

**MICHIGAN STRATEGIC FUND BOARD**  
**MEETING AGENDA**  
**AUGUST 23, 2016**  
**10:00 am**

*Public comment – Please limit public comment to three (3) minutes*  
*Communications*

**A. Consent Agenda**

Proposed Meeting Minutes – July 26, 2016  
Pixel Velocity, Inc. – Loan Amendment – Christin Armstrong  
Everist Genomics, Inc. – Loan Amendment – Christin Armstrong  
American Center for Mobility – Board of Directors Designees – Eric Shreffler  
Woodward Brown Associates, LLC – City of Birmingham – MCRP Amendment – Jim Davis  
Lofts on Michigan, LLC – Grand Rapids – MCRP Amendment – Lynda Franke  
Mid Towne Hospitality, LLC – Grand Rapids – MCRP Amendment – Lynda Franke  
Marketing Memorandum of Understanding with DNR – MOU – Kelly Wolgamott  
Niowave – MBDP Amendment – Trevor Friedeberg  
Networks Northwest – PTAC Grant Amendment – MEDC Staff

**B. Administrative**

Tool & Die Recovery Zone Policy – Josh Hundt/Christin Armstrong

**C. Business Investment**

**a. Entrepreneurship**

U of M Battery User Facility – 21<sup>st</sup> Century Grant – Eric Shreffler

**b. Business Growth**

Council of Great Lakes Governors – FY17 Contract Extension – Jeanne Broad  
Inteva – MBDP Incentive– Trevor Friedeberg

**c. Access to Capital**

Holland Home – Bond Inducement – Chris Cook  
F.P. Horak Company/H & J Realty Company, LLC – Bond Authorizing – Chris Cook

**D. Community Vitality**

Market Avenue Place LLC – City of Grand Rapids – Act 381 Work Plan – Ryan Kilpatrick  
Green Cane Property – City of Grand Rapids – Act 381 Work Plan – Ryan Kilpatrick

**E. Image/State Branding**

Public Relations RFP – Award – Emily Guerrant  
Business Marketing RFP – Award – Emily Guerrant  
Travel Marketing RFP – Award – Kelly Wolgamott

**F. Informational**

MSF Budget Overview FY17 – Amanda Bright McClanahan

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016-**

**APPROVAL OF AUGUST 2016 CONSENT AGENDA  
FOR THE MICHIGAN STRATEGIC FUND BOARD**

**WHEREAS**, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

**WHEREAS**, the MSF, at its February, 2014 board meeting, approved Guidelines for Preparation and Approval of Consent Agendas for the MSF (“Guidelines”).

**WHEREAS**, pursuant to the recommendation of MSF and MEDC staff, the MSF Board desires to approve the below Consent Agenda items;

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the Consent Agenda items listed below and identified in the final Consent Agenda for this board meeting, for each of which supporting documentation is attached to this Resolution.

Consent Agenda Items:

Proposed Meeting Minutes – July 26, 2016  
Pixel Velocity, Inc. – Loan Amendment  
Everist Genomics, Inc. – Loan Amendment  
American Center for Mobility – Board of Directors Designees  
Woodward Brown Associates, LLC – City of Birmingham – MCRP Amendment  
Lofts on Michigan, LLC – Grand Rapids – MCRP Amendment  
Mid Towne Hospitality, LLC – Grand Rapids – MCRP Amendment  
Marketing Memorandum of Understanding with DNR – MOU  
Niowave – MBDP Amendment  
Networks Northwest – PTAC Grant Amendment – MEDC Staff

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

**MICHIGAN STRATEGIC FUND  
PROPOSED MEETING MINUTES  
July 26, 2016**

**Members Present**

Steve Arwood  
Paul Anderson  
Dan Boge  
Shelly Edgerton  
Larry Koops  
Jay Wortley (on behalf of Treasurer Khouri)  
Terri Jo Umlor  
Shaun Wilson

**Members Absent**

Jody DePree Vanderwel  
Wayne Wood

Mr. Arwood called the meeting to order at 10:01 am.

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

Mr. Arwood recognized the following legislators in attendance: Senator Tonya Schuitmaker and Representative Ken Yonker, speaking in support of the Switch Data Center project in Kent County under Business Growth on the agenda; Sam Buchalter on behalf of Senator Jim Ananich and Allison Glasson on behalf of Representative Phil Phelps who wished to show support for the C3 Venture Flint, LLC project in the City of Flint under Business Growth on the agenda; and Barbara Winter on behalf of Representative Robert Wittenberg speaking in support of the Ferndale Haus Lofts project in the City of Ferndale under Community Vitality on the agenda.

**Communications:** Andrea Robach, MSF Administrator advised the Board that an updated resolution for FCA US, LLC under Business Growth on the agenda was provided to each member at the table and that the Quarterly Report of the Chief Compliance Officer was provided to the Board in the briefing packet.

**A. CONSENT AGENDA**

**Resolution 2016-109 Approval of Consent Agenda Items**

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

Proposed Meeting Minutes – **June 28, 2016**

Rivian Automotive – MBDP Amendment – **2016-110**

Thomson Reuters – MBDP Amendment – **2016-111**

618 South Main, LLC – MCRP Amendment – **2016-112**

Liberty Way Hospitality, LLC – MCRP Amendment – **2016-113**

Arena Place Development, LLC – MCRP Amendment – **2016-114**

Lofts on Michigan, LLC – MCRP Amendment – **2016-115**

Community College Skilled Trade Equipment Program – Grant Amendments – **2016-116**  
GCM Grosvenor – 21st Century Investment Fund Agreement Amendment – **2016-117**  
Biodiscovery, Inc. – Loan Settlement – **2016-118**  
Tolera Therapeutics – Investment Write off – **2016-119**  
CytoPherx, Inc. – Loan Restructure – **2016-120**

Larry Koops seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

## **B. BUSINESS INVESTMENT**

### **B1. Entrepreneurship**

#### **Resolution 2016-121 University of Michigan Life Sciences Hub – MTRAC Statewide Program**

*Denise Graves, University and Service Manager, provided the Board with information regarding this action item.* Following brief discussion, Paul Anderson motioned for approval of Resolution 2016-121. Dan Boge seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

### **B2. Business Growth**

#### **Resolution 2016-122 Willow Run – 21<sup>st</sup> Century Investment**

*Eric Shreffler, Managing Director Automotive Office, provided the Board with information regarding this action item.* Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-122. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

#### **Resolution 2016-123 C3 Ventures Flint LLC – MBDP Loan**

*Jeremy Webb, Business Development Project Manager, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for approval of Resolution 2016-123. Shelly Edgerton seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

#### **Resolution 2016-124 FCA US LLC – SESA Exemption**

*Marcia Gebarowski, Business Development Project Manager, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2016-124. Dan Boge seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

#### **Resolution 2016-125 Autosystems America, Inc. d/b/a Magna Lighting – MBDP Amendment**

*Mike Gietzen, Business Development Project Manager, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2016-125. Shaun Wilson seconded the motion. **The motion carried; 8 ayes; 0 nays; 0 recused.**

#### **Resolution 2016-126 Switch Ltd./Kent County – MSF Designated Renaissance Zone**

*Stacy Bowerman, Manager of Business Development Projects, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2016-126. Dan Boge seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

## **C. COMMUNITY VITALITY**

#### **Resolution 2016-127 Ferndale Haus Lofts/City of Ferndale – Act 381 Work Plan**

*Stacy Esbrook, Community Assistance Team, provided the Board with information regarding this action item.* Following brief discussion, Dan Boge motioned for the approval of Resolution 2016-127. Larry Koops seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**Resolutions 2016-128 & 2016-129 601 West LLC/City of Grand Rapids – MCRP & Act 381  
Work Plan**

*Ryan Kilpatrick, Community Assistance Team, provided the Board with information regarding these action items.* Following brief discussion, Dan Boge motioned for the approval of Resolutions 2016-128 & 2016-129. Jay Wortley seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**D. INFORMATIONAL**

**Flint Parallel Pipe Project Financing**

*Mark Morante, Senior Advisor and MSF Fund Manager, provided the Board with background information regarding the need to build a connector pipe for the KWA system in the City of Flint to allow for simultaneous water delivery and testing. MSF financing may be needed to bridge a funding gap.*

Mr. Arwood adjourned the meeting at 11:00 am.

## MEMORANDUM

**Date:** August 23, 2016  
**To:** MSF Board  
**From:** Christin Armstrong, Associate General Counsel & V.P., Compliance & Contract Services  
**Subject:** Pixel Velocity Incorporated Loan Amendment

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### **Request**

Pixel Velocity Incorporated (“Pixel” or “Company”) has requested an amendment to its 21<sup>st</sup> Century Jobs Fund Business Plan Competition loan to extend the grace period, such that payments would begin on January 1, 2019 and continue for the following thirty-six months. All other terms and conditions of the loan would remain in full force and effect (the aforementioned, collectively, the “Request”). In consideration for the Request, the Company has agreed to pay a fee equal to 1% of the outstanding principal amount (\$11,475 fee based on a principal balance of \$1,147,507). This fee will be added to the outstanding loan balance and accrue interest at the current rate of 5.5%.

### **Background**

#### *Company Overview*

Pixel is an Ann Arbor-based company that was formed to develop and manufacture high-speed digital video processing and compression products. The Company received the following loans from the MSF and MEDC:

#### **21<sup>st</sup> Century Jobs Fund Business Plan Competition Loan**

Award Type:	Straight Loan
Original Loan Amount:	\$1,808,645
Award Date:	January 9, 2009
Interest Rate:	5.5%
Loan Balance (as of 8/1/16):	\$1,289,592.92
Status:	In grace period
Equity:	1,765,394 shares of Series B Preferred stock

#### **MEDC Follow on Fund Loan**

Award Type:	Straight Loan
Original Loan Amount:	\$500,000
Award Date:	June 29, 2010

Interest Rate:	9%
Loan Balance (as of 8/1/16):	\$405,693.04
Status:	In grace period
Equity:	518,851 shares of Series B Preferred stock

The loan was amended on March 17, 2009 to amend the key milestones the Company was required to achieve in order to receive loan disbursements. The loan was amended again on December 20, 2012 to extend the grace period to January 1, 2014, increase the interest rate from 4.5% to 5.5% and to issue a warrant to purchase \$62,812.19 worth of shares in Pixel, with the type and number to be determined by a Financing Event, IPO or Liquidity Event. The loan was amended again on November 17, 2014 to extend the grace period to January 1, 2017, convert half of the then-outstanding indebtedness (\$2,295,013.13) into 1,765,394 shares of the Company's Series B Preferred stock, and add additional terms that would allow the MSF the option to convert the remaining loan balance upon the occurrence of certain trigger events.

Pixel has indicated that the extension is necessary to provide the company with additional time to reach breakeven and generate sufficient cash flows to service the MSF debt. In addition, Pixel is pursuing an internal bridge financing round with existing investors. An extension of the grace period would give investors assurance that the bridge financing would be used as working capital to grow the company instead of servicing debt. This places the Company in a better position to achieve its sales targets for the rest of 2016 and into 2017, thereby positioning the MSF to realize a return on its investment.

A similar restructure request will be presented to the MEDC for the MEDC Follow on Fund loan summarized above.

**Recommendation**

MEDC staff recommends that the MSF Board approve the Request.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2016-**

**PIXEL VELOCITY, INCORPORATED LOAN AMENDMENT REQUEST**

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

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

**WHEREAS**, the MSF and Pixel Velocity Incorporated (“Pixel” or “Company”), entered into a 21<sup>st</sup> Century Business Plan Competition loan agreement, dated January 9, 2009, whereby the MSF agreed to loan up to \$1,808,645 to Pixel under the terms and conditions set forth in the Loan Agreement, Security Agreement, and Promissory Note (the “Note”), each dated January 9, 2009 (the Loan Agreement, Security Agreement, and Note, collectively, the “Loan Documents”);

**WHEREAS**, the Loan Documents were amended on March 17, 2009 to revise the key milestones the Company was required to achieve in order to receive loan disbursements;

**WHEREAS**, the Loan Documents were amended on December 20, 2012 to extend the grace period to January 1, 2014, increase the interest rate from 4.5% to 5.5% and to issue a warrant to purchase \$62,812.19 worth of shares in Pixel, the type and number of shares to be determined by a venture financing event, IPO or liquidity event;

**WHEREAS**, the Loan Documents were amended on November 17, 2014 to extend the grace period to January 1, 2017, convert half of the then-outstanding loan balance into 1,765,394 shares of the Company’s Series B Preferred stock, and add additional terms that would allow the MSF the option to convert the remaining loan balance upon the occurrence of certain trigger events;

**WHEREAS**, as of August 1, 2016, the total amount owing under the Loan Documents, as amended, is \$1,289,592.92 (the “Indebtedness”);

**WHEREAS**, Pixel has requested that the MSF amend the Loan Documents to effectuate an extension of the grace period and new payment schedule, with terms and conditions that will include:

- (a) Extending the grace period from January 1, 2017 to January 1, 2019;
- (b) Requiring Note payments in equal installments of principal and interest to begin on January 1, 2019 and continuing for the following thirty-six (36) months;
- (c) Requiring a fee equal to one percent (1%) of the outstanding principal balance (\$11,475 fee based on a principal balance of \$1,147,507) to be added to the Indebtedness in consideration for amending the Loan Documents.

(the “Loan Amendment Request”);

**WHEREAS**, the MEDC recommends that the MSF Board approve the Loan Amendment Request;  
and

**WHEREAS**, the MSF wishes to approve the Loan Amendment Request.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the Loan Amendment Request; and



**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to take all necessary action to effectuate the Loan Amendments Request in accordance with the terms and conditions of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016  
**To:** MSF Board  
**From:** Christin Armstrong, Associate General Counsel & V.P., Compliance & Contract Services  
**Subject:** Everist Genomics, Inc. Loan Restructure

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### **Request**

Everist Genomics, Inc. f/k/a Genetics Squared, Inc. (“Everist” or “Company”) has requested that its 21<sup>st</sup> Century Jobs Fund Business Plan Competition be restructured in accordance with terms and conditions outlined in Exhibit A to the proposed resolution (the “Request”).

### **Background**

#### *Company Overview*

Everist develops and commercializes medically unique diagnostics, prognostics and therapeutic selection technologies which help physicians improve medical outcomes and reduce the total cost of care. The Company received the following loan from the MSF:

#### **21<sup>st</sup> Century Jobs Fund Business Plan Competition Loan**

Award Type:	Convertible Loan
Original Loan Amount:	\$1,569,999
Award Date:	December 12, 2006
Interest Rate:	8.25%
Loan Balance (as of 7/18/16):	\$2,245,192.25
Status:	In default

The loan was amended on May 20, 2008 to revise the key milestones the Company was required to achieve in order to receive loan disbursements. The loan was amended again on July 21, 2012 to include an automatic conversion provision that would have converted the MSF loan upon the occurrence of an equity financing event of at least \$7,000,000 by September 30, 2012. The loan was amended again on October 15, 2012 to extend the automatic conversion deadline to March 31, 2013. The trigger event for the automatic conversion did not occur by March 31, 2013.

On December 1, 2014, the Company and the MSF entered into a Forbearance Agreement as a result of the Company’s failure to make payment when due on the loan. The Forbearance Period was from December 1, 2014 through September 30, 2015. Under the terms of the Forbearance Agreement the Company made an initial payment of \$38,000 and ten monthly payments of \$19,000 in forbearance fees to the MSF. Upon expiration of the Forbearance Period Everist was to begin making regular principal and interest payments to the MSF under the terms of the loan documents, as amended. Everist failed to make payments upon expiration of the Forbearance Period and was issued a notice of default.

In May 2016 the MSF Fund Manager requested representation from the Office of the Attorney General to initiate collection proceedings against Everist and a complaint was filed in the Ingham County Circuit Court. The Company reached out shortly thereafter to negotiate a restructure of the loan. The MSF Fund Manager and MEDC staff have been in discussions with Everist over the terms of a possible settlement or loan restructure for the past several months. The terms outlined in Exhibit A to the proposed resolution summarize the terms of the loan restructure.

**Recommendation**

MEDC staff recommends that the MSF Board approve the Request.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2016-**

**EVERIST GENOMICS, INC. LOAN AMENDMENT REQUEST**

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

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

**WHEREAS**, the MSF and Everist Genomics, Inc. f/k/a Genomics Squared, Inc. (“Everist” or “Company”), entered into a 21<sup>st</sup> Century Business Plan Competition loan agreement, dated December 12, 2006, whereby the MSF agreed to loan up to \$1,569,999 to Everist under the terms and conditions set forth in the Convertible Loan Agreement, Security Agreement, and Promissory Note (the “Note”), each dated December 12, 2006 (the Loan Agreement, Security Agreement, and Note, collectively, the “Loan Documents”);

**WHEREAS**, the Loan Documents were amended on May 20, 2008 to revise the key milestones the Company was required to achieve in order to receive loan disbursements;

**WHEREAS**, the Loan Documents were amended on July 21, 2012 to include an automatic conversion provision that would have converted the MSF loan upon the occurrence of an equity financing event of at least \$7,000,000 by September 30, 2012;

**WHEREAS**, the Loan Documents were amended on October 15, 2012 to extend the automatic conversion date to March 31, 2013;

**WHEREAS**, Everist has requested that the MSF restructure the Loan Documents in accordance with the terms and conditions set forth in Exhibit A to this resolution (the “Loan Amendment Request”);

**WHEREAS**, the MEDC recommends that the MSF Board approve the Loan Amendment Request;  
and

**WHEREAS**, the MSF wishes to approve the Loan Amendment Request.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the Loan Amendment Request; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to take all necessary action to effectuate the Loan Amendments Request in accordance with the terms and conditions of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## SUMMARY OF TERMS

This memorandum summarizes the key terms for restructure of the loan issued by the Michigan Strategic Fund ("MSF") to Everist Genomics, Inc. f/k/a Genetics Squared, Inc. ("Everist") on December 12, 2006, as amended. The MSF and Everist agree that the outstanding loan balance as of July 18, 2016 is \$2,245,192.25 and will be repaid based on the terms outlined in this term sheet.

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<b>Revised Loan Balance:</b>	\$1,569,999 (reflecting original principal amount of the loan)
<b>Interest Rate:</b>	3.5%
<b>Term:</b>	Ten years, with payments beginning on September 1, 2016 and continuing in equal monthly installments for the remainder of the term.
<b>Penalty:</b>	In the event of a late or missed payment, Everist will be charged a penalty rate of \$100 per day for each day it is past due in remitting payment to the MSF. There will be no prepayment penalty.
<b>Sales Participation:</b>	\$675,193.25 in interest and fees to be repaid by Everist through a sales participation agreement whereby the MSF receives 3% of gross sales of Everist that are over \$1,000,000. The sales participation payments will be made on a monthly basis until this balance is paid in full.
<b>Security:</b>	The restructured loan will be unsecured.
<b>Other:</b>	The original loan agreement dated December 12, 2006 and as amended on May 20, 2008, July 21, 2012 and October 15, 2012 will be terminated.

**MEMORANDUM**

**Date:** August 23<sup>rd</sup>, 2016  
**To:** MSF Board  
**From:** Eric Shreffler, Managing Director, Auto Office  
**Subject:** Appointment of MSF designated Board member(s) to the American Center for Mobility's Board of Directors

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MEDC Staff recommends the MSF Board approve the appointment of Steve Arwood to the American Center for Mobility's (ACM) Board of Directors.

**BACKGROUND**

In March and July of 2016, the Board approved resolutions 2016-026 and 2016-122 which helped establish the Willow Run Arsenal of Democracy Landholdings Limited Partnership, and provide funds for the purchase of the former GM Willow Run plant site, engineering and professional services, and to provide operational, design and construction funds to ACM, the operating entity of the proposed test center for automated, autonomous, and connected vehicles. Per the by-laws of ACM, the MSF is entitled to designate two members to the ACM Board of Directors.

Steve Arwood is recommended to take the first of two Board seats. The second seat is still under consideration and will be brought to the MSF for review and approval once identified.

**RECOMMENDATION**

MEDC Staff recommends the MSF Board approve Steve Arwood to appointment on the ACM Board of Directors.

**MICHIGAN STRATEGIC FUND  
RESOLUTION 2016-**

**APPROVAL OF MSF DIRECTOR DESIGNEES TO THE  
AMERICAN CENTER FOR MOBILITY BOARD OF DIRECTORS**

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

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

**WHEREAS**, on March 22, 2016, by Resolution 2016-026, the MSF approved the MSF’s participation as a senior Class A limited partner in the Willow Run Arsenal of Democracy Landholdings Limited Partnership (“LP”);

**WHEREAS**, the LP is pursuing the purchase of the former Willow Run Powertrain Plant real estate parcels in Ypsilanti, Michigan (“Real Estate”), with a view toward facilitating the ultimate re-development and operation of the Real Estate and surrounding area and roads and for connected and automated vehicle technology, research, validation and testing facilities by the American Center for Mobility, a Michigan non-profit corporation (collectively, the “Project”);

**WHEREAS**, on March 22, 2016, by Resolution 2016-026, the MSF also approved (i) an MSF grant to the LP in the amount of up to \$2,999,900 (ii) an MSF equity investment in the LP of up to \$100;

**WHEREAS**, on July 26, 2016, by Resolution 2016-122, the MSF also approved an additional equity investment by the MSF in the LP of up to an additional \$17 million to be used for the Project;

**WHEREAS**, pursuant to the By-laws of ACM, the MSF Board has the right to designate two directors to the ACM Board of Directors; and

**WHEREAS**, the MEDC recommends the MSF designate Steve Arwood to the ACM Board of Directors.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF designates Steve Arwood to the ACM Board of Directors.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016

**To:** Michigan Strategic Fund Board

**From:** Jim Davis, Underwriting and Incentive Structuring Specialist

**Subject:** Woodward Brown Associates, LLC  
Michigan Community Revitalization Program  
Request for Approval of a Michigan Community Revitalization Program Other  
Economic Assistance, Performance-Based Loan Participation Agreement  
Amendment

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### Request

Woodward Brown Associates, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance, Performance-Based Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated July 14, 2016 includes a request to modify the project agreement so that a single residential rental unit could be sold as a condo unit. No other changes of use or purpose are expected to occur.

### Background

The Michigan Strategic Fund Board approved a \$3,278,890 Michigan Community Revitalization Program, Performance-Based Loan Participation Agreement on March 25, 2014 to the Company for the purpose of constructing approximately an 88,000 square feet 5-story mixed-use structure on the corner of Woodward Avenue and Brown Street within the City of Birmingham. The building includes commercial office, retail and residential. The first floor includes space for a drive-through to accommodate a bank or pharmacy tenant and will include a ramp to below grade parking. Floors two through four will be built for commercial office space, with a small portion devoted to residential space. The fifth floor will be used for residential units, including exterior patio space.

Milestone one disbursement has been completed and the company is current with reporting requirements.

### Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance, Performance-Based Loan Participation Agreement and any related ancillary agreements to modify the project agreement so that a single residential rental unit could be sold as a condo unit per the Company’s request dated July 14, 2016.



**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016 -**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY  
REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE PERFORMANCE-  
BASED LOAN PARTICIPATION AWARD FOR  
WOODWARD BROWN ASSOCIATES, LLC**

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

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

**WHEREAS**, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

**WHEREAS**, pursuant to SFCR 125.2090-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (“Transaction Documents”);

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

**WHEREAS**, by Resolution 2014-031 on March 25, 2014 the MSF Board awarded a CRP Performance-Based Loan Other Economic Assistance Award to Woodward Brown Associates, LLC in furtherance of the Project of up to \$3,278,890 (“Award”);

**WHEREAS**, the MEDC is recommending that the MSF approve the amendment recommendation to modify the project agreement so that a single residential rental unit could be sold as a condo unit, with all other requirements remaining in place from the original approval.

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016

**To:** Michigan Strategic Fund Board

**From:** Lynda Franke, Underwriting and Incentive Structuring Specialist

**Subject:** Lofts on Michigan, LLC  
Michigan Community Revitalization Program  
Request for Approval of a MCRP Loan Participation and Servicing Agreement 2<sup>nd</sup>  
Amendment

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### Request

Lofts on Michigan, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements. The amendment request is to allow Mercantile Bank to add a prepayment penalty to their portion of the permanent financing loan, and preclude the MSF from sharing in said penalty or other associated fees collected by Mercantile Bank related to the prepayment of the MSF MCRP incentive.

### Background

The Michigan Strategic Fund Board approved a \$2,450,000 Other Economic Assistance-Loan Participation on August 26, 2014 to the Company for the purpose of constructing upon real property owned by Borrower, a project consisting of an approximately 68,000 square foot four-story building containing approximately 11,130 square feet of first floor commercial/retail space, an estimated 54 market rate residential rental units on floors two (2) through four (4), and an approximately 29,000 square foot underground parking structure.

The Michigan Strategic Fund Board approved an amendment on July 25, 2016 to extend the interest only period, the Loan Conversion Conditions deadline and Milestone Two’s deadline by nine months, extend the Certification of Loan Conversion deadline by three months and to release a \$500,000 letter of credit from Comerica Bank that supported the loans.

Construction is substantially complete with only tenant build-outs remaining on the commercial spaces. The residential portion of the project is complete, with 40 out of 54 units leased. The residential absorption rate has been between 4 to 8 units/month and is acceptable for the project, however, there was some delay in construction completion resulting in a delay in the beginning of the residential lease-up timeline. In addition, talks with two of the planned retail tenants fell through, so expected cash flow from the commercial side is delayed. In the last 90 days, the Company has secured one retail lease and another Letter of Intent and it is anticipated that they will be able to lease up the remaining space under the proposed extensions under our agreements.

The requested change to the language ensures that the project is not penalized for early repayment of MCRP funds back to the MSF.

**Recommendation**

The MEDC staff recommends approval of an amendment to the MCRP Agreement and any related ancillary agreements to allow Mercantile Bank to add a prepayment penalty to their portion of the permanent financing loan, and preclude the MSF from sharing in said penalty or other associated fees collected by Mercantile Bank related to the prepayment of the MSF MCRP incentive.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016 -**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY  
REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR  
LOFTS ON MICHIGAN, LLC**

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

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

**WHEREAS**, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

**WHEREAS**, pursuant to SFCR 125.2090-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (“Transaction Documents”);

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

**WHEREAS**, by Resolution 2014-134 on April 22, 2014 the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Lofts on Michigan, LLC, in furtherance of the Project of up to \$2,450,000 (“Award”);

**WHEREAS**, by Resolution 2014-133 on August 26, 2014 the MSF Board rescinded Resolution 2014-134 due to a change in the senior lender, and re-awarded a MCRP Grant/Loan/Other Economic Assistance Award to Applicant, in furtherance of the Project of up to \$2,450,000 (“Award”);

**WHEREAS**, by Resolution 2016-115 on July 26, 2016, the MSF Board approved an amendment request to extend the loan conversion, certification of loan conversion and project completion deadlines, and to allow the release of a letter of credit as collateral.

**WHEREAS**, the MEDC is recommending that the MSF approve an amendment recommendation to allow Mercantile Bank to add a prepayment penalty to their portion of the permanent financing loan, and preclude the MSF from sharing in said penalty or other associated fees collected by Mercantile Bank related to the prepayment of the MSF MCRP incentive.

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016

**To:** Michigan Strategic Fund Board

**From:** Lynda Franke, Underwriting and Incentive Structuring Specialist

**Subject:** Mid Towne Hospitality LLC  
Michigan Community Revitalization Program  
Request for Approval of a MCRP Loan Participation and Servicing Agreement 3<sup>rd</sup>  
Amendment

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### Request

Mid Towne Hospitality LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program MCRP Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements. The amendment request is for an extension of both the Lender’s Draw Period Expiration Date and the Lender’s Interest Only Termination Date to May 31, 2016 to complete construction draws. The amendment will allow staff to adjust the Michigan Strategic Fund’s Agreement to reflect these changes.

### Background

The Michigan Strategic Fund Board (MSF) approved a \$3,000,000 loan on August 28, 2013 to the Company as end financing for the purpose of constructing a 5 story, 148 room hotel with a two-level, 200-car parking garage under the hotel, as part of the larger Mid Towne Village redevelopment in Grand Rapids.

An amendment to the project was approved on November 25, 2014, to allow for an increase to the Mercantile Bank’s share of the loan by \$1,500,000 resulting in a loan amount of \$20,634,043, with no increase to the MSF share due to an increase in actual construction costs over estimates.

An amendment to the project was approved on May 24, 2016 to extend the disbursement period of the loan to May 31, 2016. In the Agreement documents, two legal terms were impacted to accomplish the request, but the Lender’s Interest Only Termination Date was not specified in the original approval necessitating the current request.

### Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Loan Participation and Servicing Agreement and any ancillary agreements as requested above.

**MICHIGAN STRATEGIC FUND  
RESOLUTION 2016-**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM LOAN PARTICIPATION AWARD FOR  
MID TOWNE HOSPITALITY LLC**

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

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

**WHEREAS**, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended (“Guidelines”);

**WHEREAS**, pursuant to SFCR 125.2090-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP (“Transaction Documents”);

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

**WHEREAS**, by Resolution 2013-134 on August 28, 2013 the MSF Board awarded a CRP Loan Participation Award to Mid Towne LLC, (“Applicant”) in the amount of \$3,000,000 (“Award”); of a \$19,134,043 total loan from Mercantile Bank, (“Lender”) toward financing construction activities and infrastructure improvements to real property (“Project”);

**WHEREAS**, by Resolution 2014-197 on November 25, 2014, the MSF Board approved an amendment to increase the Lender’s share of the loan by \$1,500,000, bringing the total loan amount to \$20,634,043;

**WHEREAS**, by Resolution 2016-059 on May 24, 2016, the MSF Board approved an amendment to extend the disbursement period for the Lender’s and MSF’s share of the loan to May 31, 2016.

**WHEREAS**, the MEDC is recommending that the MSF approve the amendment recommendation to extend the Lender’s Draw Period Expiration Date and the Lender’s Interest Only Termination Date to May 31, 2016 to complete construction draws.

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

**ADOPTED**

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016



**MEMORANDUM**

**Date:** August 23, 2016

**To:** Michigan Strategic Fund Board

**From:** Kelly Wolgamott, Director, Travel Marketing

**Subject:** Memorandum of Agreement with MDNR for Digital Media Campaign

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**Request**

Travel Michigan staff is requesting entering into a Memorandum of Agreement (the “Agreement”) between the Michigan Strategic Fund (“MSF”) and the Michigan Department of Natural Resources (“MDNR”) to include provisions delineating the respective roles, responsibilities, and resources of the MSF and MDNR with regard to providing monetary resources and customized content integration to build a digital hunting and fishing campaign targeting Michigan, Ohio, Indiana, Illinois, and Wisconsin (collectively, the “Request”).

**Background**

The MSF and MDNR have a common goal to leverage resources to promote Michigan’s hunting and fishing activities by developing custom articles, videos and digital campaigns to increase awareness of MDNR and Pure Michigan activities. The Agreement provides for \$400,000 to be spent on the campaign, with the MDNR and MSF splitting the costs equally. A similar joint campaign was entered into in 2015.

**Recommendation**

MEDC staff recommends approval of the Request.

**Memorandum of Agreement  
between  
the Michigan Department of Natural Resources  
and  
the Michigan Strategic Fund**

**I. PURPOSE OF AGREEMENT AND TERM**

- a. This agreement (“Agreement”), effective January 1, 2016 (“Effective Date”), between the Michigan Department of Natural Resources (“MDNR”) and the Michigan Strategic Fund (“MSF”), which may be referred to singularly as a “Party” or together as the “Parties”, is entered into for the purpose of delineating the respective roles, responsibilities, and resources of each Party with regard to providing monetary resources and the customized content integration.
- b. This Agreement shall be in furtherance of the common goal to leverage increased resources to build a digital hunting and fishing campaign targeting Michigan, Ohio, Indiana, Illinois, and Wisconsin, consisting of online digital advertising, paid search and video and written content.
- c. The initial term of this Agreement shall be from the Effective Date until December 31, 2016 (“Term”), unless terminated earlier by Section IV. The Parties may extend this Agreement upon mutual agreement in writing.

**II. FUNDING**

- a. The MDNR agrees to pay MSF an amount of Two Hundred Thousand Dollars (\$200,000.00), \$100,000 in September 2016, and \$100,000 in December 2016, to be used for the purposes of this Agreement.
- b. The MSF agrees to match the MDNR funding amount with Two Hundred Thousand Dollars (\$200,000.00) to be used for the purposes of this Agreement, together creating a digital media campaign of Four Hundred Thousand Dollars (\$400,000.00).

**III. AGREEMENT OBJECTIVE**

- a. The objective of the campaign is to promote Michigan’s hunting and fishing activities with the following:
  - Increase awareness of Michigan’s hunting and fishing opportunities
  - Retain current license purchasers/reduce churn and reactivate lapsed anglers
  - Generate awareness of hunting and fishing among 18-44 age groups
- b. Develop custom articles & videos that focus on MDNR related content to increase awareness of MDNR activities
  1. The strategies and details are further explained in **Exhibit A**, the 2016 objectives and Strategy, which is attached and incorporated herein reference.

2. Both parties agree to meet at least monthly to discuss details and make adjustments to the campaign.
3. End of campaign reports will be provided to MDNR, for both the fishing and hunting components of the campaign (separately). Fishing report is due October 31, 2016 and hunting report is due January 31, 2017.
4. MDNR provides input on created content. Pure Michigan owns the rights and provides input for content. MDNR has the ability to use and promote all created materials throughout the current campaign period, related to this Agreement.

#### **IV. TERMINATION AND AMENDMENT**

- a. This Agreement may be immediately terminated by either Party, with written notice to the other Party, in the event that the other Party has failed to comply with the terms of this Agreement.
- b. In the event that this Agreement is terminated, any funds paid to the MSF by MDNR not expended or committed by the MSF before the date of notice of the termination shall be returned to the MDNR within thirty days.
- c. This Agreement may be evaluated periodically and upon reasonable notification to the other Party may be amended to achieve the purposes of the Agreement. Any amendment or modification shall be executed in writing, subject to approval of each Party, and signed by an authorized official.

#### **V. REPRESENTATIVES**

- a. The MDNR should communicate with the following MSF representative regarding this Agreement. The Michigan Economic Development Corporation provides administrative services to the MSF. The representative may be changed at the discretion of the MSF and the MSF will give notice to the MDNR of any change:

Kelly Wolgamott  
Director of Marketing  
Michigan Economic Development Corporation  
300 North Washington Square  
Lansing, Michigan 48913

517 241-5004  
wolgamottk@michigan.org

b. The MSF should communicate with the following MDNR representative regarding this Agreement. The representative may be changed at the discretion of the MDNR and the MDNR will give notice to the MSF of any change:

Kristin M. Phillips  
Marketing & Outreach Division  
Michigan Department of Natural Resources  
525 West Allegan  
Lansing, Michigan 48933

517-284-6065  
phillipsk@michigan.gov

**VI. AUTHORIZED SIGNATURES**

The Parties have executed this Agreement effective on the Effective Date.

**MICHIGAN DEPARTMENT OF NATURAL RESOURCES**

\_\_\_\_\_  
By: Mark Hoffman Date  
Its: Chief Administrative Officer

**MICHIGAN STRATEGIC FUND**

\_\_\_\_\_  
By: Mark Morante Date  
Its: Fund Manager



## Carbon Media Group

- Use a strategic mix of standard web and mobile display for reach and scale, amongst a highly relevant audience of hunting and fishing enthusiasts
- Continue utilizing Carbon Media Group's digital channels to deliver multi-channel media placements throughout the Hunting & Fishing channel on OutdoorHub.com
  - Online pre-roll video through Carbon TV
  - Desktop and mobile banners
  - Custom video dashboards
  - Half page ads
  - Sponsored site wraps
- 50% of traffic will be directed to Michigan.org/hunting and 50% will be directed to the Outdoor Hub landing page to test for the first month. We will optimize based on a cost per conversion.



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PURE MICHIGAN®

## Outdoor Sportsman Group

- Outdoor Sportsman Group includes Outdoor Channel, Sportsman Channel, World Fishing Network and 19 websites
  - 36% of adults in the OSG network have hunted and/or fished at least once over the last 12 months
  - Adults 18-44 in the OSG network profile are 90% more likely to participate in fishing on any trip/vacation, when compared to the general population
- OSG will focus on engaging the general outdoor enthusiast segment of our audience further through a native article series with an overarching theme around "The Best of Michigan"
  - Providing a variety of articles that speak to individuals, families and young hunters and fishermen and make it easy for new participants to engage in hunting and fishing
- Digital campaign will run across select Outdoor Sportsman Group websites from March-Sept
  - Geo-Targeted Video Pre-Roll and Interstitials
  - Desktop and mobile banners
  - Dedicated email blast
- One-month sponsor of their #WhatGetsYouOutdoor sweepstakes, encouraging users to share pictures of the wide variety of activities that "gets them outdoors" for a chance to win a trip to Michigan\*.



\*Prizing would need to be provided for the sweepstakes by the MEDC/DNR

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PURE MICHIGAN®

## Interest Targeting

- Continue with programmatic display to visually showcase the business benefits and resource capabilities Michigan hunting and fishing has to offer
- Buying programmatically allows us to reach the right audience regardless of where they are online
  - Provides cost efficiencies that allow for a continuous presence across multiple channels – desktop, tablet, mobile
- Delivers over 21.1MM impressions through display – includes added value impressions
- Provides a much lower CPM than competitors with higher total impressions
- We've removed pre-roll video due to under performing in 2015
- Pending implementation of tracking pixel to the eLicense page, re-targeting should improve performance of campaign

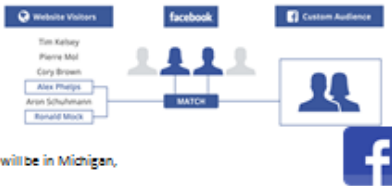


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PURE MICHIGAN®

## Paid Social Media

- Use wide reach and custom targeting abilities for social to attract a younger audience
  - Custom Audiences: Have the ability to reach Facebook users based on DNR email addresses
  - Create additional targets based on geographies, demographics and interests
- Use newsfeed posts and video posts to drive engagement
- Timing (6 week flights):
  - Fishing – May/June
  - Hunting – September/October



\*Please note that the targeting for hunting on Facebook will be in Michigan, Northern Ohio and Northern Indiana only

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PURE MICHIGAN®

## Michigan Out of Doors TV

- TV show with a very unique place in the outdoor landscape of Michigan
  - Highlighting the people of the state and its resources has always been at the core of the show and sets it apart from any other show
  - Have a very loyal and growing fan based and is the only show highlighting Michigan and all it has to offer the outdoor enthusiast
- Michigan Out of Doors TV strongly focuses on hunting & fishing activities and reaches on average 250,000 viewers each week
- Aired on PBS, Michigan Out of Doors is viewed all over the state of Michigan in a primetime slot on Thursday nights and again on Saturday or Sunday all across the state.
  - Also airs in Wisconsin, Ohio, Indiana, and Illinois
- Six month sponsorship includes 1x:15 in each episode
  - Added Value: 1x:15 pre-roll for each online episode
- Timing: April-September





**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2016-**

**APPROVAL OF MEMORANDUM OF AGREEMENT  
RELATED TO DIGITAL MEDIA CAMPAIGN  
WITH DEPARTMENT OF NATURAL RESOURCES**

**WHEREAS**, Public Act 489 of 2000, MCL 12.251 to 12.260, created the Michigan Trust Fund Act, of which the 21<sup>st</sup> Century Jobs Trust Fund (“Trust Fund”) is established;

**WHEREAS**, Public Act 270 of 1984, MCL 125.2088b(2)(d), provided for annual appropriations as provided by law may be used for promotion of tourism in this state;

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

**WHEREAS**, the MSF and the MDNR have a common goal to leverage increased resources to build a digital hunting and fishing campaign targeting certain Great Lake states, consisting of online digital advertising, and video and written content;

**WHEREAS**, to achieve the objective of delineating the respective roles, responsibilities, and resources, the MSF and MDNR wish to enter into the Memorandum of Agreement in substantially the same form as that attached as Exhibit A to this resolution (the “Digital Media Campaign Agreement”).

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Digital Media Campaign Agreement; and

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager, in consultation with the Office of the Attorney General, to negotiate the final terms and conditions of the Digital Media Campaign Agreement and to execute the Digital Media Campaign Agreement on behalf of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016

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

**From:** Trevor Friedeberg, Business Development Project Manager

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

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### Request

The Company is requesting to push out the due date for the Qualified Investment of \$10 million until the final milestone, which is March 31, 2018. Doing this will keep the conditions of the grant in place and will allow the company more time to continue to invest in this high tech industry in the Lansing region.

Further, it is recommended that both locations the company has in Lansing be used to count towards qualified new job creation. Many of the positions work at both the headquarter and the new facility in Port Lansing, therefore allowing both locations for QNJ counting is consistent with the original intent of the project and job creation in the Lansing area.

### Background

On November 20, 2013 the Michigan Strategic Fund approved a \$3,000,000 award for Niowave, Inc. under the Michigan Business Development Program (“MBDP”). The Company proposed to open a new facility in the City of Lansing which would result in the creation of 90 Qualified New Jobs and up to \$79 million in capital investment.

The Company was required to hit a Qualified Investment number of \$10 million in real and/or personal property by March 31, 2016. To date, it has completed roughly \$6 million of the required \$10 million of investment. It has spent well more than \$10 million if the installation of equipment is taken into consideration, however the wording of the grant requires the investment to be specifically for building new construction and machinery and equipment, not labor.

### Recommendation

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

- a) Amend the November 20, 2013 approval for Niowave, Inc. to extend the deadline to meet the Qualified Investment requirement to March 31, 2018
- b) Amend the Project to include 1012 North Walnut Street, Lansing, Michigan 48906 AND 2450 Port Lansing Road, Lansing, Michigan 48906;
- c) All other aspects of the approval remain unchanged.

## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2016-**

#### **APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO NIOWAVE, INC.**

**WHEREAS**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> 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 21<sup>st</sup> Century Jobs Trust Fund programs;

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

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

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

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

**WHEREAS**, the MSF approved an \$3,000,000 Michigan Business Development Program Performance based grant on November 20, 2013 to open a new radioisotope production facility based on a superconducting linac and produce medical radioisotopes in the City of Lansing which would result in the creation of 90 Qualified New Jobs and up to \$79 million in capital investment (the “Project”);

**WHEREAS**, the Company requests that the Michigan Business Development Program performance based grant be amended and revised as follows: extend the deadline to meet the Qualified Investment requirement to March 31, 2018; amend the Project to include both 1012 North Walnut Street, Lansing, Michigan 48906 and 2450 Port Road Lansing, Michigan 48906 (“Amendment”);

**WHEREAS**, the MEDC recommends that the MSF approve the Company’s Grant Amendment Request in accordance with the attached Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“MBDP Amendment Award Recommendation”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

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# MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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## MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Grant Amendment - Term Sheet

The following is a summary of the highlights of the amendment 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 Amendment is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

**Date:** August 10, 2016

**Company Name:** Niowave, Inc. ("Company" or "Applicant")

**Company Address:** 1012 North walnut Street  
Lansing, Michigan 48906

**Project Address ("Project"):** TBD in Port Lansing Capitol Region Airport  
*if different than above* Lansing, Michigan

**MBDP Incentive Type:** Performance Based Grant

**Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):**

- **Maximum Amount of MBDP Incentive:** Up to \$3,000,000 ("MBDP Incentive Award")
- **Base Employment Level** 43
- **Total Qualified New Job Creation:** 90  
*(above Base Employment Level)*
- **Company Investment:** The company plans to invest \$79,000,000 in real and personal property relating to new building construction and machinery and equipment, or any combination thereof, for the Project.
- **Qualified Investment:** \$10 million The total minimum amount of the required Company Investment at the Project, which at a minimum must include the following: real and personal property relating to new building construction and machinery and equipment ("Qualified Investment"). **Investment made after November 20, 2013, and no later than March 31, 2016 will be considered as Qualified Investment.** The final terms and conditions of the Qualified Investment shall be included in the final Agreement.



- **Municipality supporting the Project:** Dewitt Charter Township – City of Lansing Next Michigan Development Corporation committed to provide a property tax abatement on real and/or personal property related to the Project.
  
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:

  - **Disbursement Milestone 1:** Up to \$500,000 Upon demonstrated support that the Company has maintained the Base Employment Level, the company has signed a lease of at least 10 years for the Project, and verification of final approval of municipality support by no later than March 31, 2014.
  
  - **Disbursement Milestone 2:** Up to \$500,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 10 Qualified New Jobs above the Base Employment Level, by no later than March 31, 2015.
  
  - **Disbursement Milestone 3:** Up to \$500,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 20 additional Qualified New Jobs (for a total of 30 Qualified New Jobs) above the Base Employment Level and upon demonstrated completion of \$10 million of Qualified Investment, by no later than March 31, 2016.
  
  - **Disbursement Milestone 4:** Up to \$1.5 million Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3 and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 55 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2017.
  
  - **Disbursement Milestone 5:** \$0 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4 and upon demonstrated creation of 35 additional Qualified New Jobs (for a total of 90 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2018.
  
- **Term of Agreement:** Execution of Agreement to March 31, 2020. Provided however, certain terms of the Agreement may be effective through a different end date including the revenue participation terms and conditions (discussed below) which shall be effective through the date the MSF has received repayment of all of the disbursements made to the Company by the MSF (plus any applicable interest, fees and costs if such payments are not made in a timely made).

**Proposed MBDP Incentive Amendment:**

- **Project Address ("Project"):** 2450 Port Lansing Road  
Lansing, Michigan 48906  
AND  
1012 North Walnut Street  
Lansing, Michigan 48906
  
- **Qualified Investment:** \$10 million The total minimum amount of the required Company Investment at the Project, which at a minimum must include the following: real and personal property relating to new building construction and machinery and equipment ("Qualified Investment"). **Investment made after November 20, 2013, and no later than March 31, 2018 will be considered as Qualified Investment.** The final terms and conditions of the Qualified Investment shall be included in the final Agreement.
  
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
  - **Disbursement Milestone 3:** Up to \$500,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 20 additional Qualified New Jobs (for a total of 30 Qualified New Jobs) above the Base Employment Level by no later than March 31, 2016.
  
  - **Disbursement Milestone 4:** Up to \$1.5 million Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3 and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 55 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2017.
  
  - **Disbursement Milestone 5:** Up to \$0 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4 and upon demonstrated creation of 35 additional Qualified New Jobs (for a total of 90 Qualified New Jobs) above the Base Employment Level and upon demonstrated completion of \$10 million of Qualified Investment, by no later than March 31, 2018.

Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory

municipality support, if applicable (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 Amendment 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 Amendment 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 August 11, 2016 the MEDC may not be able to proceed with any recommendation to the MSF.

**Acknowledged as received by:**

Niowave, Inc.

By:



Printed Name:

Terry L. Grimm

Its:

President

Dated:

8/11/2016

Michigan Economic Development Corporation

By:



Printed Name:

Trevor Friedberg

Its:

Business Development Project Mgr.

Dated:

8/12/2016



## MEMORANDUM

**Date:** August 23, 2016  
**To:** MSF Board  
**From:** MEDC Staff  
**Subject:** *Procurement Technical Assistance Center (PTAC) Program  
– FY16 Grant Award Amendment Recommendation*

---

### **Request**

The Michigan Economic Development Corporation (MEDC) Staff requests the MSF Board approve the recommended amendment to the Networks Northwest Procurement Technical Assistance Center (PTAC) Program for fiscal year 2016.

### **Background**

Following the RFP process, the MEDC has identified a host organization to provide Procurement Technical Assistance services for Michigan businesses in fiscal year 2016. The PTAC program will assist businesses located in the City of Flint with successfully winning federal contracts, with a strong emphasis on United States Departments of Defense (DoD) and Homeland Security (DHS) contracts, as well as state and local contracts.

The Department of Defense's Procurement Technical Assistance Center (PTAC) Program was established by Congress in 1985 to help create jobs and to improve the local economy by assisting business firms in obtaining and performing under federal, state, and local government contracts. The U.S. Defense Logistics Agency (DLA), the MDC/MEDC, and local economic partners fund Michigan PTACs.

The Michigan PTAC Program generates an enormous economic impact. In fiscal year 2014, the PTACs teamed with Michigan companies to secure \$1 billion in government contracts resulting in thousands of jobs created or retained within the state. Collectively, hundreds of PTAC clients were successful in winning contracts and many more receiving valuable assistance towards their first contract win.

### **Request for Proposals (RFP) Process Summary**

In an effort to implement best practices across MEDC, requests for fiscal year 2016 state funding for PTACs were awarded through the RFP process. This approach assisted in determining the appropriate distribution of limited funding to programs that best address Economic Development needs and provide the greatest return on investment.

Networks Northwest requested an additional \$10,000 from the remaining fiscal year 2016 MSF funding to support their DLA sub-center, hosted at Saginaw Future.

### **Recommendations**

MEDC Staff recommends that the MSF Board approves an additional \$10,000 for the Networks Northwest PTAC through an amendment to their fiscal year 2016 program grant agreement.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2016-**

**AMENDMENT TO PROCUREMENT TECHNICAL ASSISTANCE CENTER GRANT  
TO NETWORKS NORTHWEST**

**WHEREAS**, Public Act 315 and 225 of 2006, as amended, created the Michigan Defense Center (“MDC”) within the Michigan Strategic Fund (“MSF”);

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

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

**WHEREAS**, Section 88b(2)(c) of the Act provides that money transferred or appropriated to the MSF may be expended for programs or activities authorized under any chapter of the Act;

**WHEREAS**, Section 7(c) of the Act provides that the MSF shall have the power to make grants;

**WHEREAS**, at its June 23, 2015 meeting, the MSF Board authorized a Request for Proposals (“RFP”) which established a competitive proposal process for awarding grants to Procurement Technical Assistance Centers (“PTACs”) for fiscal year 2016 (the “PTAC Program RFP”);

**WHEREAS**, at its September 22, 2015 meeting, the MSF Board approved a grant to Networks Northwest in the amount of \$180,000;

**WHEREAS**, the MEDC recommends that the MSF allocate an additional \$10,000 to Networks Northwest to support its Defense Logistics Agency sub-center hosted at Saginaw Future (the “Grant Amendment”); and

**WHEREAS**, the MSF wishes to approve the Grant Amendment.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the Grant Amendment;

**BE IT FURTHER RESOLVED**, that MSF Fund Manager is authorized to negotiate the final terms and conditions of the Grant Amendment and to execute all documents necessary to effectuate the Grant Amendment.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016

**To:** MSF Board

**From:** Josh Hundt, V.P., Business Development Projects  
Christin Armstrong, Associate General Counsel & V.P., Compliance & Contract Services

**Subject:** Tool and Die Renaissance Recovery Zone Policy

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### Request

Michigan Economic Development Corporation (“MEDC”) recommends that the Michigan Strategic Fund (“MSF”) Board adopt the Tool & Die Renaissance Recovery Zone Policy set forth in Exhibit A to the proposed resolution.

### Background

Tool and Die Renaissance Recovery Zones (“T&D Recovery Zones”) were implemented under the Renaissance Zone Act, PA 376 of 1996. This incentive abates the same taxes as other Renaissance Zones but requires that companies form collaborative groups that work toward the development of standardized practices, development of tooling standards, and other synergies to enhance the industry’s ability to maintain their competitive edge in a global market.

T&D Recovery Zones also differ from Renaissance Zones with respect to the requirement for development agreements. Under the Renaissance Zone Act, a development agreement is only required for companies that have 75 or more full-time employees. Companies in T&D Recovery Zones are required to enter into Collaborative Agreements with other companies, but not with the MSF. All T&D Recovery Zone companies must operate under specific North American Industrial Classification System (“NAICS”) codes related to the Tool and Die industry.

As of August 1, 2016, 473 companies have been designated by the MSF to receive Renaissance Zone benefits. Of these, 339 have been T&D Recovery Zone designations. Of the T&D Recovery Zone designations, 41 have entered into a development agreement and 339 Collaborative Agreements have been created. There are currently 246 active T&D Recovery Zones.

Since the implementation of the Renaissance Zone program, Michigan’s business tax structure has changed from the Michigan Business Tax (“MBT”) to the Corporate Income Tax (“CIT”), which is an advantage to many of the estimated 10,000 Tool and Die companies operating in Michigan, as many of these companies will not have any business tax liability. In addition, with elimination of the personal property tax in Michigan, the need for the Recovery Zones is further diminished.

T&D Recovery Zones were created to assist a challenged industry. Today, with Michigan’s continuing economic recovery, as well as the change in Michigan’s business tax structure, the value of incentive has diminished. While the MEDC will continue to monitor and administer the companies that have already received a T&D Recovery Zone designation, it recommends that the MSF Board adopt the policy attached as Exhibit A to the proposed resolution and which includes the following provisions:

- No new T&D Recovery Zone designations.

- No amendments to existing T&D Recovery Zones that would extend or expand the benefit of the designation.
- Transfers of an existing T&D Recovery Zone designation may be permitted only in those instances where an existing T&D Recovery Zone company sells its business and the following conditions are met: 1) the new owner continues to operate the company under the statutory requirements of the T&D Recovery Zone program; 2) the new owner assumes all the obligations of the existing development agreement, as applicable; and 3) the local unit of government approves a resolution evidencing its support of the project.

**Recommendation**

MEDC Staff recommends that the MSF Board adopt the Tool and Die Renaissance Recovery Zone Policy set forth in Exhibit A to the proposed resolution.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2016-**

**TOOL AND DIE RENAISSANCE RECOVERY ZONE POLICY**

**WHEREAS**, Public Act 376 of 1996, MCL 125.2681-125.2696, as amended, created the Michigan Renaissance Zone Act (the “Act”) to foster economic opportunities in the State of Michigan; to facilitate economic development; to stimulate industrial, commercial, and residential improvements; to prevent physical and infrastructure deterioration of geographic areas in this State; and to provide exemptions and credits from certain taxes;

**WHEREAS**, Section 8d of the Act, MCL 125.2688d, authorizes the MSF to designate no more than 35 tool and die renaissance recovery zones within the state;

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for the Renaissance Zone program, including tool and die renaissance recovery zones;

**WHEREAS**, the MEDC recommends that the MSF Board adopt the Tool & Die Renaissance Recovery Zone Policy attached as Exhibit A to this resolution; and

**WHEREAS**, the MSF Board wishes to adopt the Tool & Die Renaissance Recovery Zone Policy attached as Exhibit A to this resolution.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board adopts the Tool & Die Renaissance Recovery Zone Policy.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

# TOOL & DIE RENAISSANCE RECOVERY ZONE (TDRRZ) POLICY GUIDELINES

Effective Date: August 1, 2016

## SECTION I. OVERVIEW

Tool and Die Renaissance Recovery Zones (TDRRZ) were implemented under the Renaissance Zone Act, PA 376 of 1996. This incentive abates the same taxes as other Renaissance Zones but requires that companies form collaborative groups that work toward the development of standardized practices, development of tooling standards, and other synergies to enhance the industry's ability to maintain their competitive edge in a global market.

Companies are required to enter into Collaborative Agreements with other companies, but not with the Michigan Strategic Fund (MSF) unless the company has 75 or more full-time employees. All Recovery Zone companies must operate under specific North American Industrial Classification System codes related to the Tool and Die industry.

TDRRZs were created to assist a challenged industry, but with Michigan's continuing economic recovery, as well as the change in Michigan's business tax structure, the value of the incentive has diminished due to the elimination of the personal property tax.

## SECTION II. POLICY

The Michigan Economic Development Corporation (MEDC) will continue to administer and monitor the companies that continue to receive the benefits through 2024. MEDC staff will **NOT** recommend the following to the Michigan Strategic Fund:

- Approval of new TDRRZs
- Amendments to existing TDRRZs that would extend or expand the benefit of the designation.
- Transfers to a new location

The MEDC will recommend transfers of an existing TDRRZ designation only in those instances where an existing TDRRZ company sells its business and the following conditions are met: 1) the new owner continues to operate the company under the statutory requirements of the T&D Recovery Zone program; 2) the new owner assumes all the obligations of the existing development agreement, as applicable; 3) the new owner enters into a collaboration agreement; and 4) the local unit of government approves a resolution evidencing its support of the project.

## SECTION III. APPROVAL

All transfer requests and recommendations that meet the requirements of this policy will be presented to the MSF Board for approval.

**Disclaimer:** This document is solely intended as general guidance and is not legal advice. The MSF retains right to revise and amend this document and policy at any time.

**MEMORANDUM**

**Date:** August 23<sup>rd</sup>, 2016  
**To:** MSF Board  
**From:** Eric Shreffler, Managing Director, Auto Office  
**Subject:** Grant to the University of Michigan Energy Institute - Battery Fabrication and Characterization User Facility

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MEDC Staff recommends the MSF Board approve an award in the amount of \$1,000,000 to the University of Michigan Battery Fabrication and Characterization User Facility (UM Battery Lab) to provide matching funds for the completion of construction and outfitting of the facility.

**BACKGROUND TO AWARD**

Under Section 88b(2)(c) of the MSF Act, the money transferred or appropriated to the MSF may be expended for programs or activities authorized under any chapter of the Act. Pursuant to Section 7(c) of the Act, the MSF has the power, among other things, to make grants.

In 2013, the University of Michigan Energy Institute was awarded a \$5 million grant over 5 years from the MEDC matched by the Department of Energy and Ford Motor company to build and outfit the Battery Fabrication and Characterization User Facility. The first four years were funded with corporate funds. The funding being requested will be for the final year of the grant.

This facility enables industry and university researcher collaboration to develop cheaper and longer lasting energy-storage devices. The new facility — for prototyping, testing and analyzing batteries and the materials that go into them — promises to be a key enabler for Southeast Michigan's battery supply chain. It brings together materials scientists and engineers, as well as suppliers and manufacturers. The new lab will be available for any firm to use, and Michigan based SME's receive a discounted rate as a result of this grant.

**PROGRAM RESULTS**

The UM Battery Lab began operations in the second quarter of 2015 once the key equipment was installed. Since then the lab has been booked over 60% of the available time, with both large and SME Michigan based companies as well as out of state small companies using the various equipment. The existence of the lab has also enhanced UM faculty's ability in receiving additional federal funding, a portion of which has been directed to further expand the capabilities of the lab. The UM Battery Lab is also a member of the Joint Center for Energy Storage Research, and therefore additional federal funding is anticipated as a result of joint projects. This may also present an opportunity for attraction of new high tech businesses to the state.

## **RECOMMENDATION**

MEDC Staff recommends the MSF Board approve this award.

MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with the University of Michigan.



**MICHIGAN STRATEGIC FUND  
RESOLUTION**

**2016-**

**UNIVERSITY OF MICHIGAN ENERGY INSTITUTE GRANT**

**WHEREAS**, Public Acts 215 and 225 of 2005 (the “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**, Section 88b(2)(c) of the Act provides that money transferred or appropriated to the MSF may be expended for programs or activities authorized under any chapter of the Act;

**WHEREAS**, pursuant to Section 7(c) of the MSF Act, the MSF has the power, among other things, to make grants;

**WHEREAS**, the University of Michigan Energy Institute (“UM Energy Institute”) has requested a grant to support construction and outfitting of its Battery Fabrication and Characterization User Facility (the “UM Energy Institute Grant”);

**WHEREAS**, the MEDC recommends that the MSF approve funding of up to \$1,000,000 from the FY2016 appropriation from the 21<sup>st</sup> Century Jobs Fund for entrepreneurial activities to fund the UM Energy Institute Grant; and

**WHEREAS**, the MSF wishes to approve funding of up to \$1,000,000 from the FY2016 appropriation from the 21<sup>st</sup> Century Jobs Fund for entrepreneurial activities to fund the UM Energy Institute Grant (the “Award Recommendation”).

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF approves the Award Recommendation; and

**BE IT FURTHER RESOLVED**, that the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions of and execute all documents necessary to effectuate the Award Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016  
**To:** Michigan Strategic Fund Board  
**From:** Jeanne Broad, Director, International Trade  
**Subject:** *Pure Michigan International Trade Program – Request to Extend the FY2016 Council of Great Lakes Governors, Inc. (d/b/a Conference of Great Lakes and St. Lawrence Governors and Premiers) International Trade Services Contract through FY17*

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### Action

The MEDC requests that the MSF approve a one year extension of the current FY16 International Trade Services contract to Council of Great Lakes Governors Inc. (CGLG) d/b/a Conference of Great Lakes and St. Lawrence Governors and Premiers and increase the contract amount by \$45,000, with the total not to exceed \$825,000, for services to be delivered in FY17.

### Background

On January 21, 2016 the MSF awarded the FY2016 Pure Michigan International Trade Services contract (Case #159790) of \$780,000 to the CGLG following a formal request for proposals. CGLG has executed their contractual obligations in past years and continues to do so during this current fiscal year as well.

The contract under this request would include these services:

- (1.) Sharing foreign office resources and services in China, Canada, Brazil, Germany, Mexico, and the United Kingdom including, but not limited to:
  - Market Research
  - Foreign Agent/Distributor/Representative Searches
  - End-User Searches
  - Matchmaking Services for Buyer Missions and Trade Mission Support
- (2.) A Middle East office to cover Bahrain, Kuwait, Oman, Saudi Arabia, the United Arab Emirates and Qatar with services as reflected in (1.).
- (3.) Additional mission support and funds which may be used for trade development projects in the CGLG's other foreign offices, located in Australia, Chile, India, and South Africa.

These services have proven to be in high demand by Michigan small businesses. International Trade expects the FY16 funds (\$780,000) obligated to the current contract to be exhausted by September 30, 2016, and wishes to extend the services with \$825,000 additional general funds / general purpose funds for services under the same contract with an amendment until September 30, 2017.

### Recommendation

MEDC recommends the MSF Board approve extending the Council of Great Lakes Governors d/b/a the Conference of Great Lakes and St. Lawrence Governors and Premiers contract not to exceed \$825,000 for services delivered in FY17.

**MICHIGAN STRATEGIC FUND  
RESOLUTION  
2016-**

**PURE MICHIGAN INTERNATIONAL TRADE PROGRAM  
INTERNATIONAL TRADE SERVICES - CONTRACT EXTENSION  
Council of Great Lakes Governors Inc. d/b/a Conference of Great Lakes and St. Lawrence  
Governors and Premiers**

**WHEREAS**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> 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 21<sup>st</sup> Century Jobs Trust Fund programs;

**WHEREAS**, Section 2 of the Act provides that the purposes of the Act and of the MSF is to, among other things, foster export activity and the promote and develop export markets and export activities;

**WHEREAS**, MCL 125.2088b authorizes and requires that the MSF Board establish a competitive process to award grants;

**WHEREAS**, on December 15, 2015, via MSF Resolution 2015-192, the MSF Board approved the allocation of \$780,000 associated with the authorization for the issuance of an International Trade Services Request for Proposal (the “ITS RFP”), which solicited contractors to provide trade promotion services for Michigan-based companies seeking export sales in the target markets of Mexico, China, Canada, Brazil, Germany, and the United Kingdom in order to increase and promote export activity;

**WHEREAS**, on January 21, 2016, at the recommendation of a joint evaluation committee, the MSF Fund Manager approved via delegated authority the \$780,000 grant award associated with the ITS RFP to the Council of Great Lakes Governors, Inc. d/b/a Conference of Great Lakes and St. Lawrence Governors and Premiers (“CGLSLGP”) (the “ITS Grant”);

**WHEREAS**, the MSF entered into a professional services contract with the CGLSLGP for services rendered in fiscal year 2016 to govern the ITS Grant (the “ITS Agreement”), which contained an option for the MSF to extend the ITS Agreement at its discretion for up to three one-year terms; and

**WHEREAS**, the MEDC recommends the MSF exercise its first option to extend the ITS Agreement for an additional one-year term ending September 30, 2017 and allocate an additional \$825,000 in funding for fiscal year 2017 (the “ITS Grant Amendment”).

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the ITS Grant Amendment; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate final terms and conditions of the ITS Grant Amendment and to execute all documents necessary to effectuate the ITS Grant Amendment.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016

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

**From:** Trevor Friedeberg, Business Development Project Manager

**Subject:** Inteva Products, LLC (“Company” or “Applicant”)  
Michigan Business Development Program performance-based other economic assistance request

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### Summary

This is a request from the Applicant for a \$1,270,000 performance-based other economic assistance incentive, of which \$500,000 may be paid back or has the ability to convert to a grant based on job creation. This project involves the creation of 77 Qualified New Jobs, with the potential for up to 127 total jobs as a result of the project, and a capital investment of up to \$23 million in the City of Adrian, Lenawee County.

The Applicant has demonstrated a need for the funding. The Company is considering location alternatives that would allow it to reduce logistics costs, labor rates and utility costs. Additionally, relocation to an out-of-state location would allow the company to operate more efficiently in a smaller, updated building. The Company is considering suitable buildings in several Northeast Indiana counties. Both state and local authorities in Indiana are providing favorable economic incentives that would help offset relocation costs. These incentives combined with lower logistics costs, labor rates, and electric utility costs are an attractive alternative. Approval of the Michigan Business Development Program award would allow the Company to offset some of these costs and make a case to remain in Adrian.

### Background

Inteva Products, LLC is a leading global automotive supplier providing automakers with innovative, reliable, environmentally friendly products that enhance vehicle quality, safety and performance. Inteva has global resources for engineering, manufacturing and customer service for Closure Systems, Interior Systems, Motors and Electronics, and Roof Systems. Formed in 2008, the tier-one supplier is focused on achieving sustained global growth, providing excellent customer service and driving innovation.

The Company has been awarded new automotive program contracts and is considering new investment and job creation at its Adrian facility to accommodate this work. During the launch period of these new programs, other production contracts will be ending. Should Inteva decide to produce the new programs at the Adrian facility, it will help the facility to retain jobs and create about 77 new jobs.

The Applicant has received incentives from the MSF in the past. In 2003 and 2004, EDJT funds were provided to the Company to assist with training. These incentives were successfully awarded to the Company.

The Applicant plans to produce new programs as a result of newly awarded automotive contracts in the City of Adrian, make investments and create jobs related to industrial machinery manufacturing.

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

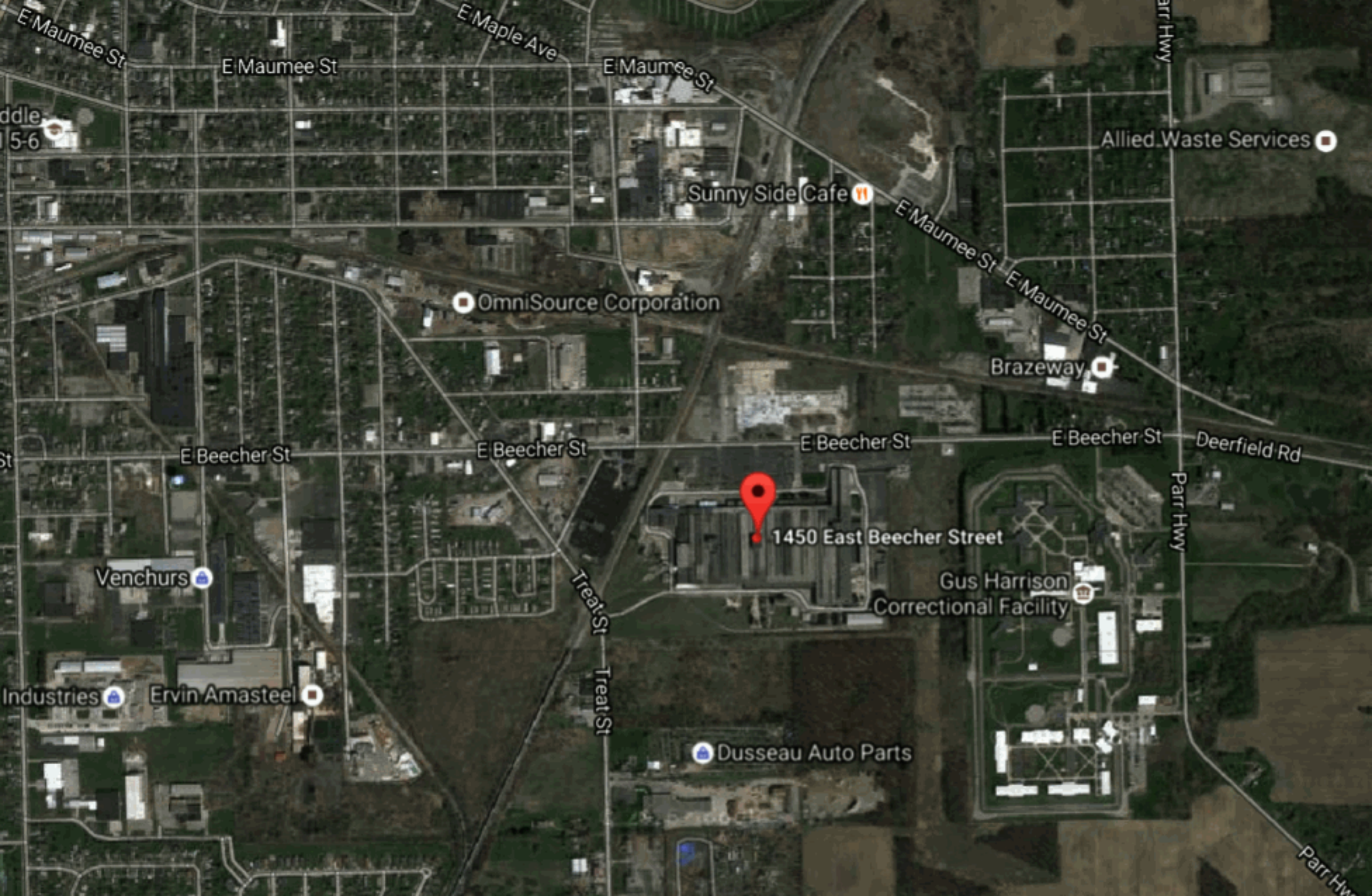
### **Considerations**

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Adrian. Lenawee Now has offered a “staff, financial, or economic commitment to the project” in the form of hosting and supporting a job fair for the Company.
- c) The Applicant has demonstrated a need for the funding. State and local authorities in Indiana are providing favorable economic incentives that would help offset relocation costs. These incentives combined with lower logistics costs, labor rates, and electric utility costs are an attractive alternative.
- d) The Applicant plans to create 77 Qualified New Jobs, with the potential of up to 127 Qualified new jobs, above a statewide base employment level of 805.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: it is not a retail project; it involves out-of-state competition; it has a net positive return to Michigan; the level of investment is over \$23 million; there is a high prospect of near-term job creation; and the project has strong links to Michigan suppliers.

### **Recommendation**

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

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



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Allied Waste Services

Sunny Side Cafe

OmniSource Corporation

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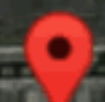
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E Beecher St

Deerfield Rd



1450 East Beecher Street

Venchurs

Gus Harrison  
Correctional Facility

Industries

Ervin Amasteel

Treat St  
Treat St

Dusseau Auto Parts

Parr Hwy

Parr Hwy

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016-**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
INTEVA PRODUCTS, LLC**

**WHEREAS**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> 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 21<sup>st</sup> Century Jobs Trust Fund programs;

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

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

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

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

**WHEREAS**, Inteva Products, LLC (“Company”) has requested a performance based MBDP other economic assistance of up to \$1,270,000 (“Other Economic Assistance Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

**WHEREAS**, the MEDC recommends that the MSF approve the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“MBDP Award Recommendation”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016



**The MICHIGAN BUSINESS DEVELOPMENT PROGRAM  
Performance Based Other Economic Assistance - Term Sheet**

The following is a summary of the highlights of the project and basic terms for which the Company desires other economic assistance 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:** 8/8/2016

- 1. Company Name:** Inteva Products, LLC. ("Company" or "Applicant")
- 2. Company Address ("Project Address"):** 1450 E. Beecher  
Adrian, Michigan 49221
- 3. MBDP Incentive Type:** Performance Based Other Economic Assistance
- 4. Maximum Amount of MBDP Incentive:** Up to \$1,270,000 ("MBDP Incentive Award")
- 5. Base Employment Level** 805 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
- 6. Total Qualified New Job Creation:** 77 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum  
*(above Base Employment Level)*

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:** \$23,284,295 in Machinery and Equipment for the Project.

**8. Municipality supporting the Project:** Lenawee Now

- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: host and support a job fair for the Company. 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 \$500,000 Upon demonstrated execution of a CMS utility provider contract agreement for electrical service of not less than five years for the Project location by no later than January 31, 2018.
- b. **Disbursement Milestone 2:** Up to \$500,000 Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level, by no later than April 30, 2019.
- c. **Disbursement Milestone 3:** Up to \$270,000 Upon completion of Disbursement Milestone 2 and upon demonstrated creation of 27 additional Qualified New Jobs (for a total of 77 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2020.

**10. Term of Agreement:** Execution of Agreement to July 31, 2020. Provided however, certain terms of the Agreement may be effective though a different end date (discussed below) which shall be effective through the date the MSF has received repayment of funds paid by the MSF plus any applicable interest, fees and costs if

such payments are not made in a timely manner.

**11. Repayment Determination Date:**

The total amount of new jobs created at the Project by January 31, 2020, or sooner as determined by the Company, and maintained for six months thereafter ("Repayment Determination Date"), will go towards the forgiveness of the Performance Based Other Economic Assistance as follows:

- \$10,000 per job for Qualified New Jobs created above the minimum requirement of 77 jobs committed

**12. Repayment Provisions:**

Repayment provisions are required by law. The Repayment and conditions will be effective through the Terms 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 outside 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 under the award. In addition to these standard repayment items, this incentive will include an annual payment provision as outlined below:

- a. Annual Payment: The final agreement will include annual payment terms and conditions which will require the Company to make annual payments to the MSF beginning no later than July 1, 2020, and continue each July 1 through July 1, 2025. The annual payment terms will require five payments equal to one fifth of \$500,000, or whatever amount is determined above in Paragraph 11, plus one percent interest.
- b. Interest begins accruing January 31, 2020.
- c. Remaining balance plus any remaining interest and applicable fees will be due by no later than July 1, 2025.

**13. Reporting Requirements:**

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

**14. Public Announcements:**

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. **If the MEDC does not receive the signed Term Sheet from the Company by August 12 2016, the MEDC may not be able to proceed with any recommendation to the MSF.**

**Acknowledged as received by:**

Inteva Products, LLC

By:

Michelle Weir

Printed Name:

Michelle Weir

Its:

Exec Dir Global Tex

Dated:

8/16/16

Michigan Economic Development Corporation

By:

Trevor Feinberg

Printed Name:

Trevor Feinberg

Its:

Business Development Project Manager

Dated:

8/16/2016

**MEMORANDUM**

**Date:** August 23, 2016

**TO:** Michigan Strategic Fund Board

**From:** Christopher Cook, Director of Capital Access

**Subject:** *Private Activity Bond – Bond Inducement  
Holland Home  
Non-Profit - \$8,420,000 – New*

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**Request:**

Holland Home (“Borrower”) is requesting private activity bond financing for the following: (i) fund a significant renovation related to an existing facility, Raybrook Manor, a Licensed Home for the Aged and Skilled Nursing Facility, located at 2121 Raybrook Street SE, Grand Rapids, Kent County; and (ii) provide funding to pay off a line of credit issued to fund construction, equipping, and furnishing of Trillium Woods, a licensed inpatient/residential hospice facility located at 8214 Phieffer Farms Drive, SE, Byron Center, Kent County, Michigan. The line of credit was provided by Huntington Bank which still provides the line of credit. The financing provided by Huntington would be at a taxable rate, while potential funding under tax-exempt financing would be more advantageous to the organization, both in the short and long term.

**Background:**

The Borrower was originally organized as a home for the aged in 1892, and has operated as a non-profit corporation. In 1941 Holland Home was incorporated in Michigan as a non-stock, non-profit corporation under the name of Holland Union Benevolent Association. The Borrower’s name was officially changed to Holland Home in 1972. The IRS has determined that the Borrower is a 501(c)(3) organization.

The Borrower and its subsidiaries presently employ more than 800 full-time equivalent persons. The Raybrook Manor facility employs approximately more than 200 full-time equivalent persons. Present full-time equivalent persons employed are not anticipated to change significantly in the near-term as a result of the proposed/planned project regarding the Raybrook Manor facility.

**Description of Project:**

In correlation to request (i) and (ii) above:

- (i) Borrower intends to meet the growing need for memory care and high service level within Raybrook Manor's current resident community as well as the changing demographics of an aging population. The Borrower has determined it necessary both to renovate and to retool Raybrook Manor. The retooling will include modifications to the facility that are necessary in order to ensure appropriate space and resources for a lower functioning and higher need patient demographic. The renovated space will include an expanded memory care unit, among other significant renovations including renovating the facility kitchen, the facility's main lobby, the facility's rehab nursing gym, and a common area for patients (the "Friendship Room").
  
- (ii) The outstanding line of credit to be paid off for Trillium Woods is \$3,420,000.

**Plans of Finance:**

Ziegler Capital Markets Group has indicated an interest in marketing the bond issue.

If the project size remains at \$8,420,000, the MSF issuance fee will be \$21,050.

**Recommendation:**

After reviewing the private activity bond application for the Borrower, staff finds this project meets the requirements for an Inducement Resolution in the amount of \$8,420,000.

## MICHIGAN STRATEGIC FUND

### INDUCEMENT RESOLUTION

2016-

#### Holland Home

**WHEREAS**, Holland Home , a Michigan non-profit corporation (the "Borrower"), owns and operates a continuing care assisted living facility for the elderly presently located at 2100 Raybrook Street, SE, Grand Rapids, Kent County, Michigan;

**WHEREAS**, the Borrower desires to make certain improvements to (i) fund a significant renovation related to Raybrook Manor, a Licensed Home for the Aged and Skilled Nursing Facility, located at 2121 Raybrook Street, SE, Grand Rapids, Kent County; and (2) payoff a line of credit issued to fund construction, equipping and furnishing of Trillium Woods, a licensed inpatient/residential hospice facility located at 8214 Phieffer Farms Drive, SE, Byron Center, Kent County (together, the "Project");

**WHEREAS**, the Borrower has applied to the MSF for a loan (the "Loan") to finance the Project as defined in 1984 PA 270 (the "Act");

**WHEREAS**, the Borrower has advised the MSF that the cost of the Project will not exceed Eight Million Four Hundred Twenty Thousand Dollars (\$8,420,000);

**WHEREAS**, the Act authorizes the MSF to loan moneys to business enterprises for the purpose of financing projects and to obtain the moneys for such loans by the issuance of bonds pursuant to the Act; and

**WHEREAS**, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141 and 144 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

**NOW, THEREFORE, BE IT RESOLVED**, by the Michigan Strategic Fund that:

1. The MSF intends to provide the Loan to the Borrower subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Borrower's Tax-Exempt Application Form dated July 28, 2016.
3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed Eight Million Four Hundred Twenty Thousand Dollars (\$8,420,000). The Borrower shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the bonds under applicable federal and state laws, and b) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.
6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the "Attorney General") and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.
7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the "Bond Resolution") for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Borrower and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General

and bond counsel to the MSF.

8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Borrower to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid from the Bond proceeds or, if they are insufficient, by the Borrower.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds. Any authorized signatory is authorized to prepare and file with the Michigan Department of Treasury a request for allocation as it relates to the State limitations on the issuance of private activity bonds.

11. Bond counsel to the MSF and the Attorney General are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the MSF to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any authorized signatory is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the bond proceeds or by the Borrower.

12. A preliminary official statement or other offering materials may be used in connection with the sale of the Bonds; provided, however, that no preliminary official statement or other offering materials shall be circulated unless any description of the MSF, the Bonds and documents to which the MSF is a party shall have been approved by bond counsel to the MSF and the Attorney General.

13. All resolutions and parts of resolutions insofar as they conflict with this Resolution are rescinded.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016



**MEMORANDUM**

**Date:** August 23, 2016

**TO:** Michigan Strategic Fund Board

**From:** Christopher Cook, Director of Capital Access

**Subject:** *Private Activity Bond – Bond Authorizing  
The F. P. Horak Company / H & J Realty Company, LLC  
Manufacturing – Not to Exceed \$4,550,000 – New*

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**Request:**

H & J Realty Company, LLC, a Michigan limited liability company (the “Borrower”) is requesting private activity bond financing for the construction of an approximately 87,000 square foot building to be leased to The F. P. Horak Company, a Michigan corporation related to the Borrower through common ownership (“Horak”). The building will be located in Monitor Charter Township, Bay County. Manufacturing equipment, which will not be financed with Bond proceeds, will be purchased for the facility by Horak, the cost of which is presently estimated to be \$1,000,000. The source of the funds to purchase the equipment has not yet been determined.

**Background:**

In 1946 Frederick Paul Horak established The F. P. Horak Company in the basement of his house in Bay City, Michigan. A business system designer which required printing was the start of the printing business.

In 1967, Horak became a Michigan corporation. Horak is a multifaceted printing operation manufacturing web printing, multicolored commercial printing, digital printing (black/white and color), mailing services, wide width printing, fulfillment, publishing, design, marketing services and warehousing.

The Borrower is owned by the CEO and the President of Horak in equal shares. Its purpose is to acquire and lease real estate to Horak for Horak’s manufacturing business.

MSF bonds were issued for the benefit of Horak in 1998 for \$3,000,000 for the acquisition of land, construction of a facility and the acquisition and installation of machinery and equipment.

Horak currently employs 135 employees and anticipates creating an additional 15 jobs within the first year and up to 71 new positions total over a three year period.

Horak has also received a proposed incentive package from the MEDC including PA 198 Property Tax Abatement under PA198 of 1974 and a 6 Mill State Education Tax Abatement. The total value of the proposed incentives totaled \$928,000.

**Description of Project:**

The site of the Borrower's expansion will be located on Straits Drive in the Valley Technology Park next to Horak's current facility located at 1311 Straits Drive, Monitor Charter Township, Bay County.

**Plans of Finance:**

Chemical Bank will be directly purchasing the bonds.

If the project size remains at \$4,550,000 the MSF issuance fee will be \$11,375.

**Recommendation:**

Based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General's office that this transaction complies with state and federal law requirements for tax-exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$4,550,000.

RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN  
STRATEGIC FUND LIMITED OBLIGATION REVENUE REFUNDING BOND  
(H & J REALTY COMPANY, LLC PROJECT), SERIES 2016 (THE "BONDS")

Resolution 2016-

Background

A. The Michigan Strategic Fund (the "Fund") is authorized by 1984 PA 270, as amended (the "Act"), to issue bonds for the purpose of making loans to pay the costs of a project (as defined in the Act).

B. H & J Realty Company, LLC, a Michigan limited liability company (the "Borrower") has requested a loan from the Fund to assist the Borrower in financing the cost of constructing an approximately 87,000 square foot building located at in Monitor Charter Township, Bay County, Michigan (the "Project"). The building will be owned by the Borrower and leased to The F. P. Horak Company, a Michigan corporation related to the Borrower through common ownership ("Horak"). Horak is a multifaceted printing business.

C. The Borrower has requested the Fund to issue the Bonds in a principal amount not to exceed \$4,550,000 pursuant to this resolution (the "Resolution") and a loan agreement (the "Agreement"), among the Borrower, the Fund and Chemical Bank, a Michigan banking corporation, as lender (the "Lender") dated as of September 1, 2016, relating to the Bonds to obtain funds which will be loaned to the Borrower pursuant to the Agreement for the purpose of financing the Project.

D. The Bonds will be privately placed with Chemical Bank, a sophisticated investor, with bond denominations of not less than \$100,000.

E. The Bonds will be purchased by the Lender pursuant to a bond purchase agreement between the Lender and the Fund, and acknowledged by the Borrower (the "Bond Purchase Agreement").

F. The Borrower has advised the Fund that the costs of the Project to be financed with proceeds of the Bonds have increased from not to exceed \$4,500,000 to not to exceed \$4,550,000.

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

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loan requested by the Borrower, the issuance of the Bonds is authorized.

The terms of the Bonds shall be substantially in the form contained in the Agreement, with the changes permitted or required by action of the Fund or the Agreement. The Bonds shall bear the manual or facsimile signature of a member of

the Fund's Board of Directors (a "Member") or of a person authorized by Board Resolution to sign Bond documents on behalf of the Fund (an "Authorized Officer"), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds.

The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be a limited obligation of the Fund payable solely from the revenues derived from the Agreement and otherwise as provided in the Agreement.

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

- a. Agreement
- b. Bond Purchase Agreement

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

SECTION 3. Completion of Document Terms. The following terms of the Bond shall be approved by the Member executing the Agreement:

- a. The maximum principal amount of the Bonds shall not exceed \$4,550,000;
- b. The final maturity of the Bonds, which shall be not later than September 1, 2046; and
- c. The interest rate for the Bonds, which shall not be more than 6% per annum.

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

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

- c. an approving opinion of the Attorney General; and
- d. an investment letter in form and substance acceptable to the Attorney General from the Purchaser.

Upon receipt, the proceeds of the Bonds shall be paid over to the Lender in accordance with the Agreement.

SECTION 5. Designation of Certain Parties. Chemical Bank's acceptance of duties as Lender shall be evidenced by its execution of the Agreement.

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

SECTION 7. Election Under Internal Revenue Code. The Fund elects, in accordance with Section 1.103-10(b)(2)(vi) of the Income Tax Regulations, to have the provisions of the \$10,000,000 limit of Section 144(a)(4) of the Internal Revenue Code of 1986, as amended, apply to the Bonds.

SECTION 8. Amendment to Inducement Resolution 2016-102. Inducement Resolution 2016-102 is amended to reflect the maximum principal amount of the Bonds expected to be issued to provide the loan to finance the Project from not to exceed \$4,500,000 to not to exceed \$4,550,000.

SECTION 9. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before September 23, 2016, the authority granted by this Resolution shall lapse.

Adopted.

Ayes:

Nays:

August 23, 2016 Meeting  
Lansing, Michigan

2016-0144552-A/MSF F.P. Horak Co. Project/Resolution

**MEMORANDUM**

**Date:** August 23, 2016

**To:** Michigan Strategic Fund Board

**From:** Ryan Kilpatrick, Community Assistance Team Specialist Region 4  
Rob Garza, Brownfield, MCRP and SmartZone Program Specialist

**Subject:** City of Grand Rapids Brownfield Redevelopment Authority  
Request for Approval of an Act 381 Work Plan – Grand Rapids - Market  
Avenue Place LLC

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**Request**

The proposed project will be undertaken by Grand Rapids - Market Avenue Place LLC under the leadership of Maple Grove Property Management. The project will redevelop 2 acres of property located at 234 Market Avenue in the City of Grand Rapids. The project is located in a downtown and qualifies for Act 381 work plan because it is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$10,916,593.

The developer has maximized senior lending and is contributing 21% equity into the project. As a contaminated facility being prepared to accommodate residential density in an urban context, the proposed project will require clean-up and due care activities as well as significant site preparation and infrastructure to support the project. The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The Applicant anticipates that the project will result in total capital investment in the amount of \$56,500,000, along with the creation of approximately 80 permanent full-time equivalent jobs with an average hourly wage of \$23.00.

**Background**

The proposed project will involve the demolition and cleanup of a 2 acre site in downtown Grand Rapids. The site is contaminated with concentrations of heavy metals which will be removed prior to the construction of a new five-story, mixed use building which will contain 230 market rate residential apartments, approximately 28,000 square feet of ground floor commercial space, and a four level parking deck at the center of the site.

Site preparation activities will include temporary erosion control measures, temporary traffic control, construction staking, temporary earth retention system, and excavation of unsuitable soils. Public infrastructure improvements including new curbs and gutters, sidewalks, approaches, landscaping, and improvements to the sanitary, storm and water utilities servicing the site will be necessary. Private infrastructure improvements include a four level parking deck and a green roof that will be incorporated into the project to support low-impact urban stormwater management onsite.

Neither Grand Rapids - Market Avenue Place LLC or its principals have received prior incentives from the MSF.

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

**Recommendation**

MEDC staff recommends approval of the following:

- a) Local and school tax capture for the Act 381 eligible activities totaling \$10,916,593. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$5,595,846.



## APPENDIX A – Programmatic Requirements & Screening Guidelines

### **Property Eligibility**

The project is located within the boundaries of the City of Grand Rapids, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality on June 23, 2016.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on June 14, 2016.

In addition, the project is requesting from the DEQ \$1,049,020 in TIF to assist with environmental eligible activities.

### **Key Statutory Criteria**

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

**a) Overall Benefit to the Public:**

The proposed project involves the clean-up and redevelopment of 2 acres of vacant and contaminated property in downtown Grand Rapids, just across the street from the Grand River. The addition of significant residential density and commercial growth will add vitality and commerce to a portion of the downtown that has seen relatively little investment to date. The redevelopment of the Property will significantly increase taxable value (from \$1,069,500 to an estimated amount of more than \$13 million), which will benefit the city by providing increased revenues for current services and other public improvements. The additional residential units will increase local and state income taxes while health and safety in the immediate neighborhood will be improved by removing contaminated soils from the property. Infrastructure improvements will include the creation of new greenspace and tree plantings, improvements to aging utilities, and pedestrian-friendly access around the site.

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

This project is estimated to create approximately 80 full-time equivalent jobs with an average hourly wage of \$23/hr. These positions include property management, professional office, and retail employees.

**c) Area of High Unemployment:**

The City of Grand Rapids unadjusted jobless rate was 4.2% in May 2016.

**d) Level and Extent of Contamination Alleviated:**

Site preparation activities (e.g., temporary earth retention system, excavation of unsuitable soils), will facilitate removal and disposal of contaminated soils, which will result in a safer environment for future occupants of the Property and surrounding neighborhood.

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

The project is not qualifying as functionally obsolete or blighted.

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

The Brownfield TIF is needed to offset extraordinary costs associated with site preparation, replacement of an aging underground infrastructure, and installation of improved above ground infrastructure to accommodate improved pedestrian circulation and residential density.

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

No new Brownfields will be created by this project.

**h) Whether the Project is Financially and Economically Sound:**

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

**i) Other Factors Considered:**

No additional factors need to be considered for this project.

**Tax Capture Breakdown**

There are 46.8179 non-homestead mills available for capture, with school millage equaling 24 mills (51.26%) and local millage equaling 22.8179 mills (48.74%). Tax increment capture will begin in 2019 and is estimated to continue for 24 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(51.26%)	\$	5,595,846
Local tax capture	(48.74%)	\$	<u>5,320,747</u>
<b>TOTAL</b>		<b>\$</b>	<b><u>10,916,593</u></b>

**Cost of MSF Eligible Activities**

Site Preparation	\$	835,750
Infrastructure Improvements	+	<u>8,652,592</u>
Sub-Total	\$	9,488,342
Contingency (15%)	+	<u>1,423,251</u>
Sub-Total	\$	10,911,593
Brownfield/Work Plan Preparation	+	<u>5,000</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>10,916,593</u></b>

## APPENDIX B – Project Map and Renderings





**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016 -**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY  
MARKET AVENUE PLACE PROJECT**

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

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

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

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

**WHEREAS**, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 234 Market Avenue within the City of Grand Rapids, known as Market Avenue Place Project (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 51.26% to 48.74% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, and infrastructure improvements as presented in the revised Work Plan dated July 6, 2016. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$10,911,593 for the principal activity costs of non-environmental

activities and a contingency and a maximum of \$5,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$5,595,846.

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

**BE IT FURTHER RESOLVED**, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016

**To:** Michigan Strategic Fund Board

**From:** Ryan Kilpatrick, Community Assistance Team Specialist Region 4  
Lisa Edmonds, MCRP & Brownfield Program Specialist

**Subject:** City of Grand Rapids Brownfield Redevelopment Authority  
Request for Approval of an Act 381 Work Plan

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### Request

The proposed project will be undertaken by Green Cane Property LLC. The project will redevelop 1.26 acres of property located at 1059 Wealthy Street SE in the City of Grand Rapids. The project is located in a traditional commercial center and qualifies for Act 381 work plan because it is functionally obsolete.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$729,525.

The proposed project includes removal of the existing functionally obsolete building and construction of six new buildings. The amount of senior debt and private equity available for this project is not sufficient to cover all of the necessary costs associated with the brownfield site and provide for a reasonable return. In order to offset the cost of addressing the existing urban conditions, Brownfield Tax Increment Financing is being requested to overcome the extraordinary cost of development.

The Applicant anticipates that the project will result in total capital investment in the amount of \$8,974,000, along with the creation of approximately 15 permanent full-time equivalent jobs with an average hourly wage of \$16.00.

### Background

Green Cane Property LLC is proposing to demolish the existing 9,900 square foot single-story building and construct a new mixed-use development that will provide increased density at the site. The project will include construction of six new buildings. The first building is a three-story building that will front Wealthy Street SE and include first floor retail (approx. 8,360 square feet) with second floor office space (flex space currently 8,270 square feet) and third floor residential (approx. 6,900 square feet with eight units) above. The second and third buildings will consist of two residential buildings located along Calkins Avenue containing approximately 3,800 square feet each with 12 units in each building for a total of 24 units. The remaining three buildings will be located along Freyling Place and include approximately

7,500 square feet each and contain four units each for a total of twelve units. The project will significantly improve the overall use of the site by replacing the underutilized functionally obsolete building with a higher density mixed-use development that will bring new life to the site.

Demolition activities will be necessary to remove the existing 9,900 square foot, functionally obsolete structure. Site preparation activities include land balancing, clearing, retaining wall construction and utility relocation. Infrastructure improvements including new curb and gutter, sidewalks, road repair and streetscape improvements are necessary to support the new development. Eligible activities will also include a green roof and live wall to accommodate storm water management on site in an environmentally sustainable manner.

Green Cane Property LLC is a small real estate development firm in Grand Rapids. Joe Marogil has managed several single site commercial projects over the past seven years. This will be the first major mixed use development project for Green Cane Property LLC and this will be the first time the organization has requested MSF support.

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

### **Recommendation**

MEDC staff recommends approval of the following:

- a) Local and school tax capture for the Act 381 eligible activities totaling \$729,525. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$485,061.



## APPENDIX A – Programmatic Requirements & Screening Guidelines

### **Property Eligibility**

The project is located within the boundaries of the City of Grand Rapids, which is a Qualified Local Governmental Unit, and has been deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on November 25, 2014.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on May 10, 2016.

### **Key Statutory Criteria**

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

**a) Overall Benefit to the Public:**

The public will benefit through the removal of a functionally obsolete building and full activation of the site with the addition of six new buildings that will contain mixed use multistory residential on the existing underutilized lot along the Wealthy Street Corridor. The Project is an infill project in the neighborhood that will increase density, add new retail and increase property and income taxes for the City of Grand Rapids and State of Michigan. The Project will increase residential density of the area and support and promote a vibrant neighborhood.

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

This project is expected to create approximately 15 new, full-time equivalent jobs in the City of Grand Rapids.

**c) Area of High Unemployment:**

The City of Grand Rapids unadjusted jobless rate was 3.9% in April 2016.

**d) Level and Extent of Contamination Alleviated:**

The project is not qualifying as a facility and the presence, or lack of, contamination has not been determined.

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

The existing building is functionally obsolete and will be demolished as part of the proposed scope of work. The project will bring new life to the underutilized parcel along the Wealthy Street Corridor.

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

The Brownfield TIF is needed to offset extraordinary costs associated with demolition, site preparation, public infrastructure and storm water management on an urban brownfield site. These additional investment of \$729,525 in these items would not be required on a greenfield site.

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

No new Brownfields will be created by this project.

**h) Whether the Project is Financially and Economically Sound:**

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

**i) Other Factors Considered:**

No additional factors need to be considered for this project.

**Tax Capture Breakdown**

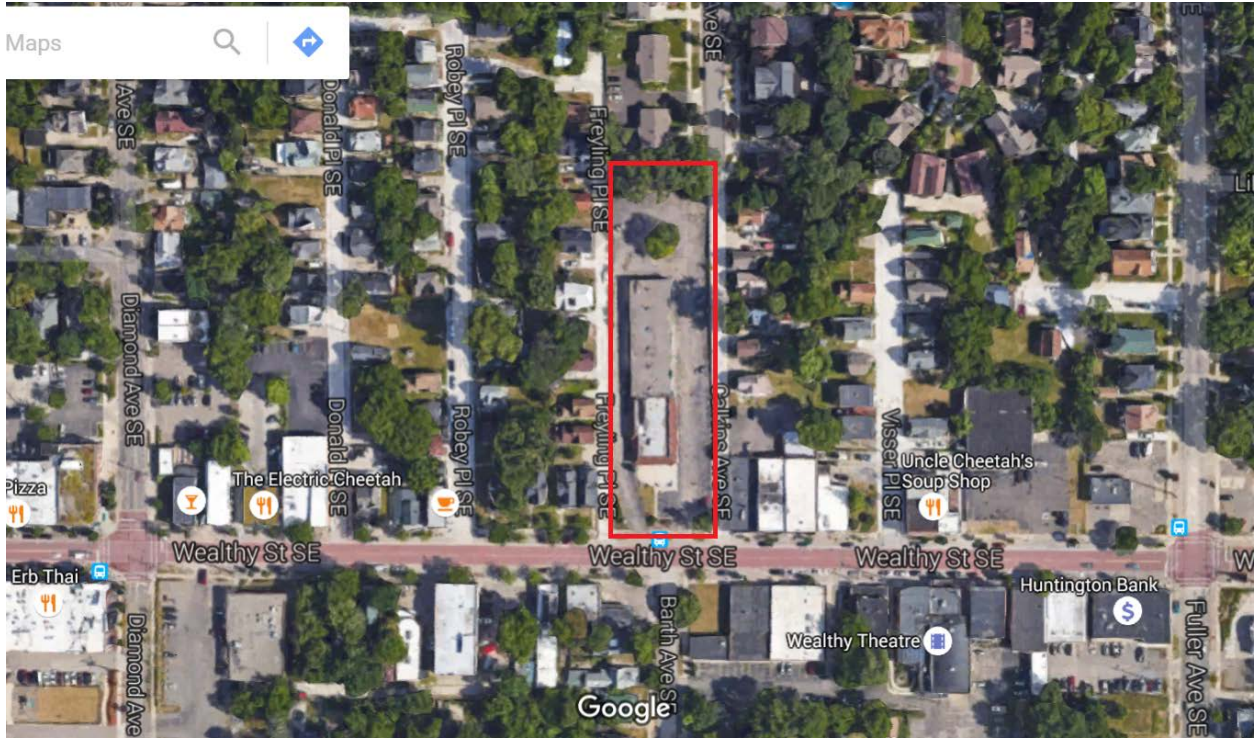
There are 36.0964 non-homestead mills available for capture, with school millage equaling 24 mills (66.49%) and local millage equaling 12.0964 mills (33.51%). Additionally, there are 11.6215 non-homestead mills available for the Corridor Improvement District (CID) that are not available for tax increment capture. Tax increment capture will begin in 2018 and is estimated to continue for 10 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(66.49%)	\$	485,061
Local tax capture	(33.51%)	\$	<u>244,464</u>
<b>TOTAL</b>		<b>\$</b>	<b>729,525</b>

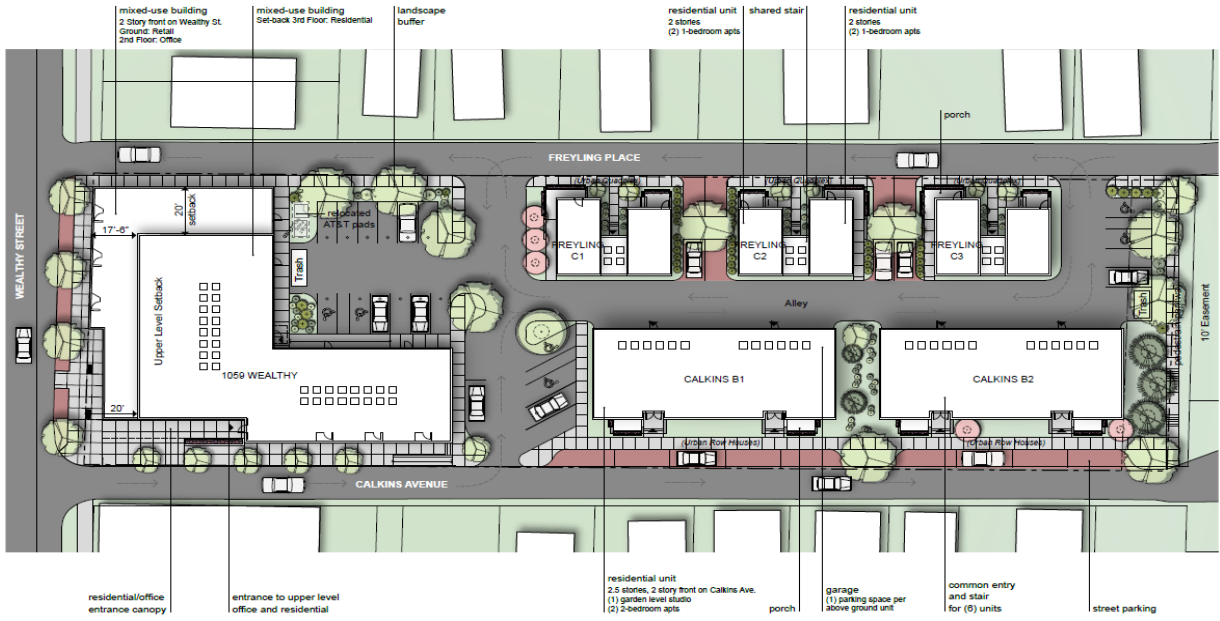
**Cost of MSF Eligible Activities**

Demolition		\$	45,000
Infrastructure Improvements			235,209
Site Preparation		+	<u>345,465</u>
Sub-Total		\$	625,674
Contingency (15%)		+	<u>93,851</u>
Sub-Total		\$	719,525
Brownfield/Work Plan Preparation		+	<u>10,000</u>
<b>TOTAL</b>		<b>\$</b>	<b>729,525</b>

## APPENDIX B – Project Map and Renderings







**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016 -**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY  
GREEN CANE PROPERTY LLC**

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

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

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

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

**WHEREAS**, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 1059 Wealthy Street SE within the City of Grand Rapids, known as Green Cane Property LLC Redevelopment (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 66.49% to 33.51% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the revised Work Plan dated July 7, 2016. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$719,525 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$10,000 for Brownfield/Work Plan

preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$485,061.

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

**BE IT FURTHER RESOLVED**, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016  
**To:** MSF Board Members  
**From:** Emily Guerrant, Vice President  
Marketing, Communications, and Public Relations  
**Subject:** Award Recommendation for Public Relations & Social Media Request for Proposal

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### **BACKGROUND**

The Michigan Economic Development Corporation currently administers public relations and social media campaign, on behalf of MSF, for business and community development projects, as well as relevant campaigns such as Pure Michigan and travel/tourism. The MEDC Marketing and Communication and Travel Michigan teams work with a public relations agency to develop and implement the public relations, media relations and social media efforts for these MSF programs. On March 22, 2016, the MSF Board approved a Public Relations and Social Media RFP and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (JEC) to review the proposals.

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

The purpose of this RFP was to obtain proposals for the MSF to develop and implement a comprehensive, fully-integrated public relations campaign that will promote Michigan as a desirable place to visit, work and play. Areas of priority focus:

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

Eleven proposals were received in response to the RFP. These proposals were evaluated by a Joint Evaluation Committee (JEC). Based on the JEC’s combined evaluation, four bidders were invited to make oral presentations and answer questions. The JEC’s recommendation is based on



the results of these two rounds of review and evaluation. The JEC members and the average of the scoring from the three finalists is attached.

JEC Members for Public Relations and Social Media RFP:

- Greg Tedder, Chief Community Development and Marketing Officer, MEDC
- Emily Guarrant: Vice President, Marketing, Comm. & PR, MEDC
- Ryan Gajewski, Video and Media Content Designer, MEDC
- Michelle Grinnell, Public Media and Industry Relations Director, Travel Michigan at MEDC
- Irene Spanos, Director of Economic Development and Community Affairs, Oakland County
- Sammie Lukaskiewicz, Vice President of Marketing and Communications, Michigan International Speedway

The four finalists invited to give oral presentations were scored based on the following criteria:

A. Quality of Oral Presentation (40 points)

- Provided pertinent case studies or specific examples of work relative to the initiatives presented in the RFP
- Firmly demonstrated past experience on national/international brands by providing examples of current client work
- Recommended solutions and budgets to complement MEDC's marketing strategy in conjunction with brand identity
- Demonstrated a clear understanding of how their efforts accomplish MEDC's objective to raise awareness and recognition of Michigan as a desirable location to travel.
- Demonstrated a clear understanding of how their efforts accomplish MEDC's objectives to improve the perception of Michigan as a desirable place to do business among business leaders.
- Demonstrated a clear understanding of how their efforts accomplish MEDC's objective to increase leisure visitor spending in Michigan.

B. Quality of Q&A (30 points)

- Provided answers that were relevant to questions
- Demonstrated a high level of ability to explain and defend plan or position
- Were well prepared and knowledgeable with answers demonstrating understanding of MEDC's goals and objectives

C. The Agency Team (30 points)

- Key agency players were present
- Presented experience and ability of account team
- Agency representatives were knowledgeable and approachable
- Leadership seemed truly and totally committed to MEDC initiatives

Ranking of the four agency finalists for the Business Marketing RFP:

1. Weber Shandwick
2. Finn Partners

3. Airfoil
4. M&C Saatchi

Weber Shandwick was the combined choice by the JEC based on multiple factors, including the agency's understanding of the public relations and social media strategic priorities and objectives identified by MEDC now and in the future; the agency's recommendations for new strategies and solutions based on state and organizational priorities; vast relevant experience in national and international public and media relations and tourism social media promotions by the agency and the agency account team; the agency's ability to explain their recommendations and answer all questions as part of the final presentation.

### **RECOMMENDATION**

MEDC staff recommends that the MSF Board approve the selection of Weber Shandwick as the vendor for public relations and social media services for up to \$2,150,000 (\$1,200,000 for tourism public relations and \$950,000 for business public relations) for an initial term of October 1, 2016, to September 30, 2017, with the option to renew the term of the agreement and allocate more funding for four additional one-year terms, at the sole discretion of the MSF Board.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016-**

**PUBLIC RELATIONS CONTRACT AWARD**

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

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

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

**WHEREAS**, on March 22, 2016, the MSF issued a Request for Proposals (“RFP”) to invite proposals from vendors to develop and implement the public relations, media relations and social media efforts for business development projects, community development projects, and relevant marketing campaigns (the “Public Relations RFP”);

**WHEREAS**, a joint evaluation committee (“JEC”) appointed by the MSF Fund Manager evaluated all proposals and determined that the proposal from Weber Shandwick was the most qualified applicant based on the requirements of the Public Relations RFP;

**WHEREAS**, the MEDC recommends that the MSF adopt the recommendations of the JEC and select Weber Shandwick as the vendor for the development and implementation of the public relations, media relations and social media efforts for business development projects, community development projects, and relevant marketing campaigns; and

**WHEREAS**, the MSF desires to select Weber Shandwick as the vendor for the development and implementation of the public relations, media relations and social media efforts for business development projects, community development projects, and relevant marketing campaigns.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the selection of Weber Shandwick as the vendor for development and implementation of the public relations, media relations and social media efforts for business development projects, community development projects, and relevant marketing campaigns for up to \$2,150,000 for an initial term of October 1, 2016 to September 30, 2017, with the option to renew the agreement for four additional one year terms and allocate additional funding, at the sole discretion of the MSF Board;

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and to execute an agreement with Weber Shandwick so long as the final terms and conditions are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

**Date:** August 23, 2016  
**To:** MSF Board Members  
**From:** Emily Guerrant, Vice President  
Marketing, Communications, and Public Relations  
**Subject:** Award Recommendation for Business Marketing & Advertising RFP

---

### **BACKGROUND**

The Michigan Economic Development Corporation currently administers the business marketing campaign on behalf of the MSF. MEDC currently works with an advertising agency to develop and implement the marketing and advertising campaigns. On March 22, 2016, the MSF Board approved a Business Marketing and Advertising RFP and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (JEC) to review the proposals.

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

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

- Targeted industries for global business development.
- Core programs and initiatives that retain and grow Michigan companies in key industries that are important for economic growth.
- Core programs and initiatives that promote careers in key industries that require a workforce with education and background in science, technology, engineering, arts, and math (aka STEAM jobs).
- Core programs and initiatives that promote community and downtown development and enhance alignment of work, living and leisure to create and enhance Michigan’s “sense of place” to a current and future workforce.

Seven proposals were received in response to the RFP. These proposals were evaluated by a Joint Evaluation Committee (JEC). Based on the JEC’s combined evaluation, three bidders were invited to make oral presentations and answer questions. The JEC’s recommendation is based on the results of these two rounds of review and evaluation.

## JEC Members for Business Marketing RFP

- Melanie Ashley: Graphics Manager, Business Marketing, MEDC
- Emily Guarrant: Vice President, Marketing, Comm. & PR, MEDC
- Bob Metzger: Director, Business Marketing, MEDC
- Tim Mroz: Vice President, Marketing & Comm., The Right Place
- Trevor Pawl: Vice President, Int. Trade & Procurement, MEDC

The three finalists invited to give oral presentations were scored based on the following criteria:

### A. Quality of Oral Presentation (40 points)

- Provided pertinent case studies or specific examples of work relative to the initiatives presented in the RFP
- Firmly demonstrated past experience on national/international brands by providing examples of current client work
- Recommended solutions and budgets to complement MEDC's marketing strategy in conjunction with brand identity
- Demonstrated a clear understanding of how their efforts accomplish MEDC's objective to improve the perception of Michigan as a desirable place to do business among business leaders
- Demonstrated a clear understanding of how their efforts accomplish MEDC's objective to improve the perception of Michigan as a desirable place to live, work, and play

### B. Quality of Q&A (30 points)

- Provided answers that were relevant to questions
- Demonstrated a high level of ability to explain and defend plan or position
- Were well prepared and knowledgeable with answers demonstrating understanding of MEDC's goals and objectives

### C. The Agency Team (30 points)

- Key agency players were present
- Presented experience and ability of account team
- Agency representatives were knowledgeable and approachable
- Leadership seemed truly and totally committed to MEDC initiatives

Ranking of the three agency finalists for the Business Marketing RFP:

1. McCann Erickson
2. Duffy Petrosky
3. Perich & Partners

McCann Erickson was the combined choice by the JEC based on multiple factors, including the agency's understanding of business marketing strategic priorities and objectives identified by MEDC now and in the future; the agency's recommendations for new marketing and advertising strategies and solutions based on state and organizational priorities; vast relevant experience in national and international branding and marketing by the agency and the agency account team;

the agency's ability to explain their recommendations and answer all questions as part of the final presentation.

**RECOMMENDATION**

MEDC staff recommends that the MSF Board approve the selection of McCann Erickson as the vendor for business marketing and advertising services for up to \$7,543,424.00, for an initial term of October 1, 2016 to September 30, 2017, with the option to renew the term of the agreement and allocate more funding for four additional one-year terms, at the sole discretion of the MSF Board.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016-**

**BUSINESS MARKETING CONTRACT AWARD**

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

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

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

**WHEREAS**, on March 22, 2016, the MSF issued a Request for Proposals (“RFP”) to invite proposals from vendors to develop and implement the marketing and advertising efforts for business marketing campaigns (“Business Marketing RFP”);

**WHEREAS**, a joint evaluation committee (“JEC”) appointed by the MSF Fund Manager evaluated all proposals and determined that the proposal from McCann Erickson was the most qualified applicant based on the requirements of the Business Marketing RFP;

**WHEREAS**, the MEDC recommends that the MSF adopt the recommendations of the JEC and select McCann Erickson as the vendor for the development and implementation of the marketing and advertising efforts for business marketing campaigns; and

**WHEREAS**, the MSF desires to select McCann Erickson as the vendor for the development and implementation of the marketing and advertising efforts for the business marketing campaigns.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the selection of McCann Erickson as the vendor for development and implementation of the marketing and advertising efforts for the business marketing campaigns for up to \$7,543,424 for an initial term of September 1, 2016 to September 30, 2017, with the option to renew the agreement for four additional one year terms and allocate additional funding, at the sole discretion of the MSF Board;

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and to execute an agreement with McCann Erickson so long as the final terms and conditions are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

## MEMORANDUM

Date: August 23, 2016  
To: MSF Board  
From: Kelly Wolgamott, Director, Travel Marketing  
Subject: Award Recommendation for Travel Marketing and Advertising RFP

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### **BACKGROUND**

The Michigan Economic Development Corporation administers tourism marketing with an advertising agency to develop and implement the marketing and advertising efforts for the Pure Michigan campaign. On March 22, 2016, the MSF Board approved a Travel Marketing and Advertising RFP and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (JEC) to review the proposals.

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

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

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

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

The Joint Evaluation Committee consisted of the following members:

- Bill Bohde, Senior Vice President of Sales and Marketing, Detroit Metro Convention & Visitors
- Sally Laukitis, Executive Director, Holland Area Convention and Visitors Bureau/Travel Commissioner
- Robin Pebbles, Publications Specialist, Travel Michigan
- Kelly Wolgamott, Director of Travel Marketing, Travel Michigan



Five proposals were received and the JEC reviewed each proposal based on a defined criteria:

1. Statement of work (40 points)
  - Provided a descriptive narrative of ideas for advancing the Pure Michigan brand for the promotion of tourism in Michigan and how those ideas would complement and contribute to the health of the tourism industry in Michigan. Conceptual designs provided with clear solutions that would advance the brand.
2. Bidder information (25 points)
  - Described the agency's history, core competencies and experience.
3. Prior experience (25 points)
  - Described in detail their agency's experience creating a national/international brand. Included key clients, past and present, the scope of their relationship with those clients, the services provided for each and range of advertising budgets for those clients. Provided detailed examples of their media buyer capabilities.
4. Staffing (15 points)
  - Outlined in detail staff members, and their work experience, responsible for working on the account. Outlined any subcontractors needed.

The JEC ranked the proposals submitted as follows:

1. McCann Erickson
2. Epsilon
3. Mlive
4. Pandemic Labs
5. Flight Path

The Committee determined that McCann Erickson is the most qualified company based on the RFP parameters with an average score of 97 out of 100 points possible.

The McCann Erickson proposal clearly demonstrated an understanding of objectives identified by the MEDC and the vision to elevate the brand to the next level. The proposal outlined their extensive experience developing national/international brands and exhibited their proven track record managing these accounts. Staffing strategy identified a qualified team with the necessary experience and skills to handle the scope of work required.

### **RECOMMENDATION**

Staff recommends the MSF Board approve the selection of McCann Erickson as the vendor for Travel Michigan marketing and advertising services for up to \$25,200,000 for an initial term of October 1, 2016 to September 30, 2017, with the option to renew the term of the agreement and allocate more funding for four additional one-year terms, at the sole discretion of the MSF Board.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2016-**

**TOURISM MARKETING CONTRACT AWARD**

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

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

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

**WHEREAS**, on March 22, 2016, the MSF issued a Request for Proposals (“RFP”) to invite proposals from vendors to develop and implement the marketing and advertising efforts for the Pure Michigan campaign (“Tourism Marketing RFP”);

**WHEREAS**, a joint evaluation committee (“JEC”) appointed by the MSF Fund Manager evaluated all proposals and determined that the proposal from McCann Erickson was the most qualified applicant based on the requirements of the Travel Marketing RFP;

**WHEREAS**, the MEDC recommends that the MSF adopt the recommendations of the JEC and select McCann Erickson as the vendor for the development and implementation of the marketing and advertising efforts for the Pure Michigan campaign; and

**WHEREAS**, the MSF desires to select McCann Erickson as the vendor for the development and implementation of the marketing and advertising efforts for the Pure Michigan campaign.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the selection of McCann Erickson as the vendor for development and implementation of the marketing and advertising efforts for the Pure Michigan campaign for up to \$25,200,000 for an initial term of October 1, 2016 to September 30, 2017, with the option to renew the agreement for four additional one year terms and allocate additional funding, at the sole discretion of the MSF Board;

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and to execute an agreement with McCann Erickson so long as the final terms and conditions are not materially adverse to the interests of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan  
August 23, 2016

**Michigan Strategic Fund  
FY17 Spending Plan**

Line items <i>Appropriated Funds</i>	<b>FY2017 Spending Plan</b>	<b>NEW FY17 funds for MSF Board to Allocate</b>		<b>FY17 Future MSF Board Resolutions</b>		<b><i>FY17 TOTAL</i></b>	MSF Board Previously Allocated	Interlocal Agreement
		<i>4% Administration- 21st Century Jobs Trust Fund</i>	<i>5% Business Development &amp; Business Marketing - 21st Century Jobs Trust Fund</i>	<i>Programs- 21st Century Jobs Trust Fund</i>	<i>Other MSF Programs</i>		<i>Prior Years -21st Century Jobs Funds</i>	<i>Funds transferred to the MEDC</i>
Administrative Services	\$5,353,122				1,909,983	1,909,983		\$3,443,139
Job Creation Services	18,669,392				511,114	511,114		18,158,278
Business Attraction & Community Revitalization	166,425,000	4,619,996	5,774,995	105,104,909		115,499,900	50,925,100	
Entrepreneurship Eco-System	20,400,000	776,000	970,000	17,654,000		19,400,000	1,000,000	
Pure Michigan	34,000,000	1,360,000	1,700,000	30,940,000		34,000,000		
Federal-Community Development Block Grants	28,815,600				28,815,600	28,815,600		
Michigan Film Office - 4% for administration	2,094,463						2,094,463	
<i>Bond Payments</i>								
Community College Skilled Trade Equipment Program	4,600,000				4,600,000	4,600,000		
Facility for Rare Isotope Beams	7,300,000				7,300,000	7,300,000		
<b>Total Appropriated Funds</b>	<b>\$287,657,577</b>	<b>\$6,755,996</b>	<b>\$8,444,995</b>	<b>\$153,698,909</b>	<b>\$43,136,697</b>	<b>\$212,036,597</b>	\$54,019,563	\$21,601,417
<i>Other Funds</i>								
Federal- Export Services grant	850,000				850,000	850,000		
Federal- State Small Business Credit Initiative							22,865,079	
<b>Total Other Funds</b>	<b>\$850,000</b>				<b>\$850,000</b>	<b>\$850,000</b>		
<b>TOTAL FY17 Spending Plan</b>	<b><u>\$288,507,577</u></b>	<b><u>\$6,755,996</u></b>	<b><u>\$8,444,995</u></b>	<b><u>\$153,698,909</u></b>	<b><u>\$43,986,697</u></b>	<b><u>\$212,886,597</u></b>		