customer Program) - \$999,376 for 3 years

Industry Consortium Awards:

Michigan Manufacturing Technology Center (MMTC) - \$71,997 for 1.5 years
Mi-Light, the Michigan Photonics Cluster - \$89,000 for 2 years
Michigan Medical Device Accelerator - \$75,000 for 2 years

Federal Matching Awards:

Grand Valley State University-MI SBTDC - \$1,750,000 for 1 year
Macomb-OU, Oakland University - \$766,036 for 2 years
NextEnergy Center - \$700,000 for 3 years

The JEC recommends that the MEDC work with the awardees as usual on milestones, budgets, payment schedules, and metrics to ensure performance and program effectiveness. The JEC recommended less funding for two proposals, the Michigan Medical Device Accelerator and the NextEnergy Center. The Michigan Medical Device Accelerator was partially approved because of the importance of developing an asset map of medical device companies and resources in Michigan but the remainder of the proposal was not sufficiently justified. The NextEnergy Center was partially approved to provide funds to match federal energy grants and provide needed ARPA-E training, while the remainder of the proposal was not justified. The total amount recommended for awards is \$5,064,309 therefore \$185,691 is still available from the approved allocation of \$5,250,000. The JEC recommends reserving the remaining funds of \$185,691 for the future needs of these types of projects. If the need occurs, MEDC will present qualified projects to the MSF Board for approval.

RECOMMENDATION

MEDC Staff recommends that the MSF Board approved the awards listed above. The MSF Entrepreneurial Subcommittee has indicated its support of this recommendation.

Exhibit A
Consensus Scoring Results (Proposals sorted by Descending Score within Gap Area)

Organization	Gap	Requested Amount	Recommended Amount	Term	Matching	Score
Michigan Tech Enterprise Corporation	First Customer	\$387,900	\$387,900	2	(company contribution)	77
Mid Michigan Innovation Center	First Customer	\$225,000	\$225,000	3	\$ 250,000	76
Institute for Research on Labor, Employment and the Economy, University of Michigan	First Customer	\$999,376	\$999,376	3	(company contribution)	73
Ann Arbor Spark	First Customer	\$999,000		3	\$ 200,000	70
Bizdom	First Customer	\$628,188		3	\$ 33,063	65
The Arab Community Center for Economic and Social Services	First Customer	\$408,502		3	\$ -	63
TechTown	First Customer	\$446,220		3	\$ 513,300	60
Western Michigan University	First Customer	\$241,500		3	\$ -	57
Michigan Aerospace Manufacturers Association	First Customer	\$968,000		2	\$ -	55
Lawrence Technological University	First Customer	\$450,000		3	\$ 834,500	55
Keith King & Associates-Veterans Care Community Foundation	First Customer	\$720,000		3	\$ 360,000	49
Michigan First Customer Accelerator	First Customer	\$1,486,000		3	\$ -	41
NextWave Innovation Training Center	First Customer	\$161,700		1	\$ 78,280	37
Sub-Total of First Customer	First Customer	\$8,121,386	\$1,612,276		\$2,269,143	
Industrial Technology Institute-Michigan Manufacturing Technology Center	Industry Consortium	\$71,997	\$71,997	1.5	\$ 71,997	76
Mi-Light, the Michigan Photonics Cluster	Industry Consortium	\$89,000	\$89,000	2	\$ 38,000	72
Michigan Medical Device Accelerator	Industry Consortium	\$300,000	75,000	2	\$ 300,000	68
Automation Alley	Industry Consortium	\$250,000		2	\$ 250,000	61
Michigan Aquaculture Industry Consortium	Industry Consortium	\$150,000		2	\$ 150,000	61
Michigan Solid State Lighting Association	Industry Consortium	\$140,000		2	\$ -	59
Mobile Technology Association of Michigan	Industry Consortium	\$200,000		2	\$ 770,000	57
Great Lakes Renewable Energy Association	Industry Consortium	\$55,485		2	\$ 31,150	56
Sub-Total of Industry Consortium	Industry Consortium	\$1,256,482	\$235,997		\$1,611,147	

Grand Valley State University-MI SBTDC	Federal Matching	\$1,750,000	\$1,750,000	1	\$ 12,000,000	87
Macomb-OU, Oakland University	Federal Matching	\$766,036	\$766,036	2	\$ 1,400,000	75
NextEnergy Center	Federal Matching	\$999,938	\$700,000	3	\$ 20,099,615	69
Sub-Total of Federal Matching	Federal Matching	\$3,515,974	\$3,216,036		\$33,499,615	
	Grand Total	\$12,893,842	\$5,064,309		\$37,379,905	

Exhibit B – Recommended Awardees

First Customer

Michigan Tech Enterprise Corporation (MTEC) - \$387,900 for 2 years - will provide services to companies in the Upper Peninsula that support Michigan's defense technology core sector, particularly related to the aerospace industry. They will provide the Sandler Training program that provides sales training, negotiations training, and customer service training for technology companies. They will provide ISO 9001 and AS9001 certification training, critical certifications needed to compete in the aerospace business. They also will engage seasoned professionals (Executive/Mentor in Residence) with decision-making authority and executive responsibility to lead companies in early stages of development within the aerospace industry and help them secure first customers. Although MTEC is not depending on any specific matching funds, companies served will bear expenses not covered by grant service.

Mid Michigan Innovation Center Cash Flow from Customers Program (CFFC) - \$225,000 for 3 years - will provide an effective screening and intake mechanism to select companies for pre-sale crowdfunding, sales channel development and actual sales showcases. The program includes sales training, educational workshops, and services that include: 1) assistance with a pre-sale crowdfunding campaign-video services, content development, crowd building best practices, 2) assistance with a web based sales campaign direct to market, 3) introductions to reseller or broker channels by way of key sponsors, 4) access to high quality print and media campaign work through strategic sponsor donations, and 5) prizes where a guest or sponsor elects to buy product or service directly.

Institute for Research on Labor, Employment and the Economy, University of Michigan (IRLEE First Customer Program) - \$999,376 for 3 years - will: 1) perform an assessment of a company's stage of technology, value proposition, and potential target markets and competition, 2) provide a market assessment and a plan/path to first customer including identification and introduction to potential first customers, 3) identify resources required for the company to successfully validate the value proposition and/or to close a deal with potential first customers, and 4) provide access to identified resources through executive coaching and project implementation assistance.

Industry Consortium

Michigan Manufacturing Technology Center (MMTC) - \$71,997 for 1.5 years - will begin the process of defining, cataloguing, and convening the Michigan's Innovation Realization Cluster. This cluster consists of manufacturers pursuing a different business model from that of traditional manufacturing firms, which await orders from an only slowly changing set of customers. These Cluster firms, sometimes referred to as contract manufacturers, prototype shops, job shops are the key to moving from designed in Michigan to "made" in Michigan because they are more likely to offer turnkey prototype-to-production guidance and execution. MMTC will create a searchable directory that describes the capabilities of these firms and their openness to working with developers of new intellectual property. The process will require software expertise and on-site visits to manufacturers.

Mi-Light, the Michigan Photonics Cluster - \$89,000 for 2 years – will create, build and grow the cluster through statewide recruitment of members. It will focus on establishing the support network for job training/creation, supply chain infrastructure development, market/sales expansion, exporting and networking with both local and national professional organizations. Photonics involves cutting edge uses of lasers, optics, fiber-optics, and electro-optical devices in numerous and diverse fields of technology. Photonics enables nearly every other high tech industry, including alternative energy, manufacturing, health care, telecommunication, environmental monitoring, homeland security, defense, aerospace, solid-state lighting, and other end user sectors. The Photonics industry is a major driver of jobs and industrial growth. Currently, the largest organized clusters are located in big manufacturing centers in Germany, Taiwan, Japan, Korea and China. The location of these clusters is based on the multitude of diverse suppliers, manufacturers and support structures comprising an entire ecosystem as mirrored here in Michigan.

Michigan Medical Device Accelerator - \$75,000 for 2 year – will develop and catalog an asset map of medical device companies, assets, and resources in Michigan. It will also provide a strategic plan for the consortium and develop a document or roadmap that identifies the commercialization pipeline for medical device companies and specifically identify how and where Michigan companies and services "fit" in the pipeline, and therefore identify "gaps" that need to be filled.

Federal Matching

Grand Valley State University-MI SBTDC - \$1,750,000 for 1 year – will provide commercialization funding (\$1,680,000) to match federal research and development grants to Michigan recipients of Small Business Innovation Research and Small Business Technology Transfer (“SBIR/STTR”) awards. MI SBTDC has provided this type of funding through the Emerging Technology Fund (ETF funded by prior MSF 21st Century Jobs Fund allocations) since 2008. Michigan technology companies received approximately \$4.9 million in ETF funds since 2008 and leveraged SBIR/STTR funding for a total of \$37.1 million. In job creation, 98 ETF awardees reported the creation and retention of a total of 393 full-time equivalent jobs. They also attracted additional financing and increased revenue. In total, 98 ETF awardees reported having leveraged additional financing for \$54.7 million and increased revenue by \$23.8 million.

Macomb-OU, Oakland University - \$766,036 for 2 years - will administer the Defense Advanced Research Projects Agency (DARPA) Federal Matching Program for the State of Michigan. They will do the following: 1) assess the state’s current level of activity and identify the needs to increase these activities, 2) build-on/expand the exposure of DARPA program to the entire state by educating and training interested companies/academic institutions about the DARPA program (at least twice a year), 3) award support funding to sponsor teams that are interested in competing in a DARPA Challenge, 4) support DARPA awarded organizations with this state match funding (\$350,000).

NextEnergy Center - \$700,000 for 3 years – will provide funding (\$600,000) to match federal energy grants awarded to Michigan companies. They will also provide training/education ARPA-E sessions for Michigan companies.

**MICHIGAN STRATEGIC FUND
RESOLUTION
2012-**

ENTREPRENEURIAL SERVICES PROVIDER RFP AWARDS

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

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

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

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the MSF, including those powers, duties, and functions provided under MCL 125.2088k;

WHEREAS, the MSF is required to establish a competitive process to award grants, as set forth in the Act;

WHEREAS, at its August 22, 2012 meeting, the MSF Board issued a request for proposals soliciting proposals from non-profit entities in the State of Michigan to provide entrepreneurial services (“Entrepreneurial Services Provider RFP”);

WHEREAS, at its August 22, 2012 meeting, the MSF Board also appointed a Joint Evaluation Committee (“JEC”) and approved scoring and evaluation criteria (“Scoring Criteria”) for review of proposals received in response to the Entrepreneurial Services Provider RFP;

WHEREAS, 24 proposals were received in response to the Entrepreneurial Services Provider RFP;

WHEREAS, the JEC scored and ranked the 24 proposals based the Scoring Criteria, the terms and conditions of the Entrepreneurial Services Provider RFP, and the requirements of the Act;

WHEREAS, the MSF desires to accept the scoring and ranking recommendations of the JEC;

WHEREAS, the MEDC recommends and the MSF desires to accept the recommendations of the JEC and award grants in the amounts shown next to the entities listed on Exhibit A to this resolution (“Entrepreneurial Services Provider Grants”).

NOW, THEREFORE, BE IT RESOLVED, the MSF accepts the scoring and ranking recommendations of the independent peer reviewers and awards the Entrepreneurial Services Provider Grants; and

BE IT FURTHER RESOLVED, the MSF authorizes the MSF Fund Manager to negotiate the terms and conditions, and to execute all final documents for the Entrepreneurial Support Grants on behalf of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

Exhibit A

First Customer Awards:

- Michigan Tech Enterprise Corporation (MTEC) - \$387,900 for 2 years
- Mid-Michigan Innovation Center Cash Flow from Customers Program (CFFC) - \$225,000 for 3 years
- Institute for Research on Labor, Employment and the Economy, University of Michigan (IRLEE First Customer Program) - \$999,376 for 3 years

Industry Consortium Awards:

- Michigan Manufacturing Technology Center (MMTC) - \$71,997 for 1.5 years
- Mi-Light, the Michigan Photonics Cluster - \$89,000 for 2 years
- Michigan Medical Device Accelerator - \$75,000 for 2 years

Federal Matching Awards:

- Grand Valley State University-MI SBTDC - \$1,750,000 for 1 year
- Macomb-OU, Oakland University - \$766,036 for 2 years
- NextEnergy Center - \$700,000 for 3 years

MEMORANDUM

Date: September 27, 2012
To: MSF Board Members
From: Martin Dober, Senior Vice President, Entrepreneurship & Innovation
Subject: Award Recommendation for the Centers of Innovation Program

SEPTEMBER APPLICATION TO THE COI PROGRAM

The Centers of Innovation (COI) Program was authorized by the MSF Board at its meeting on July 25, 2012, where \$7 Million in funds were allocated to the Program. One application for funding under the Centers of Innovation (COI) Program is being considered at the September board meeting.

The applicant provided a complete application to the COI program, including a cover letter, university support letter, and a business plan. The applicant also documented matching funds required under the program. The applicant went through a formal review process that included an initial technical oral interview, followed by a written review of their application materials. The application and reviews were considered by the Entrepreneurial Subcommittee.

The applicant was recommended to receive grant funding of \$5 Million through the COI program. The recommendation was supported by the MSF Entrepreneurial Subcommittee in its meeting on September 18, 2012.

DESCRIPTION OF PROPOSED CENTER

A description of the proposed center is provided below. A summary with additional details about the applicant and its review is included with this memorandum.

- 1) **SRI International** (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. and in Tokyo, Greenland, and Dubai. SRI would like to open a pre-clinical and clinical trial service facility to be housed in the 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 to Phase II stage of development. Another location outside of Michigan (Virginia) is also being considered for this facility. The MSF will receive 20% royalties from SRI technologies commercialized out of the SRI facility.

RECOMMENDATIONS

This applicant was recommended for funding by the MEDC to the MSF Entrepreneurial Subcommittee, which was subsequently supported by the MSF Entrepreneurial Subcommittee to the MSF Board. A resolution has been prepared to award \$5 Million as a grant 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.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012- CENTERS OF INNOVATION APPLICANT APPROVAL SRI INTERNATIONAL

WHEREAS, in November 2005, the Michigan legislature passed legislation, including 2005 PA 225, establishing the 21st Century Jobs Trust Fund initiative that was signed into law by Governor Jennifer M. Granholm;

WHEREAS, the Michigan Strategic Fund (“MSF”) Act was amended on June 28, 2012, by 2012 PA 221 to create the Centers of Innovation (“COI”) Program to promote development, acceleration and sustainability of competitive edge technology sectors in the State of Michigan, MCL 125.2088q;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Fund programs and was selected by the MSF to be the centers manager to assist the MSF in the administration of the COI Program in Resolution 2012-80;

WHEREAS, the MSF Board has allocated \$7,000,000 for the COI Program in Resolution 2012-81;

WHEREAS, the MSF may award grants, loans, or other economic assistance under the COI Program to for-profit companies, benefit companies, nonprofit companies, universities, and national laboratories for all of the following purposes: (i) providing up to a 1-for-1 match for federal, collaborative partners, or third party funding of up to 50% of the total project costs; (ii) supplementing in-kind contributions provided by a person or entity other than this state; (iii) accelerating the commercialization of an innovative technology or process that will be ready to market within 5 years of the effective date of the agreement; and (iv) activities of the COI, including, but not limited to, workforce development and technology demonstration (“Qualifications”);

WHEREAS, consistent with MCL 125.2088q, at its July 25, 2012 meeting, the MSF Board (i) approved the COI award process as the standard process for evaluating applications; and (ii) appointed a committee to assist in the review process of applications (“Committee”);

WHEREAS, the Committee has received and reviewed an application from SRI International (“SRI”) using the COI award process established by the MSF Board which application satisfied all of the Qualifications; and

WHEREAS, the Committee recommends that the MSF Board award SRI, a \$5,000,000 grant from the COI Program for the designation and operation of a COI as provided in SRI’s application and the Board memorandum, including that the MSF shall receive a 20% royalty from SRI technologies commercialized out of the SRI facility and COI.

NOW, THEREFORE, BE IT RESOLVED, based upon the recommendation of the MEDC and the Committee, the MSF Board awards SRI a \$5,000,000 grant from the COI Program for the designation and operation of a COI as provided in SRI’s application and the Board memorandum, including that the MSF shall receive a 20% royalty from SRI technologies commercialized out of the SRI facility and COI;

BE IT FURTHER RESOLVED, that, subject to satisfactory completion of due diligence, the MEDC on the MSF’s behalf will finalize a written agreement with SRI; and

BE IT FURTHER RESOLVED, that the MSF President or Fund Manager, with only one required to act, in consultation with the Department of the Attorney General, is authorized to negotiate the terms and conditions of the written agreement on the MSF's behalf to memorialize the COI Program award and sign the final document so long as the final terms and conditions are in accordance with the COI Program, the COI Program award decision of the MSF Board or as otherwise directed by the MSF Board, and not otherwise materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

CONFIDENTIALITY ACKNOWLEDGMENT FOR SRI INTERNATIONAL

WHEREAS, in November 2005, the Michigan legislature passed legislation, including 2005 PA 225, establishing the 21st Century Jobs Trust Fund initiative that was signed into law by Governor Jennifer M. Granholm;

WHEREAS, the Michigan Strategic Fund (“MSF”) Act was amended on June 28, 2012, by 2012 PA 221 to create the Centers of Innovation (“COI”) Program to promote development, acceleration and sustainability of competitive edge technology sectors in the State of Michigan, MCL 125.2088q;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for 21st Century Jobs Fund programs and was selected by the MSF to be the centers manager to assist the MSF in the administration of the COI Program in Resolution 2012-80;

WHEREAS, the MSF Board, pursuant to MCL 125.2005(9) has authority to acknowledge financial or proprietary information contained in a COI application as confidential information;

WHEREAS, SRI International (“SRI”) applied for a grant from the COI Program for the designation and operation of a COI;

WHEREAS, SRI has requested that certain financial or proprietary information provided to the MSF in support of its August 30, 2012, COI application be acknowledged by the MSF Board as confidential information; and

WHEREAS, the MEDC has reviewed this request and recommends that the information described on the attached Confidentiality Log, Summary of Designated Information (“Designated Information”) be acknowledged by the MSF as confidential.

NOW, THEREFORE, BE IT RESOLVED, that based on the recommendation of the MEDC, the MSF Board acknowledges the Designated Information as confidential; and

BE IT FURTHER RESOLVED, that MEDC staff shall prepare a written statement consistent with the requirements in MCL 125.2005(9) for release by the MSF Board.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MICHIGAN STRATEGIC FUND CONFIDENTIALITY LOG

Date Received	Name of Applicant	Summary of Designated Information	Confidentiality Acknowledged	Date Written Statement Released	Other Comments
August 30, 2012	SRI International	COI Business Plan: Pg. 2: forecasted revenue figures. Pg. 8: strategic vendor names and companies. Pg. 11: forecasted revenue and financial assumptions. Pg. 12-13: forecasted revenue and expenditures. Pg. 19: Appendix F, potential customer names and companies. Pg. 20: Appendix G, chart of pricing information.			

MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund Board

From: Eric Hanna, Manager Debt Capital Programs

SUBJECT: Recommendation of Appointments to Grow Michigan, LLC

Background

On January 25, 2012 the MSF approved an award to Grow Michigan LLC to operate the Operating Company Initiative (“OCI”) under the Capital Conduit Program. The OCI is designed to stimulate private sector risk capital investments which would be used by 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 which it felt the MSF should consider for these appointments. The appointments carry specific terms as described below. Per the Operating Agreement of Grow Michigan, LLC and commensurate with the Capital Conduit Program and OCI guidelines, an Appointee may be replaced only at the expiration of his/her term of service. Should an Appointee resign, the MSF shall fill the remaining term of that appointee in its sole and absolute discretion.

Appointee#1	Initial term of 1 Year	Subsequent Term 5 Years
Appointee#2	Initial term of 3 Years	Subsequent Term 5 Years
Appointee#3	Initial term of 5 Years	Subsequent Term 5 Years

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 the appointees will help the organization incorporate these objectives into staffing, compensation, budgeting, and reporting functions. They will also lend their considerable professional skills and experience 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.

Recommendations

The Governor’s Office of Appointments makes the following recommendations.

- Douglas Lucianic, President and CEO of the Traverse City Chamber of Commerce as Appointee #1 for an initial term of 1 Year

Doug Lucianic has 25 years of experience in labor relations, community and economic development and trade association leadership. Doug began his professional career in Kansas City where he worked for the Greater Kansas City Chamber of Commerce in both transportation and environmental programs as well as in community and economic development programs. Prior to his move to Traverse City, Doug was named Senior Vice President of Business Growth and Member Connections at the Kansas City Chamber of Commerce and focused on international business, diversity, transportation,

the environment, and economic research and analysis. He studied Political Science and English at Central Michigan University and holds a Master of Public Administration degree from the University of Massachusetts.

- David Zilkowski, CEO of Garden Fresh Gourmet Foods as Appointee #2 for an initial term of 3 Years.

David Zilkowski is an Operating Partner at Huron Capital Partners, LLC. Mr. Zilkowski specializes in specialty foods sector. Mr. Zilkowski founded a specialty food company 20 years ago and serves as an Equity Partner in several food companies. Mr. Zilkowski serves as Vice Chairman of Garden Fresh Salsa Company, Inc. and Garden Fresh Gourmet, Inc. He serves as a Board Member of Victoria Fine Foods. His efforts with the Victoria team have helped shape the strategic direction of the ... company and led to multiple new customer wins. Mr. Zilkowski has an M.B.A. in Marketing from The George Washington University and B.S. in Finance from Michigan State University.

- Richard Baird, CEO of MI Partners, LLC as Appointee #3 for an initial term of 5 Years

Richard L. Baird is the CEO of MI Partners, LLC, a Michigan based company specializing in public policy consulting and organizational effectiveness consulting. Since January, 2011, he has been under exclusive contract to the Michigan Office of the Governor, working with Governor Rick Snyder and his leadership team on the strategies and implementation plan to reinvent and transform Michigan.

In 2010, Mr. Baird retired from PricewaterhouseCoopers, LLP as Global and US Co-Leader, People and Change Management (PwC Advisory Services). From 2003 to 2008, he was Global Managing Partner – People, responsible for Human Resources and Learning and Education for PwC's 150,000 partners and staff in 150 countries.

Mr. Baird received his Bachelor of Arts from Albion College in Michigan, where he was a trustee for 12 years (serving as board Chairman for 5 years) and is now a lifetime Honorary Trustee. He also has an honorary PhD from Albion, and from Eastern Michigan University.

Staff has reviewed the recommendations by the Office of Appointments and concurs with the above choices for Appointees. Upon appointment by the MSF the appointees will be asked to serve beginning on the next scheduled meeting of the Board of Managers of Grow Michigan LLC.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPOINTMENT OF BOARD OF MANAGERS MEMBERS FOR
DEVELOP MICHIGAN – CAPITAL CONDUIT PROGRAM,
OPERATING COMPANY INITIATIVE AWARD RECIPIENT**

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

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

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

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

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

WHEREAS, on December 21, 2011, the MSF (1) approved the creation and operation of the Operating Company Initiative (“OCI”) under the CCP and (2) adopted guidelines for the OCI (“OCI Guidelines”);

WHEREAS, on January 25, 2012, the MSF approved an award to Grow Michigan, LLC (“Grow Michigan Award”) under the OCI;

WHEREAS, pursuant to the OCI Guidelines and the terms of the OCI Award, the MSF Board has the right to appoint three members to the Grow Michigan board of managers;

WHEREAS, the MEDC recommends and the MSF Board desires make the following appointments to the Grow Michigan board of managers:

- (i) Doug Luciani, President and CEO of the Traverse City Chamber of Commerce, for an initial term of one year;
- (ii) David Zilko, CEO of Garden Fresh Gourmet Foods, for an initial term of three years; and
- (iii) Richard Baird, CEO of MI Partners, LLC, for an initial term of five years.

(collectively, the “Grow Michigan Appointees”);

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves the Grow Michigan Appointees.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012



MEMORANDUM

DATE: September 27, 2012

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

FROM: Joshua Hundt, Manager – Development Finance

SUBJECT: Approval of Michigan Business Development Request for \$1,200,000 Performance-based Grant to:

Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems (“Applicant” or “Company”)
3501 John F Donnelly Drive
Holland, Michigan 49424
www.magna.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 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

Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems (“Magna Sealing and Glass Systems”) is a wholly owned subsidiary of Magna International, Inc. Magna International, Inc. represents itself as the most diversified global automotive supplier. Magna International, Inc. and its subsidiaries design, develop, and manufacture technologically advanced automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles, primarily for the sale to original equipment manufacturers of cars and light trucks.

Magna International, Inc. has 35 locations and over 8,000 employees in the state of Michigan, of which 408 are employed by Magna Sealing and Glass.

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.

PROJECT DESCRIPTION

The Applicant 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

Michigan Economic Development Corporation

and Glass to manufacture an electro-polymeric shade to be used in sunroofs, along with other applications.

- 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 Holland Charter Township. The municipality has offered “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 198 of 1974 for twelve years.
- c) The Applicant has demonstrated a need for the funding through competition from sites in Tennessee, Ohio, and South Carolina. Magna International, Inc. has operations in these three states and they provided competing incentive offers. The flexibility of the timing on the disbursement schedule under the MBDP program made the Michigan site competitive for the development and manufacturing phases of the project. .
- d) The Applicant plans to create 177 Qualified New Jobs above a statewide base employment level of 408.
- e) The project meets the program guidelines as follows: the proposed project involves out of state competition from sites in Ohio, South Carolina, and Tennessee, the wages for the project are higher than the average wage for Ottawa County, the project has strong links to Michigan suppliers, and the project results in a net positive return-on-investment to the State of Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 177 Qualified New Jobs and a capital investment of up to \$10.1 million in Holland Charter Township. The requested incentive amount from the MSF is \$1,200,000 in the form of a performance-based grant. Please see below for more information on the recommended action.

RECOMMENDATIONS

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:
 - a. Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.

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
MAGNA MIRRORS OF AMERICA, INC. DBA MAGNA SEALING AND GLASS SYSTEMS**

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, Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems (“Company”) has requested a performance based MBDP grant of up to \$1.2 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.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 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: 8/31/2012

- | | |
|---|--|
| 1. Company Name: | Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems ("Company" or "Applicant") |
| 2. Company Address ("Project"): | 3501 John F Donnelly Drive
Holland, Michigan 49424 |
| 3. MBDP Incentive Type: | Performance Based Grant |
| 4. Maximum Amount of MBDP Incentive: | Up to \$1,200,000 ("MBDP Incentive Award") |
| 5. Base Employment Level | 408

The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level at the Project site 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) | 177

The minimum number of total Qualified <u>New</u> Jobs the Company shall be required to create at the Project (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:** Date of Approval of MSF Award

7. **Company Investment:** Up to \$10,148,304 in annual lease costs, leasehold improvements, machinery & equipment, furniture & fixtures, computers, pollution control equipment, special tooling, other personal property, or any combination thereof, for the Project.

8. **Municipality supporting the Project:** Holland Charter 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 a property tax abatement under PA 198 of 1974. 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 \$300,000 Upon demonstrated completion of proof of concept testing, through a certified test report showing satisfactory completion of all required test steps, for Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems new product SunBlade TM, and verification of final approval of municipality support by no later than January 31, 2013.

- b. **Disbursement Milestone 2:** Up to \$600,000 Upon completion of Disbursement Milestone 1, and upon demonstrated receipt of first customer award for full-scale production of Magna Mirrors of America, Inc. DBA Magna Sealing and

Glass Systems new product SunBlade TM,
by no later than June 30, 2013.

- c. Disbursement Milestone 3:** Up to \$300,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 177 Qualified New Jobs above the Base Employment Level, by no later than December 31, 2016.

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

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.

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.

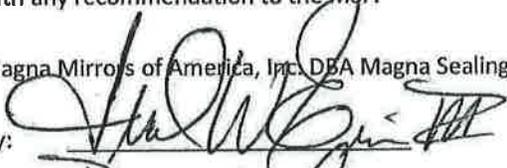
13. Public Announcements:

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 5, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Magna Mirrors of America, Inc. DBA Magna Sealing and Glass Systems

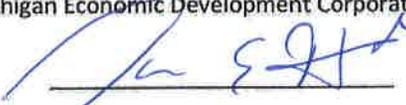
By: 

Its: Director, Government Affairs

Dated: 9/6/2012

Acknowledged as received by:

Michigan Economic Development Corporation

By: 

Its: Manager - Development Finance

Dated: 9/6/12



MEMORANDUM

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

FROM: Joshua Hundt, Development Finance Manager

DATE: September 27, 2012

SUBJECT: Amendment Request of Michigan Business Development for
Waiver of Closing Condition on Performance-based Grant to:

Cherry Growers, Inc. (“Applicant” or “Company”)
6331 South US 31
Grawn, Michigan 49637

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, as outlined in the Term Sheet attached as Exhibit A to the proposed Resolution. The project involves the anticipated ramp up of production for the Gogosqueeze® fruit pouch at Cherry Growers’ plant in Grawn, Michigan, in cooperation with the expansion into Michigan of operations of a French company, Materne North America, Corp. (“Materne”). Materne was also approved for an MBDP incentive award in relation to this project.

The Term Sheet contains a condition in Section 14 which requires the MBDP incentive award to Materne to close at the same time as the final agreement for Cherry Growers. This condition was originally included because staff wanted to ensure that Materne was committed to the production and plant operation plans at Cherry Growers. Staff has confirmed that over the summer, 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’ operations. Also, the Agreement with Materne is being drafted and is expected to be executed in the near future. However, due to New Market Tax Credit (NMTC) funding deadlines 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, which will also allow the Company to progress toward meeting the NMTC funding requirements.

Except as specifically provided above, the MEDC recommends that all other terms and conditions of the Term Sheet remain unchanged and in effect.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**WAIVER OF CLOSING CONDITION FOR A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
TO CHERRY GROWERS, INC.**

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

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

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

WHEREAS, on December 21, 2011, by Resolution No. 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 July 25, 2012, by Resolution No. 2012-74, the MSF approved a performance based MBDP grant of up to \$2.5 million (“Grant”) to Cherry Growers, Inc. (“Company”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, paragraph 14 of the Term Sheet provides that the closing of the final agreement for the Grant to the Company requires a coincidental closing of an MBDP incentive award with Materne North America, Corp.;

WHEREAS, the MEDC recommends that the MSF waive the closing requirement of paragraph 14 of the Term Sheet to allow the MSF and the Company to close the final agreement of the Grant, subject to all other terms and conditions of Resolution No. 2012-74 (“Waiver of Closing Condition”);

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Waiver of Closing Condition.

BE IT FURTHER RESOLVED, except as amended by the Waiver of Closing Condition, Resolution No. 2012-74 remains in full force and effect.



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

The following is a summary of the highlights of the project and basic terms for which the Company desires incentive 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: 7/11/2012 (Replaces Terms Sheet dated June 16, 2012)

- | | |
|---|---|
| 1. Company Name: | Cherry Growers, Inc. ("Company" or "Applicant") |
| 2. Company Address ("Project"): | 6331 South US 31
Grawn, Michigan 49637 |
| 3. MBDP Incentive Type: | Performance Based Incentive |
| 4. Maximum Amount of MBDP Incentive: | Up to \$2,500,000 ("MBDP Incentive Award") |
| 5. Base Employment Level | 137 The net number of jobs maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's current 196 employees in Michigan prior to the proposed Project less the 59 current employees of the Company proposed to be transferred from the Company to employment within Michigan by Materne North America, Corp. ("59 Employees"). 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) | 72 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 retain 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 disbursement of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** April 20, 2012

7. **Company Investment:** Up to \$12,499,760 in land costs, new construction, building renovations, machinery and equipment, computers, pollution control equipment, or any combination thereof, for the Project.

8. **Municipality supporting the Project:** Green Lake 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 a property tax abatement in support of the project. 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 \$2,500,000
Upon demonstrated verification that Cherry Growers, Inc. has entered into a supply agreement for infrastructure, services and apples with Materne North America, Corp. for the manufacture of Materne North America, Corp's GoGosqueeZ® product line at the Project, verification that the 59 Employees were transferred from employment by Cherry Growers, Inc. to employment in Michigan by Materne North America, Corp., verification that the Company has requested to enter into a licensing agreement with the MEDC to include the MEDC's Pure Michigan® logo on its Reddi Maid product line produced at the Project site with its machinery, as well as requesting to include the Pure Michigan® logo on its website or on its marketing

material, and verification of final approval of municipality support by no later than September 30, 2012.

b. Milestone 2:

Upon completion of Disbursement Milestone 1, upon demonstrated creation of 72 Qualified New Jobs above the Base Employment Level, and submission of an updated five year business plan for the Company, including financial projections, diversification Project opportunity evaluations and a long term capital plan 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 profit 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 timely made).

11. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be defined in the final Agreement, and shall include terms and conditions to repay the MSF. Such repayment terms will include repayment to the MSF up to the full amount of the disbursements made by the MSF to the Company (plus any applicable interest, fees and costs if payments are not timely made), under at least the following parameters:

- a. **Profit Participation.** The final Agreement will include profit participation terms and conditions which will require the Company to make payments to the MSF in an amount equal to at least 5% of the Company's total net income per year, based on an acceptable net income formula. The payments shall be due no later than October 31, 2015 based on net income for the fiscal year ending May 31, 2015, and continue to be due October 31st following the end of each subsequent fiscal year thereafter, until such time as the Company has repaid all of disbursements made by the MSF to the Company (plus any applicable interest, fees and costs if such payments are not timely made).
- b. **Other Repayment Terms.** In addition to the profit participation terms, the final repayment provisions will also require repayment of some, or up to all, of the disbursements made by the MSF (plus any applicable interest, fees and costs if such payments are not timely made), including if the Company moves 25% or more of their employees out of Michigan, if, through December 31, 2016, the Company fails to maintain the Base Employment Level in Michigan, and if the Company fails to create and maintain the Qualified New Jobs incented by this Award.

Provided however, in no event shall the Company be required to repay the MSF more than the full amount of all of the disbursements made to the Company by the MSF (plus any applicable interest, fees and costs if payments are not timely made).

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.

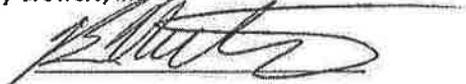
14. Closing:

The closing of the final Agreement will require a coincidental closing of a final agreement for an MSF incentive award under the MBDP with Materne North America, Corp.

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 July 11, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Cherry Growers, Inc.

By: 

Its: President

Dated: 7/11/2012

Acknowledged as received by:

Michigan Economic Development Corporation

By: 

Its: Regional Project Manager

Dated: 7/11/12



MEMORANDUM

Date: September 27, 2012
To: Michigan Strategic Fund (“MSF”) Board Members
From: Joshua Hundt, Manager – Development Finance
Subject: Briefing Memo – Brembo North America, Inc.
Amendment to Standard MEGA Credit (433)

COMPANY NAME

Brembo North America, Inc.
47765 Halyard Drive
Plymouth, Michigan 48170

BACKGROUND

Brembo North America, Inc. (“Brembo”) is a subsidiary of Brembo, S.p.A. is a world leader in the engineering, development, and production of high-performance braking systems and components for original equipment, aftermarket, motorcycle, racing, and high-performance vehicles. Brembo has a worldwide portfolio of customers, and also supplies the brake systems for most of the world’s formula I, NASCAR, and MotoGP teams.

On June 17, 2008, the Michigan Economic Growth Authority (MEGA) approved a Standard and Retention MEGA tax credit for Brembo North America, Inc. The standard credit was approved as a ten year 100% employment tax credit for up to 218 new jobs. The Retention MEGA tax credit was 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’s locations in Plymouth Township and Albion Township are included in this credit.

Project Description

Brembo North America, Inc. is proposing to expand its brake disk and drum manufacturing operation in Albion Township as a result of new business contracts. The company plans to add 60,000 in manufacturing space, 10,000 in office space, and 30,000 in warehouse space. This will result in a 50% increase from the current size of the building. This project will also result in increased technical personnel at the company’s Plymouth Township, Michigan Technical Center. Overall this project is expected to result in the creation of 112 new jobs and \$33.2 million in additional capital investment.

As a result of this project the company is requesting an increase in the maximum allowance for the new jobs on their Standard MEGA tax credit from 218 to 318. No changes are requested on the company’s Retention MEGA tax credit.

OTHER STATE AND LOCAL ASSISTANCE

No additional local support is required as a part of this project. However, it is expected that Albion Township will support this project with a tax abatement under PA 198 of 1974.

STATUS OF PROJECT

The MEGA tax credit began with the company's tax year ending December 31, 2010. As of today, the company has been awarded its tax credit certificate for 2010 and 2011.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends the following amendments to the 100% Standard MEGA tax credit, for 10 years: (433)

- Increase the maximum Qualified New Jobs by 100, allowing for up to 318 Qualified New Jobs for the tax years 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.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**Brembo North America, Inc.
Standard and Retention Credit (Amendment #4)**

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 (“Tax Credit”);

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 2008-57 on June 17, 2008, authorizing a Tax Credit in connection with Qualified New Jobs and Qualified Retained Jobs to Brembo North America Homer, Inc. to retain jobs and make investment at its facilities for the production of various components for aftermarket vehicles in Albion Township, Calhoun County and in the City of Novi, Oakland County (the “Project”);

WHEREAS, by Resolution 2010-012, the MEGA Board transferred the Tax Credit to Brembo North America, Inc. (the “Company”);

WHEREAS, as a result of an expansion to the Project, the Company wishes to increase the Standard Tax Credit authorized for Qualified New Jobs from 218 to 318 for the Company’s tax years ending December 31, 2015 through December 31, 2019; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MEGA, and recommends approval of the Amendment to the Standard Tax Credit by the MSF Board, provided that the administrative fee is increased by \$5,175 which shall be paid by Company by December 31, 2015.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes increasing the maximum Qualified New Jobs from 218 to 318 for the Company’s tax years ending December 31, 2015 through December 31, 2019, provided that the administrative fee is increased by \$5,175 which shall be paid by Company by December 31, 2015; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2008-57, as amended, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012



MEMORANDUM

Date: September 27, 2012

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

From: Joshua Hundt, Manager – Development Finance

Subject: Briefing Memo – General Motors LLC and GM Subsystems Manufacturing LLC
Amendment to Global Retention MEGA (595)
Amendment to Plug-In Electric Vehicle Engineering Credit
Amendment to Plug-In Battery Pack Credit

COMPANY NAME

General Motors LLC and GM Subsystems Manufacturing LLC
300 Renaissance Center
Detroit, Michigan 48265

BACKGROUND

General Motors Corporation was founded in 1908, and manufactures and markets automobiles, automotive systems, engines, heavy duty automatic transmissions, component parts and locomotives worldwide. In 2009, the former General Motors Corporation filed bankruptcy, resulting in the reorganization of its North American operations. Under a court approved transaction General Motors Corporation transferred substantially all of its operating assets to General Motors Company and its operating company General Motors, LLC.

On June 25, 2009, the Michigan Economic Growth Authority (MEGA) approved a Global Retention MEGA tax credit that included all existing Retention credits, as well as the opportunity to keep the Orion facility in Michigan. At that time, the project encompassed 17 facilities. That credit was later amended to include GM’s headquarters at the Detroit Renaissance Center, with certain provisions included.

On October 26, 2010 the MEGA approved amendments to the Global Retention MEGA tax credit to support the proposed addition of Hybrid Electric Vehicle battery and vehicle engineering and development operation at the existing battery development center located at the Warren Tech Center.

Project Description

Since the amendment to the MEGA Credit in 2010 General Motors, LLC has continued to grow in Michigan. General Motors is considering further investment in Michigan that may result in the creation of 2,000 additional jobs in the state of Michigan and up to \$300 million in additional new investment by the company. These figures are in excess of the 30,000 jobs currently being retained and up to \$2.5 billion in investment in Michigan as a result of the credit.

One of the potential projects at this time is a new IT Development Center to be located at the GM Technical Center in Warren. It is anticipated that this project could result in the creation of 1,500 additional jobs.

General Motors, LLC's recent and proposed growth is causing the company to near the 30,000 cap 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 tax credit from 30,000 to 33,000. 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 Plug-In Battery Pack Credit to simplify, clarify, and enhance the credit agreements.

OTHER STATE AND LOCAL ASSISTANCE

No additional local support is required for this amendment. The original local support offered by Orion Township was a requirement for the activation of the Global Solutions MEGA tax credit.

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 up to 100% Global Retention MEGA tax credit, for 20 years (595):

- Increase the maximum retained jobs by 3,000, allowing for up to 33,000 retained jobs to be covered under this tax credit;
- Amend the agreement to require, for reporting purposes, annual submission of employment information, instead of quarterly submission of employment information;
- Amend the maximum credit for the Detroit Renaissance Center from \$75 million to \$125 million over the life of the credit;
- Amend the agreement to remove the exception for the Battery Research and Testing Lab and the Manufacturing Validation Center at the GM Technical Center in Warren, and allow for the inclusion of up to 5,000 retained jobs at the GM Technical Center in Warren;
- Amend the repayment provision for relocation to 100% repayment for a relocation that occurs on or before the end of the fourth year of the credit and a rolling 50% repayment of the three previous years of the credit for a relocation that occurs after the fourth year and within 24 months after the end of the twentieth year of the credit;
- Set the effective date of these amendments as January 1, 2011.

Based on the factors described above, the Michigan Economic Development Corporation recommends the following amendment to the Plug-In Electric Vehicle Engineering Credit:

- 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.

Based on the factors described above, the Michigan Economic Development Corporation recommends the following amendment to GM Subsystems Manufacturing LLC's Plug-In Battery Pack Credit:

- 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.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**General Motors LLC
Global Retention Credit (Amendment #4)**

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 (“Tax Credit”);

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 2009-116 on June 25, 2009, authorizing a Tax Credit in connection with Retained Jobs to General Motors Corporation for a 100 percent credit for a period of twenty years, beginning no later than the Company’s tax year ending December 31, 2011;

WHEREAS, by Resolution 2009-201, the MEGA Board transferred the Tax Credit to General Motors LLC (the “Company”);

WHEREAS, by Resolution 2010-178, the MEGA Board amended the project sites to allow for any facility in Michigan, except for GM Technical Center, however allowing the Battery Lab and the Manufacturing Validation Center within the GM Technical Center; increased the required number of employees, including GM full-time employees, shared services and contract employees, located at the Detroit Renaissance Center from 2,000 to 4,000 employees; and increased the maximum credit allowed for the Detroit Renaissance Center portion of the credit to \$75,000,000;

WHEREAS, as a result of recent and proposed growth, the Company wishes to increase the Retention Tax Credit authorized for Retained Jobs from 30,000 to 33,000; amend the agreement to require, for reporting purposes, annual submission of employment information, instead of quarterly submission of employment information; amend the maximum credit for the Detroit Renaissance Center from \$75 million to \$125 million over the life of the credit; amend the agreement to remove the exception for the Battery Research and Testing Lab and the Manufacturing Validation Center at the GM Technical Center in Warren, and allow for the inclusion of up to 5,000 retained jobs at the GM Technical Center in Warren; and amend the repayment provision for relocation to 100% repayment for a relocation that occurs on or before the end of the fourth year of the credit and a rolling 50% repayment of the three previous years of the credit for a relocation that occurs after the fourth year and within 24 months after the end of the twentieth year of the credit; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MEGA, 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, 2011, authorizes increasing the Retention Tax Credit authorized for Retained Jobs from 30,000 to 33,000; amends the agreement to require, for reporting purposes, annual submission of employment information, instead of quarterly submission of employment information; amends the maximum credit for the Detroit Renaissance Center from \$75 million to \$125 million over the life of the credit; amends the agreement to remove the exception for the Battery Research and Testing Lab and the Manufacturing Validation Center at the GM Technical Center in Warren, and allow for the inclusion of up to 5,000 retained jobs at the GM Technical Center in Warren; and amends the repayment provision for relocation to 100% repayment for a relocation that occurs on or before the end of the fourth year of the credit and a rolling 50% repayment of the three previous years of the credit for a relocation that occurs after the fourth year and within 24 months after the end of the twentieth year of the credit; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-116, as amended, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**General Motors LLC
Plug-In Electric Vehicle Engineering 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 (“Tax Credit”);

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 2009-036 on February 17, 2009, authorizing a Tax Credit to General Motors LLC (the “Company”) in connection with qualified expenses incurred for vehicle engineering in Michigan to support battery integration, prototyping, and launch expenses;

WHEREAS, the repayment provision of the Tax Credit agreement provides 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;

WHEREAS, the Company wishes to amend the repayment provision of the Tax Credit agreement by removing the 50% repayment provision for the second 36 months; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes an amendment to the Tax Credit agreement by removing the 50% repayment provision for the second 36 months; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-036 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**GM Subsystems Manufacturing LLC
Plug-In Battery Pack 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 (“Tax Credit”);

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 2009-37 on February 17, 2009, authorizing a Tax Credit to General Motors Corporation in connection with manufacturing plug-in traction batteries;

WHEREAS, by Resolution 2009-074, the MEGA transferred the Tax Credit to GM Subsystems Manufacturing LLC (“Company”);

WHEREAS, the repayment provision of the Tax Credit agreement provides 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;

WHEREAS, the Company wishes to amend the repayment provision of the Tax Credit agreement by removing the 50% repayment provision for the second 36 months; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes an amendment to the Tax Credit agreement by removing the 50% repayment provision for the second 36 months; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2009-037 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012



MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund

From: Dan Wells, MEDC – Community Revitalization Specialist

Subject: Large Brownfield SBT Credit Amendment #2 Request
Steelcase Campus Project
Grand Rapids, Michigan

APPLICANT

Ashley Grand Rapids, LLC
2585 South Haggerty Road
Suite 500
Canton, Michigan 48188

Contact: Susan Harvey, Agent

	<u>Approved</u>	<u>Proposed</u>
Project Eligible Investment:	\$54,253,681	\$50,279,647
Requested Credit Amount:	\$5,425,368	\$5,027,965
Requested Credit Percentage:	10%	10%

PROJECT DESCRIPTION

The MEGA Board approved a Large Brownfield SBT credit for the Ashley Grand Rapids, LLC Steelcase Campus Redevelopment project in Grand Rapids on May 15, 2007. At that time, the project consisted of eligible investments up to \$54,253,681 for a credit not to exceed \$5,425,368. The original project was approved in 12 phases, allowing the redevelopment to occur over several years. The redevelopment consists of 206.4 acres and 4.7 million square feet of obsolete industrial and support buildings formerly owned by Steelcase in the City of Grand Rapids.

On May 19, 2009 Ashley Grand Rapids, LLC requested that the 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. The overall investment and redevelopment goals of the project did not change. The amendment maintained 12 phases and allowed changes in what investments would occur in each phase. In addition, the amendment added four Qualified Taxpayers.

This second amendment request is to reduce the scope of phases 2 and 8. Phase 2 is the renovation of the Distribution Center, Distribution Center Office and Counseling Center. Renovations on the buildings that have been completed include all major lighting, electrical, mechanical, plumbing and architectural upgrades. Originally, costs that were anticipated to be needed for reuse included roof replacement and major fire protection upgrades, but these have been determined to be unnecessary for the current market. The previously approved eligible investment amount of \$3,972,440 is requested to be lowered to \$1,609,380. Phase 8 is complete and includes new commercial construction of a 20,000 storage facility. Previous plans for the phase had included construction of 20,000 square feet of retail/commercial use.

The previously approved eligible investment amount of \$1,864,342 is requested to be lowered to \$771,719.

In addition, phase 1 of the project has been completed and a Certificate of Completion issued. A Certificate of Completion request will be submitted for phases 2 and 8 after MSF Board consideration, if approved.

The project is a multi-phase project and will be completed in twelve (12) phases as described on the attached table.

TOTAL COST OF ELIGIBLE INVESTMENTS

New Construction	24,241,674
Building Renovation	<u>26,037,973</u>
TOTAL	\$ 50,279,647

RECOMMENDATION

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

Table A
Total Eligible Investments

									Complete phases are shaded.
Phase	Area	Building #	Projected Completion	Certificate of Completion Issued	Restoration, Alteration, Renovation and Improvements	New Construction	Total Eligible Investments	MBT Credit	Qualified Taxpayer
I	Carton	7	2009	Complete 2009	\$ 1,394,679.00		\$ 1,394,679.00	\$ 139,468	BAH Holdings, LLC
I	Systems 1	16	2009	Complete 2009	\$ 3,333,367.00		\$ 3,333,367.00	\$ 333,337	Minnetriska Investments, LLC
I	Truck Garage	13	2009	Complete 2009	\$ 1,168,348.00		\$ 1,168,348.00	\$ 116,835	Dean Investment Properties, LLC
I	Chair	11	2009	Complete 2009	\$ 2,562,125.00		\$ 2,562,125.00	\$ 256,213	Amstore, Inc.
I	Campus		2009	Complete 2009	\$ 138,764.00		\$ 138,764.00	\$ 13,876	Ashley Grand Rapids, LLC
	Total Phase I						\$ 8,597,283.00	\$ 859,728	
II	Distribution Center	3	2012	Complete 2012	\$ 1,326,857.40		\$ 1,326,857.40	\$ 132,686	Ashley Grand Rapids, LLC
II	Distribution Office	4	2012	Complete 2012	\$ 184,766.71		\$ 184,766.71	\$ 18,477	Ashley Grand Rapids, LLC
II	Counseling Center	2	2012	Complete 2012	\$ 97,756.29		\$ 97,756.29	\$ 9,776	Ashley Grand Rapids, LLC
	Total Phase II						\$ 1,609,380.40	\$ 160,938	
III	Employee Sales	1	2013		\$ 148,384.00		\$ 148,384.00	\$ 14,838	Ashley Grand Rapids, LLC
III	Fabric	12	2013		\$ 969,653.00		\$ 969,653.00	\$ 96,965	Ashley Grand Rapids, LLC
	Total Phase III						\$ 1,118,037.00	\$ 111,804	
IV	Fixture & Machine	14	2014		\$ 542,285.00		\$ 542,285.00	\$ 54,229	Ashley Grand Rapids, LLC
	Total Phase IV						\$ 542,285.00	\$ 54,229	
V	44th St. Lot A		2014			\$ 5,650,746.00	\$ 5,650,746.00	\$ 565,075	Ashley Grand Rapids, LLC
	Total Phase V						\$ 5,650,746.00	\$ 565,075	
VI	44th St. Lot B		2014			\$ 3,650,745.00	\$ 3,650,745.00	\$ 365,075	Ashley Grand Rapids, LLC
	Total Phase VI						\$ 3,650,745.00	\$ 365,075	
VII	44th St. Lot C		2014			\$ 3,855,952.00	\$ 3,855,952.00	\$ 385,595	Ashley Grand Rapids, LLC
VII	Truck Option Land		2015			\$ 605,003.00	\$ 605,003.00	\$ 60,500	Ashley Grand Rapids, LLC
	Total Phase VII						\$ 4,460,955.00	\$ 446,096	
VIII	Eastern Ave Lot B		2012	Complete 2012		\$ 771,719.48	\$ 771,719.48	\$ 77,172	Ashley Grand Rapids, LLC
	Total Phase VIII						\$ 771,719.48	\$ 77,172	
IX	Eastern Ave Lot C		2016			\$ 1,464,342.00	\$ 1,464,342.00	\$ 146,434	Ashley Grand Rapids, LLC
	Total Phase IX						\$ 1,464,342.00	\$ 146,434	
X	Credit Union	10	2016		\$ 157,500.00		\$ 157,500.00	\$ 15,750	Ashley Grand Rapids, LLC
X	Central Medical	9	2016		\$ 171,171.00		\$ 171,171.00	\$ 17,117	Ashley Grand Rapids, LLC
X	Protection Services	18	2016		\$ 157,057.00		\$ 157,057.00	\$ 15,706	Ashley Grand Rapids, LLC
X	Eastern Ave Lot A		2016			\$ 1,864,342.00	\$ 1,864,342.00	\$ 186,434	Ashley Grand Rapids, LLC
	Total Phase X						\$ 2,350,070.00	\$ 235,007	
XI	Corporate Services	6	2017		\$ 1,504,979.00		\$ 1,504,979.00	\$ 150,498	Ashley Grand Rapids, LLC
XI	Desk	5	2017		\$ 7,222,024.00		\$ 7,222,024.00	\$ 722,202	Ashley Grand Rapids, LLC
XI	Desk Staging Area Lot A		2017			\$ 1,989,433.00	\$ 1,989,433.00	\$ 198,943	Ashley Grand Rapids, LLC
XI	Desk Staging Area Lot B		2017			\$ 1,989,433.00	\$ 1,989,433.00	\$ 198,943	Ashley Grand Rapids, LLC
	Total Phase XI						\$ 12,705,869.00	\$ 1,270,587	
XII	40th St. Vacant Lot		2018			\$ 625,000.00	\$ 625,000.00	\$ 62,500	Ashley Grand Rapids, LLC
XII	Energy Center Vacant Lot		2018			\$ 175,000.00	\$ 175,000.00	\$ 17,500	Ashley Grand Rapids, LLC
	Total Phase XII						\$ 800,000.00	\$ 80,000	
	Total above				\$ 21,079,716.40	\$ 22,641,715.48	\$ 43,721,431.88	\$ 4,372,143	
	Contingency				\$ 3,161,957.46	\$ 3,396,257.32	\$ 6,558,214.78	\$ 655,821	
	Total with contingency				\$ 24,241,673.86	\$ 26,037,972.80	\$ 50,279,646.66	\$ 5,027,965	

MICHIGAN STRATEGIC FUND

Resolution 2012-

**Ashley Grand Rapids, LLC (Steelcase Campus Project)
Brownfield Redevelopment MBT Credit – Amendment #2
City of Grand Rapids**

At the meeting of the Michigan Strategic Fund (“MSF”) held on September 26, 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 2007-44 on May 15, 2007, as amended, the MEGA Board awarded a Brownfield MBT Tax Credit to Ashley Grand Rapids, LLC (the “Applicant”) to make eligible investment up to \$54,253,681 at an eligible property in the City of Grand Rapids (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 reducing the scope of the Project in phases two and eight, reducing the total eligible investment from \$54,253,681 to \$50,279,647 and reducing the maximum authorized credit from \$5,425,368 to \$5,027,965; 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 reducing the total eligible investment from \$54,253,681 to \$50,279,647 and reducing the maximum authorized credit from \$5,425,368 to \$5,027,965; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2007-44, as amended, are reaffirmed and the MSF authorizes the staff to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MEMORANDUM

Date: September 27, 2012
To: Michigan Strategic Fund
From: Dan Wells, MEDC – Community Development Program Specialist
Subject: Large Brownfield MBT Credit Amendment #2 Approval
The Globe Trading Building Project
City of Detroit, County of Wayne

APPLICANT

Globe Development, LLC
535 Griswold
Suite 2650
Detroit, Michigan 48226

Contact: James VanDyke, Member

Project Eligible Investment: \$10,000,001
Requested Credit Amount: \$2,000,000
Requested Credit Percentage: 20%

PROJECT DESCRIPTION

This project will redevelop the former Globe Trading building on approximately 1.35 acres which is located at 1801-1803 Atwater Street in Detroit.

The project was initially approved December 20, 2007 to be developed as a mixed use residential, retail and commercial space. Eligible Investment was \$15,880,000 with a 10% credit of \$1,588,000. The project was amended on February 25, 2009 to convert the project to a 20% Brownfield MBT Urban Development Area Project with eligible investment of \$10,000,001 and a credit of \$2,000,000, as well as add a year to complete the project. The previous developer subsequently lost control of the property in the market downturn.

This amendment 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 of approximately 10,960 square feet to create a mixed use office, commercial and retail destination. The end use of the property includes a Michigan Department of Natural Resources welcome center, a year round Milliken State Park interactive and display center, classroom and commercial/retail space (please refer to Attachment A). The new developer also requests a two year time extension to complete the project by December 20, 2015.

Approximately 7 permanent full-time jobs are anticipated to be created by the commercial and retail portions of the project at an average annual salary of \$67,000. The total capital investment will be approximately \$12.8 million.

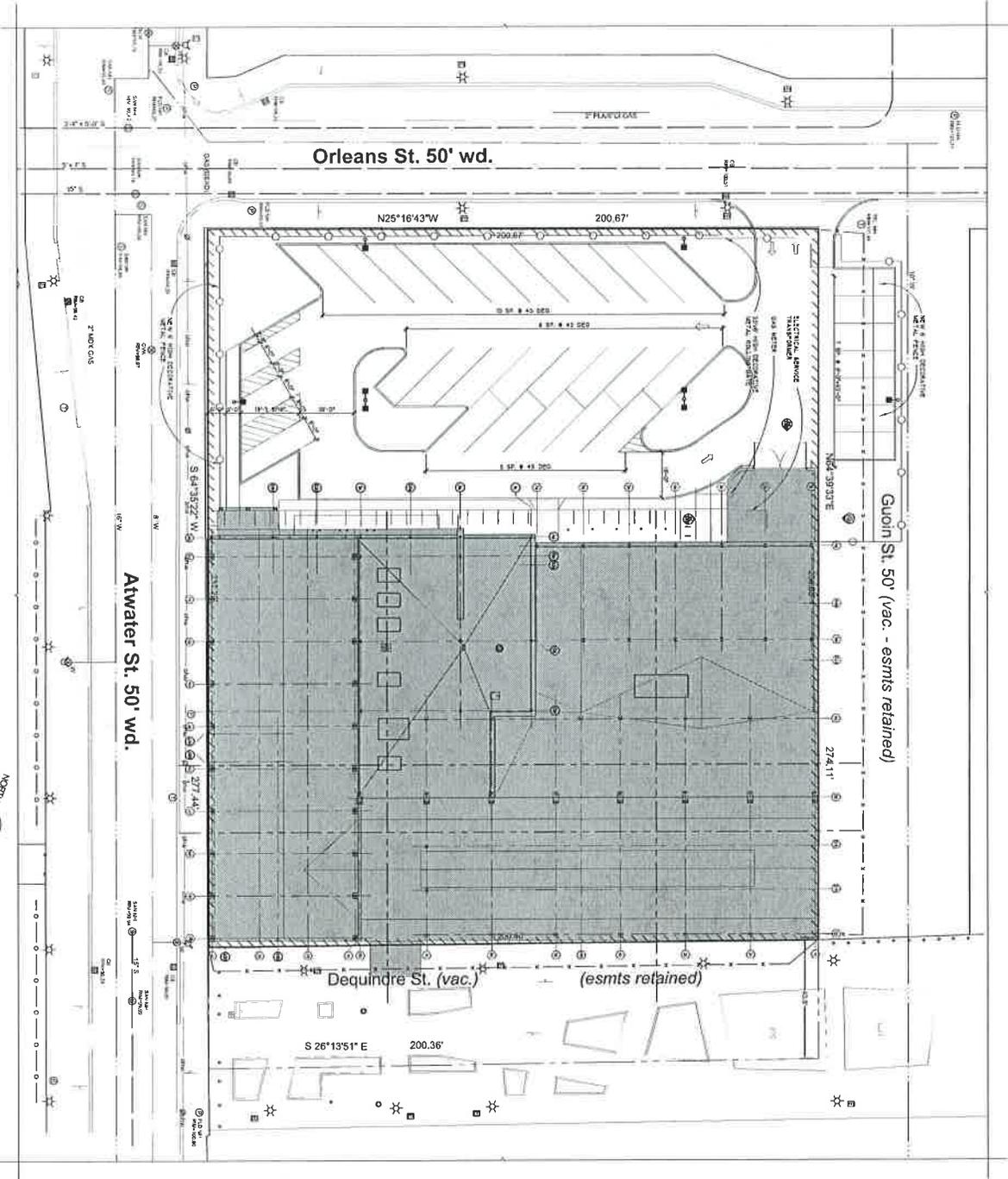
ELIGIBLE INVESTMENT BREAKDOWN

Demolition	\$ 701,001
Site Improvements	870,000
New Construction	2,924,450
Building Renovation	4,828,650
Addition of Machinery & Equipment	+ 675,900
TOTAL	\$ 10,000,001

RECOMMENDATION

The MEDC 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.

Attachment A



ARCHITECTURAL SITE PLAN

NOT FOR CONSTRUCTION

PROJECT NUMBER: 12-326

PROJECT TITLE: ARCHITECTURAL SITE PLAN

SHEET NUMBER: A-050

Michigan Department of Natural Resources
WILLIAM MILLIKEN STATE PARK
 Education & Adventure Center
 1881 Kalamazoo Avenue, Eastport, MI

HOBBS + BLACK
 ARCHITECTS

100 N. State St.
 Ann Arbor, MI 48104
 P 734.663.4189

www.hobbs-black.com

DATE: 03.10.12

DRAWN BY: [Name]

CHECKED BY: [Name]

MICHIGAN STRATEGIC FUND

Resolution 2012-

**Urban Development Co., LLC (The Globe Trading Building Project)
Brownfield Redevelopment MBT Credit – Amendment #2
City of Detroit**

At the meeting of the Michigan Strategic Fund (“MSF”) held on September 26, 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 2007-108 on December 18, 2007, as amended, the MEGA Board awarded a Brownfield MBT Tax Credit to Urban Development Co., LLC (the “Applicant”) to make eligible investment up to \$15,880,000 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, Globe Development, LLC; changing to include renovation of approximately 32,632 square feet of the existing building and new construction of approximately 10,960 square feet to create mixed-use space; and extending the Project completion date by two 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 provided that the Applicant provide the MSF a signed construction contract related to the Project by January 27, 2013.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by adding an additional Qualified Taxpayer, Globe Development, LLC; changing to include renovation of approximately 32,632 square feet of the existing building and new construction of approximately 10,960 square feet to create mixed-use space; and extending the Project completion date by two additional years, provided that the Applicant provide the MSF a fully signed construction contract for the demolition, new construction, and restoration related to the Project by January 27, 2013; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2007-108, as amended, are reaffirmed and the MSF authorizes the staff to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund

From: Lisa Pung, MEDC – Community Assistance Team Specialist
Mary Kramer, MEDC – Brownfield Program Specialist

Subject: Act 381 Work Plan Approval
Washtenaw County Brownfield Redevelopment Authority
618 South Main, LLC Project
City of Ann Arbor, County of Washtenaw

APPLICANT

Washtenaw County Brownfield Redevelopment Authority

Contact: Nathan Voght, Washtenaw County Economic Development Specialist

ACT 381 WORK PLAN REQUEST

The Washtenaw County 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 \$2,887,923.

PROJECT DESCRIPTION

This project will redevelop a contaminated property into a six to seven story residential building that will be specifically targeted to young professionals. Currently, there is very limited rental housing for young professionals in the city of Ann Arbor and even less in the proximity of downtown.

The 150-170 units will be comprised of loft-style apartments, some studios, 1-bedroom & 2-bedroom and many units will have balconies or porches. The building will be constructed with various green elements such as low flow fixtures, heat recapture, high efficiency lighting, solar panels, and incorporate the reuse of rainwater on the site. This new development is on approximately one acre of property located at 606 and 618 South Main Street just beyond the core downtown. Parking will include a 120 unit underground parking structure.

The eligible property includes the site of the former Fox Tent and Awning building currently owned by David and Becky Fox and a contiguous site owned by Ivory Photo, Inc. Both properties are under a purchase agreement by 618 South Main, LLC.

Project activities will include demolition, abatement of lead and asbestos, and site preparation. Public infrastructure including streetscape, street furniture, sidewalks, lighting and watermain improvements will also be constructed. Interest has been approved for the project at a rate equivalent to the HUD 221(d)4 rate that the developer will receive but not more than four percent (4%).

Approximately six permanent full-time jobs and eight part-time jobs are anticipated to be created by the project. Wages are estimated to be between \$8 and \$17 per hour. The estimated private sector contribution will be approximately \$32.9 million.

QUALIFYING CRITERIA

The project is located within the boundaries of the City of Ann Arbor, which is a Qualified Local Governmental Unit, and 618 South Main has been deemed a facility as verified by the Michigan Department of Environmental Quality (MDEQ). The 606 South Main property is eligible because it is adjacent and contiguous to 618 South Main. The properties are the subject of a Brownfield Plan, duly approved by the County of Washtenaw on August 1, 2012 and concurred with by the City of Ann Arbor on June 18, 2012.

KEY STATUTORY CRITERIA

a) Overall Benefit to the Public:

The Project will act as a catalyst for South Main Street and create a new gateway for the southern end of the City. The Project will significantly improve an area of the City that has not seen any comparable level of investment in years while providing new housing options for the City's growing high-tech and young professional base.

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

This project is expected to create approximately six new, full-time jobs and eight part-time jobs.

c) Area of High Unemployment:

The City of Ann Arbor's unadjusted unemployment rate was 7.2% in July 2012.

d) Level and Extent of Contamination Alleviated:

Soil samples from the property reveal several volatile organic compounds (VOCs) and polynuclear aromatic hydrocarbons (PNAs) in concentrations that exceed the MDEQ's Generic Residential Cleanup Criteria. Contaminated soil will be excavated and properly disposed of and clean, engineered fill will replace the excavated soil.

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

This project is not qualifying as Functionally Obsolete or Blighted.

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

No alternative Greenfield site was considered for the project.

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

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

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

i) Other Factors Considered:

No additional factors need to be considered for this project.

OTHER STATE AND LOCAL ASSISTANCE

The City of Ann Arbor Downtown Development Authority approved a DDA Grant (TIF based) in the amount of \$650,000 for certain infrastructure improvements. Brownfield tax increment financing was approved for local only reimbursement for footing drain disconnects in the amount of \$458,850. The project is also seeking support through the Michigan Community Revitalization Program (MCRP).

Negotiations for the MCRP deal are currently underway, but a recommendation may be brought to the MSF board for review at a future meeting. However, due to stipulations contained in the purchase agreement of property related to support of brownfield TIF activities, the Act 381 Work Plan request is being brought to the Board at this time.

TAX CAPTURE BREAKDOWN

There are 56.3103 non-homestead mills available for capture, with school millage equaling 24 mills (42.62%) and local millage equaling 32.3103 mills (57.38%). Currently, only 50 percent of the state tax capture is available because the Smart Zone is capturing 50 percent of the State Education Tax and the School Operating Tax through 2018. In addition, the project is located in the Downtown Development Authority (DDA), which captures all millages except the ISD, CVT and school millage. The DDA has agreed to allow the BRA to capture all inflationary increases that the DDA doesn't capture. The requested tax capture for MEGA eligible activities breaks down as follows:

School tax capture	\$2,208,130
Local tax capture	<u>\$ 679,793</u>
TOTAL	\$2,887,923

COST OF MEGA ELIGIBLE ACTIVITIES

Demolition	\$ 175,000
Lead or Asbestos Abatement	70,000
Infrastructure Improvements	308,356
Site Preparation	<u>+1,419,484</u>
Sub-Total	\$1,972,840
Contingency (15%)	<u>+ 295,926</u>
Sub-Total	\$2,268,766
Interest (4%)	<u>+ 607,657</u>
Sub-Total	\$2,876,423
Brownfield/Work Plan Preparation	10,000
Review Cost	<u>+ 1,500</u>
TOTAL	\$2,887,923

RECOMMENDATION

The MEDC recommends approval of local and school tax capture for the MEGA eligible activities totaling \$2,887,923 described above. Based on the current capture ratio and incorporating the current capture for the Smart Zone and the Downtown Development Authority, the amount of school tax capture for this project is estimated at \$2,208,130. 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 (4%).

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**County of Washtenaw Brownfield Redevelopment Authority
618 South Main, LLC Project
City of Ann Arbor**

At the meeting of the Michigan Strategic Fund (“MSF”) held on September 27, 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 County of Washtenaw Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 618 South Main Street within the City of Ann Arbor, known as 618 South Main, LLC Project (the “Project”);

WHEREAS, the City of Ann Arbor 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 ratio currently existing between school and local taxes for non-homestead properties,

incorporating the current capture for the Smart Zone and the Downtown Development Authority, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated September 11, 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 \$2,268,766 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$607,657 in interest, and a maximum of \$11,500 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 \$2,208,130.

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 County of Washtenaw, 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, equivalent to the HUD 221(d)4 rate but not more than four percent (4%) up to a maximum of \$607,657 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012



MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund Board Members

From: Karla Campbell, Fund Manager
Michigan Strategic Fund

Subject: City of Detroit Renaissance Zone
Detroit, Wayne County
Request for Transfer of Real Property
Ford Motor Land Development (Property Owner)
The James Group International

COMPANY BACKGROUND

James Group International (James Group) has been in the Southwest Delray Renaissance Zone since 1997. The property is owned by Ford Motor Land Development (Ford) and the majority of automotive work has come from Ford Motor Company contracts.

PROJECT DESCRIPTION AND BACKGROUND

In December of 2010, the MSF approved an extension of time for nine additional years with the company making an additional investment of \$2 million in leasehold improvements, new machinery and equipment, furniture and fixtures and computer equipment at the project site no later than December 31, 2015. Another milestone of the agreement is the James Group must create 108 jobs by December 31, 2015.

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.

At this time, 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 transfer of the real property from Ford Motor Land Development to effective immediately. All other provisions of the previous resolution and agreement remain in effect.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**AMENDMENT TO RESOLUTION GRANTING TRANSFER OF
EXISTING RENAISSANCE ZONE**

WHEREAS, in December of 2010, by Resolution 2010-270 the MSF approved the City of Detroit's application, as filed with the Michigan Economic Development Corporation ("MEDC"), for a time extension for a project by Renaissance Global Logistics LLC and for property parcel number 14000036-8, (the "Property") owned by Ford Motor Land Development (Ford Land);

WHEREAS, Ford Land would like to sell the real Property to JLK Real Estate Holdings, LLC on behalf of Renaissance Global Logistics LLC and transfer all of its rights, duties, obligations, terms, conditions, commitments and responsibilities under the development agreement and pursuant to the development agreement the MSF must consent to this transfer. Renaissance Global Logistics LLC agrees to assume all of the rights, duties, obligations, terms, conditions, commitments and responsibilities previously agreed to by both parties included in the original development agreement; and

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program and recommends that the MSF amend Resolution 201-270 to consent to and allow the transfer of the Property and all of Ford Land's rights, duties, obligations, terms, conditions, commitments and responsibilities under the development agreement to Renaissance Global Logistics LLC, subject to the following condition:

That an Assignment and Assumption Agreement regarding the development agreement be entered into between JLK Real Estate Holdings, LLC , Renaissance Global Logistics LLC and the MSF on or before December 31, 2012.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends Resolution 2010-270 to consent to and allow the transfer of the Property and all of Ford Land's rights, duties, obligations, terms, conditions, commitments and responsibilities there under to West Fort Street Properties LLC, subject to the following condition:

That an Assignment and Assumption Agreement regarding the development agreement be entered into between JLK Real Estate Holdings, LLC , Renaissance Global Logistics LLC and the MSF on or before December 31, 2012.

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

BE IT FURTHER RESOLVED, that, except as provided in this Resolution, the terms of Resolution 2010-270 shall remain unchanged and in full effect.

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012



MEMORANDUM

Date: September 27, 2012
To: Michigan Strategic Fund Board Members
From: Beth Weickel, Renaissance Zone Analyst
Karla Campbell, MSF Fund Manager

Subject: Existing Tool & Die Recovery Zone
Extend Duration of Existing Zone
Company: Mach Mold, Inc.
Local Unit: Benton Charter Township, Berrien County
Collaborative: Berrien Tooling Coalition

COMPANY BACKGROUND

Mach Mold, Inc. was designated with the Berrien Tooling Coalition as a Recovery Zone by the Michigan Strategic Fund (MSF) on September 30, 2009, effective January 1, 2010. At that time, Mach Mold, Inc. obtained a resolution from Benton Charter Township approving a five year designation with an expiration date of December 31, 2014.

Established in 1981, Mach Mold, Inc. is a custom builder of plastic molds which includes thermoplastic, injection, thermoset, compression, and blow molds. In 2011, they have received numerous awards of excellence in their field. Since designation, the company has grown from 29 full-time employees to 39 full-time employees and invested approximately \$965,809 in new machinery and equipment, upgrading of existing equipment, land and building improvements, new computers, and employee training.

TIME EXTENSION REQUEST

The Michigan Economic Development Corporation (MEDC) 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.

The Tool and Die Recovery Zone has enabled Mach Mold, Inc. to commit to additional investment and job growth. The company has future plans on investing \$282,700 in new machinery and equipment and creating 8 to 10 new full-time positions.

Under MCL 125.2688d(1), Renaissance Zone Act, the MSF may extend the duration of Recovery Zone status for one 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.

RECOMMENDATION

The MEDC 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.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

TIME EXTENSION FOR AN EXISTING TOOL & DIE RECOVERY ZONE: Mach Mold, 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 or qualified local governmental units for a Recovery Zone;

WHEREAS, on December 1, 2005, the MSF Board designated a Recovery Zone for the Berrien Tooling Coalition (the “Collaborative”), effective January 1, 2006;

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 Mach Mold, Inc. (the “Company”), a qualified tool and die business under the Act, located at 360 Urbandale Avenue, Benton Harbor, Michigan, on parcel #11-03-0800-0004-02-2 (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, 2019 (the “Application”);

WHEREAS, by resolution, Benton Charter 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, 2019; 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, with a new expiration date of December 31, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves a time extension for Mach Mold, 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, 2019 for the Property located at 360 Urbandale Avenue, Benton Harbor, Michigan on parcel #11-03-0800-0004-02-2; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and, thereafter, annually each January 31 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
September 27, 2012

MEMORANDUM

Date: September 27, 2012

To: Michigan Strategic Fund Board Members

From: Beth Weickel, Renaissance Zone Analyst
Karla Campbell, MSF Fund Manager

Subject: Existing Tool & Die Recovery Zone
Amending Recovery Zone - Adding New Contiguous Property
Company: Mac – Mold Base, Inc.
Local Unit: Village of Romeo, Macomb County
Collaborative: Eastern Michigan Tool & Die

COMPANY BACKGROUND

Mac – Mold Base, Inc., as a member of the Eastern Michigan Tool & Die, was designated a Recovery Zone by the Michigan Strategic Fund Board (MSF) on December 21, 2005, effective January 1, 2006. The companies in the Eastern Michigan Tool & Die were approved for various years. At that time, Mac – Mold Base, Inc. obtained a resolution from the Village of Romeo (“Village”) approving a ten year designation with an expiration date of December 31, 2015.

Established in 1990 and occupying three modern facilities, Mac-Mold Base, Inc. specializes in the manufacturing of small to large custom mold bases for the plastic injection, die cast, special machine tools, complete compression tooling builds, weldments and fabricating industries used in consumer, electronics and automotive products.

RECOVERY ZONE AMENDMENT REQUEST

The Tool & Die Recovery Zone has enabled Mac – Mold Base, Inc. to commit to additional investment and job growth. The company has invested approximately \$1,589,911 in updating equipment and machinery to increase production and efficiency since the designation of the Recovery Zone as of 2012. Mac – Mold Base, Inc. employs 30 full-time employees and plans on investing an additional \$1,000,000 through 2015 which is anticipated to result in three new full-time jobs.

Staff has received a new resolution passed by the Village supporting an MSF approved amendment of the original Recovery Zone to include an additional contiguous parcel for the remaining four years. Under MCL 125.2688d(7), Renaissance Zone Act, 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

The MEDC recommends an amendment of the existing Recovery Zone and 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.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

EXISTING COMPANY ADDING PROPERTY TO AN EXISTING TOOL & DIE RENAISSANCE RECOVERY ZONE (“RECOVERY ZONE”): Mac – Mold Base, 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 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 or qualified local governmental units for a Recovery Zone;

WHEREAS, on December 21, 2005, the MSF Board designated a Recovery Zone for the Eastern Michigan Tool & Die Collaborative (the “Collaborative”), effective January 1, 2006;

WHEREAS, the Recovery Zone includes Mac – Mold Base, Inc. (the “Company”) located at 14911 32 Mile Road on parcel #01-36-400-031 and 14921 32 Mile Road on parcel #28-04-01-200-035 (collectively, the “Property”);

WHEREAS, Section 8d(7) of the Act permits the MSF to 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 of Romeo (the “Village”) has consented to the modification;

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 add contiguous property located at 14931 32 Mile Road on parcel #01-36-400-032 (the “Additional Property”) to the existing Recovery Zone under the same terms and conditions as the existing Recovery Zone (the “Application”);

WHEREAS, the Additional Property is contiguous to the existing Recovery Zone;

WHEREAS, the Additional Property is a qualified tool and die business property;

WHEREAS, by resolution, the Village consented to the addition of property to the existing Recovery Zone and recommends approval;

WHEREAS, the Collaborative provided written consent for the addition of property to the existing Recovery Zone;

WHEREAS, the MEDC fully considered the Application submitted by the Company to add the Additional Property under the same terms and conditions as the existing Recovery Zone; and

WHEREAS, the MEDC recommends an amendment of the existing Recovery Zone to include the Additional Property for the remaining three years with an expiration date of December 31, 2015.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by the Company to add the Additional Property located at 14931 32 Mile Road on parcel #01-36-400-032 to the existing Recovery Zone under the same terms and conditions as the existing Recovery Zone for the remaining three years, effective January 1, 2013, with an expiration of December 31, 2015; 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 2015 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
September 27, 2012

MEMORANDUM

DATE: September 27, 2012

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

FROM: Karla Campbell, MSF Fund Manager

SUBJECT: Transfer of Delegation Duties from
Michigan Economic Growth Authority
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 at its October 26, 2010 Board meeting as outlined below:

1. Addition of a Related Entity for Base Purposes: The addition of a related entity that is in existence and operational in Michigan for purposes of maintaining the base employment level for the Project (as defined by resolution), but not for Qualified New Job purposes.
2. Modification of Year Eligible to Receive a Tax Credit: Modifying the beginning year for no more than one year that a company is eligible to receive a tax credit and adjusting the remaining years accordingly, if necessary.
3. Modification of Project Location: Modifying the project location provided that the location change is within the same taxing jurisdiction and no other changes are being made to the Project (as defined by resolution), except for those permitted by delegated authority.
4. Transferring the Tax Credit: Transferring the credit provided that the transferee submits the appropriate documents and assumes all the duties and responsibilities of the company and all other aspects of the Project (as defined by resolution) remain the same and that the transferee is a related company to the transferor.

Other duties under the auspice of the MEGA Board Secretary include the:

- Signing of tax credits certificates for all incentives under the MEGA statute or the MBT statute;
- Signing of amendments on behalf of the MSF;
- Providing quarterly reports of amendments that have been signed on behalf of the MEGA, now the MSF.

Recommendation: Staff recommends that these duties transfer to the MSF Fund Manager. If the Fund Manager deems a change should not be approved by the MSF Fund Manager, the issue or project will come before the MSF.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2012-**

DELEGATION OF AUTHORITY FOR MEGA INCENTIVES

WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority (“MEGA”) under the Michigan Economic Growth Authority Act (the “Act”), 1995 PA 24, as amended, with the authority to grant an authorized business a credit against the tax imposed by the Michigan Business Tax Act, 2007 PA 36, as amended (the “Tax Credit”);

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

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

WHEREAS, pursuant to MCL 207.806(f), the MEGA Board has the authority to delegate to the chairperson of the authority, staff, or others the functions and powers it considers necessary and appropriate to administer the programs under the MEGA Act and gave such authority to the MEGA Board Secretary on October 26, 2010;

WHEREAS, the MEDC recommends that the MSF delegate to the MSF Fund Manager the authority to approve the following at the MSF Fund Manager’s option (collectively, “Delegation of Authority for MEGA Incentives”): 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 unless otherwise 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;

WHEREAS, the MEDC recommends that the MSF authorize company name changes, company federal employer identification number changes, or a combination of both, to be approved by the MEGA Board Secretary by notice from the company;

WHEREAS, the MEDC recommends that a report summarizing the previous quarter’s actions taken and notices received by the MSF Fund Manager be presented to the MSF quarterly; and

WHEREAS, the MSF deems it necessary and appropriate to approve the Delegation of Authority for MEGA Incentives to administer the programs under the MEGA Act.

NOW, THEREFORE, BE IT RESOLVED, the MEGA Board approves the Delegation of Authority for MEGA Incentives to the MSF Fund Manager.

BE IT FURTHER RESOLVED, that company name changes, company federal employer identification number changes, or a combination of both are authorized to be approved by the MEGA Board Secretary with notice from the company.

BE IT FURTHER RESOLVED, that a report summarizing the previous quarter’s actions taken and notices received by the MSF Fund Manager in relation to the Delegation of Authority for MEGA Incentives or name and employer identification number changes be presented to the MEGA Board on a quarterly basis.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012

MEMORANDUM

Date: September 27, 2012

To: MSF Board Members

From: Karla Campbell, MSF Fund Manager

Subject: Renewal of Memorandum of Understanding between the Michigan Strategic Fund and the Michigan Economic Development Corporation

BACKGROUND

On January 25, 2006, the Michigan Strategic Fund (the “MSF”) and the Michigan Economic Development Corporation (the “MEDC”) entered into a Memorandum of Understanding (the “MOU”) for the purpose of specifying responsibilities between the MSF and the MEDC in administering the 21st Century Jobs Trust Fund (the “21st CJTF”) 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

MEDC staff recommends that the MOU be amended to extend the effective date of the MOU through September 30, 2013.

MEDC staff also recommends that the MSF authorize the expenditure of 4% of the annual appropriation from the 21st CJTF for administrative expenses for fiscal year 2012-2013.

**SEVENTH AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN
THE MICHIGAN STRATEGIC FUND BOARD
AND
THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

This Amendment (the "Amendment") to the Memorandum of Understanding (the "MOU"), dated January 25, 2006, as amended on July 13, 2006, October 1, 2007, September 24, 2008, September 30, 2009, September 22, 2010 and September 21, 2011 by and between the Michigan Strategic Fund (the "MSF") and the Michigan Economic Development Corporation (the "MEDC"), is effective as of September 27, 2012. In this Amendment, the MSF and the MEDC sometimes are referred to individually as a "Party" or collectively as the "Parties."

RECITALS

As described in Section IV of the MOU, the Parties may extend the effective date of the MOU.

As described in Section VI of the MOU, the Parties may modify the MOU, in writing, upon the mutual agreement of the parties.

At its September 27, 2012 meeting, the MSF Board approved an amendment to the MOU authorizing the MSF Manager to sign an amendment to the MOU extending the effectiveness of the MOU through September 30, 2013.

NOW THEREFORE, the Parties agree to amend the MOU as follows:

Section II.A AUTHORIZATION TO PROVIDE ADMINISTRATIVE SERVICES shall be deleted in its entirety and replaced with the following:

II.A. AUTHORIZATION TO PROVIDE ADMINISTRATIVE SERVICES
Pursuant to the MSF Resolutions 2005-370, 2005-371, 2005-372, 2006-001, 2006-118, 2007-123, 2008-125, 2009-119, 2010-164, 2011-140 and 2012-XXX and its declared intent at the December 21, 2005 MSF Board Meeting, the MSF Board engages the MEDC to provide administrative services to the MSF for all 21st Century Jobs Trust Fund programs, and other MSF programs and activities, authorized by the MSF Board and included and described in the Michigan Strategic Fund Act.

Section IV. DURATION OF MOU shall be deleted in its entirety and replaced with the following:

IV. DURATION OF MOU this MOU remains in effect through September 30, 2013, unless extended in writing and signed by the parties to this MOU.

Except as specifically provided above, the Parties agree that all terms and conditions of the MOU shall remain unchanged and in effect.

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

Michigan Strategic Fund

Michigan Economic Development Corporation

By: Karla Campbell
Its: Fund Manager

By: Michael A. Finney
Its: President and Chief Executive Officer

**MICHIGAN STRATEGIC FUND BOARD
RESOLUTION 2012-**

**RENEWAL OF MEMORANDUM OF UNDERSTANDING BETWEEN THE MICHIGAN
STRATEGIC FUND AND THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

WHEREAS, the Michigan Legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law by Governor Jennifer M. Granholm;

WHEREAS, at its January 25, 2006 meeting, the Michigan Strategic Fund (the "MSF") Board approved the Memorandum of Understanding (subsequently amended at its July 13, 2006, September 26, 2007, September 24, 2008, September 30, 2009, September 22, 2010, and September 21, 2011 meetings) between the MSF and the Michigan Economic Development Corporation (the "MEDC") describing the administrative services associated with the 21st Century Jobs Trust Fund programs to be provided by the MEDC to the MSF (the "MOU");

WHEREAS, consistent with the terms of the MOU, the MEDC and MSF desire to extend the effective date of the MOU through September 30, 2013; and

WHEREAS, to appropriately and fully fund such administrative expenses, the MSF Board believes it is reasonable to exercise its discretion pursuant to MCL 125.2088b(5), and as otherwise may be provided under the MSF Act, MCL 125.2001 et. seq., as may be amended from time to time (the "MSF Act") to authorize an expenditure of four percent (4%) of the annual appropriation from the 21st Century Jobs Trust Fund for administrative expenses for fiscal year 2012-2013.

NOW, THEREFORE, BE IT RESOLVED, subject to the control and direction of the MSF Board, the MEDC shall provide administrative services through September 30, 2013 for all 21st Century Jobs Trust Fund programs, and other MSF programs and activities, authorized by the MSF Board and included and described in the Michigan Strategic Fund Act;

BE IT FURTHER RESOLVED, that the MSF Manager is authorized to sign an amendment to the MOU extending the effectiveness of the MOU through September 30, 2013; and

BE IT FURTHER RESOLVED, that the MSF Board, acting pursuant to the MSF Act, authorizes four percent (4%) of the annual appropriation from the 21st Century Jobs Trust Fund to be incurred for administrative costs related to the administration of programs and activities authorized under the MSF Act for fiscal year 2012-2013.

Ayes:

Nays:

Recused:

Lansing, Michigan
September 27, 2012