

**MICHIGAN STRATEGIC FUND BOARD
APPROVED MEETING MINUTES
June 8, 2015**

Members Present:

Paul Anderson
Steve Arwood
Andrew Lockwood (on behalf of Treasurer Khouri)
Terri Jo Umlor
Jim Walsh
Shaun Wilson (joined by phone at 1:55 pm)
Mike Zimmer

Members Absent:

Larry Koops
Jody DePree Vanderwel

Call to Order: Mr. Arwood called the meeting to order at 1:34 pm.

Public Comment: No public comment.

Communications: Andrea Robach, MSF Administrator, notified the Board that documents pertaining to Agenda item B, ProNAi Therapeutics, Inc., had been updated to reflect the confidential nature of certain proprietary information by the Fund Manager. The updated documents were provided to the Board members at the table.

CONSENT AGENDA

Resolutions 2015-051 through 2015-055 - June 8, 2015 Consent Agenda

Mr. Arwood asked if there were any questions from the Board on any of the items within the Consent Agenda. There being none, Mike Zimmer motioned for the approval of:

Master Automotive Machine Co. – Bond Inducement Amendment **2015-052**
Appointment to DMI Board **2015-053**
Liberty Way, LLC – MCRP Amendment **2015-054**
Michigan Energy Agency – Transfer MOU **2015-055**

Andrew Lockwood seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

ADMINISTRATIVE

Approval of April 28, 2015 Meeting Minutes

Mr. Arwood asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of the April 28th, 2015 MSF Board meeting minutes. Paul Anderson seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

Resolution 2015-056 ProNAi Therapeutics, Inc. – Loan Amendment

Christin Armstrong, Compliance Director, provided the Board with information regarding this action item. ProNAi is a clinical stage oncology company pioneering a novel class of therapeutics based on its proprietary DNAi technology platform. The MSF invested in ProNAi through three separate loans: On September 15, 2005, the MSF provided a loan in the amount of \$1,735,520 (the “2005 Loan”).

The 2005 Loan was later converted in 1,735,520 shares of the Company's Series B Preferred Stock. With the 2005 Loan, the MSF also received warrants to purchase an additional 77,588 shares of Series B Preferred Stock at an exercise price of \$1.00 per shares, which warrants will expire upon the Company's initial public offering. The MSF has not yet exercised these warrants. On October 19, 2006, the MSF provided a loan in the amount of \$3,297,826 (the "2006 Loan"). The 2006 Loan was later converted into 3,297,826 shares of the Company's Series B Preferred stock. On December 31, 2007, the MSF provided a loan in the amount of \$400,000 (the "2007 Loan"). The 2007 Loan was later converted into 617,812 shares of the Company's Series C Preferred stock.

Staff Recommendation

ProNAi Therapeutics, Inc. has requested, and MEDC staff recommends, that the MSF (1) exercise its warrant to purchase shares of the Company's Series B Preferred stock; and (2) agree to suspend the exercisability of the Put Options. The MSF would retain its right to its Put Options if the Company has not resolved or eliminated the conditions giving rise to the Put Options by December 31, 2015. MSF would have the right to exercise the Put Options for a period of 120 days following such date. In light of the nature of these requests and the MFS's longstanding support of the Company, the Company also proposes to reimburse the MEDC for its external legal expenses in connection with documenting and implementing these modifications in an amount not to exceed \$25,000.

Board Discussion

Due to certain proprietary information of the company, discussion of this matter has been deemed confidential by the Fund Manager. At this time Andrew Lockwood motioned for the Board to go into closed session for further discussion. Paul Anderson seconded the motion. The motion carried with a roll call vote: 6 ayes; 0 nays; 0 recused. Following discussion and deliberation, the Board returned to the room. There being no further discussion, Mike Zimmer motioned for the approval of Resolution 2015-056. Terri Jo Umlor seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

Shaun Wilson joined the meeting by phone at 1:55 pm

During the Board's closed session discussion, Representative Cochran, from House District 67, joined the audience in support of the Dart Bank project, listed under Community Vitality. Mr. Arwood invited him to address the Board at this time, rather than waiting for the order of the agenda, to be respectful of his time. Representative Cochran thanked the Board for their consideration of this project, and emphasized the importance of the revitalization of this area to the City of Mason's Downtown area.

BUSINESS INVESTMENT

ENTREPRENEURSHIP

Resolution 2015-057 Biotech Request to Issue RFP

Fred Molnar, Biotech Venture Director, provided the Board with information regarding this action item. The MEDC requests that the MSF Board approve the support for Michigan's Entrepreneurial Biotech Community ("MEBC") Request for Proposals ("RFP") in the amount of \$2,750,000 over three years. The purpose of this MEBC RFP is to award a grant to a non-profit organization that will create a consortium for the Michigan biotech and medical device industry, and recommend to the Michigan Land Bank Fast Track Authority that it sell or transfer ownership of the Michigan Life

Science and Innovation Center (MLSIC) in Plymouth, MI. The Michigan Life Science Innovation Center in Plymouth, MI is a successful institution that currently houses 20 life science companies employing 160 people. It is owned by the Michigan Land Bank Fast Track Authority, however, the MEDC assumed management of the facility in the fall of 2012 when it was acquired from Ann Arbor Spark. The facility's wet lab space is currently 95% occupied. The transfer of ownership and all responsibilities (financial, operation, etc.) to the grantee may be recommended.

Recommendation

Allocation of \$2,750,000 for the program; Approval of the presented Request for Proposal, Joint Evaluation Committee Members, and scoring criteria, as described in the resolution and its attachments.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2015-057. Paul Anderson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

BUSINESS GROWTH

Resolution 2015-058 Marada Industries, Inc. – MBDP

Mike Gietzen, Development Finance, provided the Board with information regarding this action item. Marada Industries Inc. has been awarded a contract from a major OEM to manufacture and supply underbody structural components. The Company is also evaluating sites in Ontario, Ohio, and South Carolina for this project. The Company has indicated that operating costs and energy costs have made Michigan less competitive place to do business compared to Ontario, Ohio, and South Carolina. The proposed Michigan Business Development Program Performance-based Grant incentive package will help offset the higher operating cost in Michigan over the other competing states. This is a request from the Applicant for a \$1,600,000 Performance-based grant. This project involves the creation of 250 Qualified New Jobs and a capital investment of up to \$56,088,000 in the Charter Township of Lyon located in Oakland County, Michigan.

Staff Recommendation

MEDC Staff recommends approval of the MBDP Proposal as outlined in the resolution and attached term sheet.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to substantial energy and utility costs negatively affecting manufacturers, as well as the strong ties the company, and its parent company, have to Michigan suppliers. There being no further questions, Mike Zimmer motioned for the approval of Resolution 2015-058. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-059 & 060 Ferrous Metal Processing – MBDP & Act 381 Work Plan Approval

Stacy Bowerman, Development Finance, provided the Board with information regarding these action items. The Applicant is a newly formed affiliate of Ferragon Corporation ("Ferragon"). Ferragon, established in 1983, is a leading provider of toll processing services for hot-rolled and cold-rolled steel with operations in Michigan, Ohio, Kentucky and Mississippi. There operations require vast logistical advantages including dedicated trucking services, rail connections, and access to water ports. In addition to evaluating locations in Michigan, the Company also evaluated locations in Cleveland and Toledo, Ohio. The Gibraltar site under consideration is a vacant industrial site in need of substantial Brownfield remediation activity and rail upgrades. Incentive assistance is necessary to

finance the Brownfield costs, which could not otherwise be financed through conventional means. The Applicant plans to redevelop an underutilized, largely vacant property for reuse as a productive industrial site located at 28000 West Jefferson Avenue in Gibraltar, Michigan.

The Applicant is requesting approval of a MBDP Performance-based Other Economic Assistance in the amount of \$6,000,000. This project involves the creation of 25 Qualified New Jobs, with the potential for up to 100 total jobs as a result of the project, and a Qualified Investment of \$6,500,000, with a total capital investment of up to \$50,200,000 in the City of Gibraltar, Wayne County. A portion of the incentive assistance, up to \$5,500,000, will be repaid to Michigan Strategic Fund (MSF) utilizing the tax increment revenue generated by the redevelopment of the property. The determination of the amount to be repaid will be computed at the end of 2020 after a \$500,000 credit is applied for 25 Qualified New Jobs and a \$20,000 credit is given to each additional job created over the 25 required jobs. In addition to MSF support, the Michigan Department of Environmental Quality (MDEQ) anticipates approval of a \$2,245,000 grant/loan under their Brownfield remediation programs as well as approval of a Work Plan for MDEQ eligible activities. The Michigan Department of Transportation (MDOT) also anticipates approval of funding for rail enhancement activities.

Staff Recommendation

MEDC Staff recommends approval of MBDP in the amount of \$6,000,000, as outlined in the resolution and terms sheet, as well as approval of local and school tax capture for the Act 381 eligible activities totaling \$4,511,454. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,985,040.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the company's logistical needs, specifically the necessary port access. Mr. Arwood also complimented the working relationship that the MEDC/MSF and MDOT has built, and the resulting unified success. There being no further questions, Andrew Lockwood motioned for the approval of resolutions 2015-059 & 2015-060. Paul Anderson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-061 Durr Industries Incorporated – Act 381 Work Plan Approval

Marcia Gebarowski, Development Finance, provided the Board with information regarding this action item. The City of Southfield Brownfield Redevelopment Authority is seeking approval of new local and school tax capture for Michigan Strategic Fund (MSF) eligible activities in the amount of \$4,887,366. To remain competitive in their market, Dürr Systems, Inc. has evaluated consolidating their Application Technology and Paint Systems divisions in Michigan into a single facility. The goal of a consolidation is to improve communication between divisions, create efficiencies, as well as create a state-of-the-art facility to house research, production, and sales. This Brownfield assistance will offset higher site-related costs to build-out an existing building in Southfield. Without this assistance, the two Michigan divisions could be consolidated into similar divisions at locations outside of Michigan. This consolidation ensures 450 high paying jobs remain in Michigan and the reuse of a functionally obsolete property. The tax increment revenue will be utilized to redevelop approximately 14 acres of property located at 26801 Northwestern Highway, Southfield. Approximately 485 permanent full-time jobs are anticipated to be retained as a result of this project at an average hourly wage of \$38.46. The total capital investment will be approximately \$40 million.

Staff Recommendation

MEDC Staff recommends approval of the request by City of Southfield Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$4,887,366

described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$2,497,261.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the complimented City and County support in helping the company stay in Michigan, which was their ultimate goal. There being no further questions, Jim Walsh motioned for the approval of Resolution 2015-061. Terri Jo Umlor seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2015-062 Shiloh Die Cast Midwest, LLC/City of Alma – CDBG

Marcia Gebarowski, Development Finance, provided the Board with information regarding this action item. The City of Alma is requesting \$1,000,000 in Community Development Block Grant (CDBG) funds for job training needed for the Shiloh Die Cast Midwest, LLC Expansion Project located in Gratiot County, Michigan. The City expects that this project could result in private investment of \$16,541,000 and the creation of 45 jobs. This request is part of a package of state and local incentives prepared for Shiloh Industries to expand and invest in their manufacturing operations in the City of Alma and in Canton Township, as well as establish a lightweighting technical center in Plymouth Township. The MSF approved a Michigan Business Development Program (MBDP) performance-based grant for \$2 million on October 28, 2014 for the creation of 128 new jobs in Plymouth Township and Canton Charter Township.

This project qualifies for CBDG funding as the project activities are expected to result in the creation of 45 full time positions over the next four years. The business has agreed that at least 23 of the 45 positions will be held by low to moderate income persons. The project meets a national objective by providing benefit to at least 51 percent low and moderate income persons. The CDBG cost per job is \$22,222, with an average wage of \$18.00 per hour.

Staff Recommendation

MEDC Staff recommends a CDBG Job Training grant agreement in the amount of \$1,000,000 be authorized for the City of Alma's Shiloh Die Cast Midwest, LLC Expansion Project.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the income requirements of employees, relative to the federal CDBG job creation and hiring requirements. There being no further questions, Paul Anderson motioned for the approval of Resolution 2015-062. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

ACCESS TO CAPITAL

Resolution 2015-063 Lutheran Social Services of Michigan – Bond Inducement

Chris Cook, Capital Access Director, provided the Board with information regarding this action item. Lutheran Social Services of Michigan ("Borrower"), a not-for-profit organization headquartered in Detroit, Michigan is requesting private activity bond financing to: a) refund the \$15,540,000 outstanding principal amount of the Michigan Strategic Fund Variable Rate Demand Limited Obligation Revenue and Refunding Bonds (Lutheran Social Services Project), Series 2003 Bonds, which were originally issued in the principal amount of \$19,195,000; b) fund \$7,000,000 for a project at Borrower's Luther Manor (Saginaw, MI) location; and c) pay certain costs related to the issuance of the Series 2015 Bonds. The Luther Manor facility, located in Saginaw, has been a provider of comprehensive nursing care and rehabilitation therapy in the Saginaw Community for more than 46 years.

The \$7,000,000 project proposes to reduce the current number of beds to 95 and to renovate the different room layouts into 92 private rooms. In addition to said renovations, a 1,112 square foot lobby, 825 square foot canopy, and 1,485 square foot rehab resident room will be added. The bonds will be directly purchased in its entirety with Fifth Third Commercial Funding, Inc. Ziegler has been engaged as a placement agent.

Staff Recommendation

After reviewing the Private Activity Bond application for Borrower, staff recommends the adoption of an Inducement Resolution in the amount \$24,000,000.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. There being none, Andrew Lockwood motioned for the approval of Resolution 2015-063. Terri Jo Umlor seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

COMMUNITY VITALITY

Resolutions 2015-064 & 065 Lofts on Alabama, LLC – MCRP/Act 381 Work Plan Approval

Ryan Kilpatrick, Community Assistance Team, provided the Board with information regarding these action items. Lofts on Alabama, LLC (“Applicant” or “Borrower”) and Macatawa Bank (“Lender”) are requesting approval of a Michigan Community Revitalization Program award in the amount of \$3,000,000 in the form of a Loan Participation under Other Economic Assistance. The Applicant anticipates that the project will result in eligible investment of \$13,587,200 and total capital investment in the amount of \$20,000,000 in the City of Grand Rapids and the creation of two jobs.

The Project involves selective interior and exterior site demolition of an existing structure, improvements and rehabilitation of the existing obsolete building and construction of a new three-story building on the adjacent site to the west. The development team has been able to secure senior financing from Macatawa Bank in the amount of \$13,700,000, which is equal to approximately 75% of the appraised value of the building upon completion and the value associated the TIF reimbursements and tax abatement. Additionally, the development team has raised \$3,000,000 (15% of the total development cost) in equity and is deferring another \$300,000 in fees to be contributed to the project. The remaining gap would be filled with a \$3,000,000 MCRP Other Economic Assistance Award. The award would be in the form of a “Loan Participation” bearing interest of three percent.

The City of Grand Rapids Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (hereinafter Work Plan) request for the approval of local and school tax capture for eligible activities in the amount of \$2,825,200.

Staff Recommendation

MEDC staff recommends approval of a MCRP performance-based loan participation in the amount of \$3,000,000 and approval of local and school tax capture for the Act 381 eligible activities totaling \$2,825,200 described above.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the quantity of residential real estate development in the City of Grand Rapids, and whether or not need for housing still exists. Kara Wood, Economic Development Director for the City, responded to this discussion in stating that there was still a demand in the downtown area, and that this project was in line with the City’s strategic priorities in achieving desired density. There being no further questions,

Mike Zimmer motioned for the approval of Resolutions 2015-064 & 2015-065. Andrew Lockwood seconded the motion. **The motion carried: 6 ayes; 1 nay (Mr. Walsh), 0 recused.**

Resolution 2015-066 Waters Building, LLC – Act 381 Work Plan Approval

Ryan Kilpatrick, Community Assistance Team, provided the Board with information regarding this action item. The City of Grand Rapids Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (hereinafter Work Plan) request for the approval of new local and school tax capture for eligible activities in the amount of \$2,645,110 for a project located at 161 Ottawa NW in downtown Grand Rapids. The Project involves a complete overhaul and repurposing of an existing 117 year old building constructed in 1898. The \$1,030,000 in selective demolition expenses associated with this work, in addition to \$676,000 in lead and asbestos abatement will comprise a majority of the brownfield eligible expenses and bring the building up to modern day office and hotel standards. The Applicant plans to convert the 117 year old property into a fully mixed-use building consisting of approximately 75,000 square feet of office, 64,600 square feet of retail, 50,000 square feet of one to two bedroom residential apartments, and 100,000 square feet of hotel space featuring 112 rooms.

Total project investment is expected to be \$33,418,515. Approximately 30 permanent full-time jobs are anticipated to be created at an average hourly wage of \$14.00 as a result of the redevelopment project. The total capital investment will be approximately \$35 million. The Grand Rapids Downtown Development Authority (DDA) has pledged up to \$1,481,127 in local TIF support for barrier free access improvements, and \$70,000 in grants for areaway and streetscape improvements.

Staff Recommendation

MEDC Staff recommends approval of the request by City of Grand Rapids Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$2,645,110 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$2,212,635.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the status of the project, which is already under construction. Timing of the request to the Board, given the project was already underway, came into question. There being no further questions, Andrew Lockwood motioned for the approval of Resolution 2015-066. Terri Jo Umlor seconded the motion. **The motion carried: 5 ayes; 2 nays (Mr. Anderson & Mr. Walsh); 0 recused.**

Resolution 2015-067 Dart Bank Headquarters – Act 381 Work Plan Approval

Marilyn Crowley, Community Assistance Team, proved the Board with information regarding this action item. The County of Ingham Brownfield Redevelopment Authority is seeking approval of new local and school tax capture for Michigan Strategic Fund (MSF) eligible activities in the amount of \$1,105,875 for the brownfield redevelopment of Dart Bank's new headquarters. This development will allow Dart to remain competitive and give them room to grow, while assisting with the continued revitalization efforts in the downtown district. Keeping Dart Bank in the downtown is a top priority for the City of Mason, and revitalizing the property will greatly improve the aesthetics of the area and is likely to boost surrounding property values. Tax capture is being requested because the site has brownfield conditions that make the site unsuitable for new investment.

The school taxes will be utilized to alleviate Brownfield conditions in order to redevelop approximately 3.17 acres of property located at 222 West Ash Street and 368 South Park Street in downtown Mason. The project includes construction of a new, two story, 25,000 square foot

headquarters for Dart Bank featuring a geothermal heating and cooling system, associated site improvements, and an adjoining parking lot featuring low-impact design elements. The Department of Environmental Quality is currently considering \$87,147 in Act 381 environmental activities.

Staff Recommendation

MEDC Staff recommends approval of the request by County of Ingham Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$1,105,875 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$451,418.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the positive impact this project will have on the City's Downtown area; the need for building rehabilitation has resulted in the relocation of several business to newer facilities or new construction outside of the City, which is lower in cost. There being no further questions, Mike Zimmer motioned for the approval of Resolution 2015-067. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolutions 2015-068, 069 & 070 Woodward and Erskine, LLC – MBT & Act 381 Work Plan Amendments/MCRP

Stacy Esbrook, Community Assistance Team, provided the Board with information regarding these action items. The project requests to use the Michigan Community Revitalization Program (MCRP), amend the previously approved Brownfield Act 381 work plan, and amend the previously approved MBT Brownfield Credit amendment for the Scott at Brush Park project located at 3152 Woodward Avenue, Detroit, Michigan. This project is a sustainable infill development in Brush Park, a sub-district of downtown Detroit. The project is a couple of blocks north of the Arena District, and is currently characterized as a blighted area, and has been vacant for at least ten years.

Woodward and Erskine LLC (Applicant) is requesting approval of a MCRP performance-based loan in the amount of \$1,500,000. The Applicant anticipates that the project will result in eligible investment of \$53,785,309 million and total capital investment in the amount of \$61,275,000 million in the City of Detroit and the creation of 50 jobs. The City of Detroit Brownfield Redevelopment Authority has submitted an Act 381 Work Plan Amendment (hereinafter Work Plan) request for the approval of local and school tax capture for eligible activities in the amount of \$7,790,631. The initial work plan request in 2006 was for \$7.2 million in demolition, infrastructure, lead and asbestos abatement and site preparation costs across an area that extended an additional block to the east, but is no longer part of the current project. The Brownfield plan was amended to restrict the eligible property to the current project. Woodward and Erskine LLC requests the following amendment be made to the project which was originally approved for a Brownfield SBT credit by the MEGA Board on October 17, 2006. Addition of Woodward and Erskine LLC as a qualified taxpayer, change in project scope and conversion of the tax credit from the ten percent SBT Credit to the 15% Urban Development Area Project MBT Credit, and reduce the number of phases from ten to two.

The Applicant plans to construct a five-story building in Brush Park, Detroit with one level of underground parking on approximately two acres of land. The ground floor will include 14,693 square feet of retail/restaurant space fronting Woodward and Erskine and includes 120 parking spaces, the majority of which will be enclosed and covered by the building. The top four stories will include a total of 199 market-rate apartments and includes of mix of studio, one-bedroom, and two-bedroom and three-bedroom units. One story of underground parking will provide an additional 167

parking spaces. A swimming pool, outside recreational area and other amenities are planned for the 2nd floor of the building. The total development is over 332,000 square feet.

Staff Recommendation

MEDC Staff recommends the following:

- a) Approval of local and school tax capture for the amended Act 381 eligible activities totaling \$7,790,631 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$4,271,759.
- b) Approval of the requested MBT Brownfield credit amendment.
- c) Approval of an MCRP performance-based loan in the amount of \$1,500,000 for Woodward and Erskine LLC.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the location of the proposed project, and the proximity to the new Arena District, which is under construction. In addition to rehabilitating a severely blighted area of the City, the project will enhance this catalyst project, which is within very close proximity to the site. There being no further questions, Jim Walsh motioned for the approval of Resolutions 2015-068, 2015-069 & 2015-070. Paul Anderson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

LEGACY PROGRAMS

Resolution 2015-071 Ford Motor Company – MEGA Amendments

Christin Armstrong, Compliance Director, provided the Board with information regarding this action item. On May 9, 2009, the MEGA Board authorized a Retention Tax Credit for Ford Motor Company (“Ford” or “Company”) of up to 100 percent for ten consecutive years for a maximum of 4,700 Retained Jobs at its Michigan Assembly Plant and the Wayne Stamping Plant (the “Electrification MEGA Tax Credit”). An amendment to the Electrification MEGA was approved by the MEGA Board at its January 11, 2010 meeting, which consolidated all electrification project locations (by adding its Van Dyke Transmission Plant, Product Development Center and Rawsonville Plant locations) under one MEGA agreement and increased the maximum number of retained jobs to 8,600.

On October 26, 2010, the MEGA Board authorized a second Retention Tax Credit for Ford of up to 100 percent for fifteen consecutive tax years for 28,000 retained employees (the “Global Retention MEGA”). An amendment to the Global Retention MEGA was approved by the MEGA Board at its December 13, 2011 meeting to increase the number of retained employees to 31,600 for additional employment at its Flat Rock Assembly Plant (formerly AutoAlliance International).

Through December 31, 2013, Ford has retained 35,992 MEGA-eligible full-time jobs and made qualifying investments totaling \$3.4 billion dollars in the State of Michigan. MEDC Staff requests and recommends that the Michigan Strategic Fund (“MSF”) Board amend the Electrification MEGA Tax Credit and the Global MEGA Tax Credit, consistent with the MEDC’s objectives of achieving budget transparency and certainty for MEGA Tax Credits. Ford has agreed that, to be eligible to earn out the maximum remaining value of the Electrification and Global MEGAs, Ford would have make an additional \$3.1 billion capital investment in the State of Michigan over the next ten years, for a total \$6.2 billion. This is a strong incentive for Ford to continue to grow and maintain its operations in Michigan for the long term.

Staff Recommendation

MEDC Staff recommends approval of the Amendment Request and further recommends that the MSF President or MSF Fund Manager, with only one required to act, be authorized to negotiate the final terms and conditions of and execute all documents necessary to effectuate the amendment request.

Board Discussion

Mr. Arwood asked if there were any questions from the Board. Discussion ensued pertaining to the proactive approach Ford took in reaching out to the MEDC/MSF to come to a mutually beneficial agreement in amending the existing credits. Charlie Preyde spoke on behalf of Ford, stating that the company was committed to continuing their investment in Michigan. There being no further questions, Mike Zimmer motioned for the approval of Resolution 2015-071. Paul Anderson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Mr. Arwood adjourned the meeting at 3:15 pm.