

**MICHIGAN STRATEGIC FUND BOARD**  
**MEETING AGENDA**  
**December 15, 2015**  
**10:00 am**

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

**A. Consent Agenda**

Parkland Muskegon Brownfield Project – MCRP Amendment – Mary Kramer  
City of Alpena – CDBG Amendment – Chris Whitz

**B. Administrative**

MSF/MEDC Administrative Services – MOU Amendment – Mark Morante  
MSF/MEDC/MSHDA MOU - Community Development Activities – Mark Morante  
General Motors – MEGA Amendment – Christin Armstrong

**C. Business Investment**

**1. Entrepreneurship –**

FY16 Business Incubator Programs – Request to Issue RFP – Fred Molnar  
MI-SBDC Strategic Service Provider – Grant Request – Fred Molnar  
University Technology Acceleration & Commercialization – Grant Extensions – Fred Molnar

**2. Business Growth -**

International Trade Program – STEP Reauthorization – Dominic Romano  
International Trade Program Services – Request to Issue RFP – Dominic Romano  
Challenge Manufacturing – MBDP Amendment – Marcia Gebarowski  
Invenergy Solution – 21<sup>st</sup> Century Investment – Marcia Gebarowski  
Sakthi Automotive Group – Renaissance Zone Designation – Marcia Gebarowski

**D. Community Vitality -**

Dilworth Hotel Preservation – CDBG/Act 381 Work Plan – Dan Leonard  
Offsite Lake Drive, LLC – MCRP/Act 381 Work Plan – Ryan Kilpatrick

**D. State Branding**

Detroit Tigers Sponsorship – Travel Michigan – Dave Lorenz  
Michigan International Speedway Sponsorship – Travel Michigan – Dave Lorenz

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2015-**

**APPROVAL OF DECEMBER 2015 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 – November 24, 2015  
Parkland Muskegon Brownfield Project – MCRP Amendment  
City of Alpena – CDBG Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

**MICHIGAN STRATEGIC FUND  
PROPOSED MEETING MINUTES  
November 24, 2015**

**Members Present**

Steve Arwood  
Shelly Edgerton (on behalf of Director Zimmer)  
Larry Koops  
Andrew Lockwood (on behalf of Treasurer Khouri)  
Jody DePree Vanderwel  
Wayne Wood

**Members Absent**

Paul Anderson  
Terri Jo Umlor  
Shaun Wilson  
Wayne Wood

Mr. Arwood called the meeting to order at 10:00 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 Bill Drake, Legislative Assistant to State Representative George Darany of House District 15, attending in support of the Rivian Automotive project.

Mr. Arwood recognized Stephanie Bogema, Chief of Staff to Senator Margaret O'Brien of Senate District 20, attending in support of the NOMI Project. Ms. Bogema thanked the Board for their consideration, and briefly spoke of the positive impact this project will have on the community.

**Communications:** Andrea Robach, MSF Administrator, informed the Board that the proposed October 27, 2015 meeting minutes had been amended to recognize the submission of the Chief Compliance Officer's quarterly report. Updated minutes were provided to the Board at the table.

Additionally, Fiat Chrysler Automotive representatives provided a written statement to the Board regarding the MEGA Amendment agenda item. This was provided to the Board at the table.

**A. CONSENT AGENDA**

**Resolution 2015-166 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, Jody DePree Vanderwel motioned for approval of the following:

Proposed Meeting Minutes – **October 27, 2015**

Midland DTH, LLC – MCRP Amendment – 2015-167

Strand Theater Manager, LLP – MCRP Amendment – 2015-168

Grand Rapids Urban Market Holdings, LLC – MCRP Amendment – 2015-169

2016 MSF Board Meeting Dates

MSF/MDOT – FY16 MOU Renewal – 2015-170

Larry Koops seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

## **B. BUSINESS INVESTMENT**

### **1. Business Growth**

#### **Resolution 2015-171 Fiat Chrysler Automobiles – MEGA Amendment**

*Christin Armstrong, Compliance Director, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2015-171. Larry Koops seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

*Wayne Wood stepped out of the meeting at 10:10 am. MSF's Legal Counsel, Jarrod Smith, indicated that his absence impacted the Board's quorum. Mr. Wood was advised of this, and he rejoined the meeting at 10:12 am.*

#### **Resolution 2015-172 Michigan Manufacturing Technology Center – FY16 Contract Renewal**

*Jake Schroeder, Director PMBC Services, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2015-172. Jody DePree Vanderwel seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

#### **Resolution 2015-173 Packaging Specialties, Inc. – Act 381 Work Plan**

*Marcia Gebarowski, Development Finance Manager, provided the Board with information regarding this action item.* Following brief discussion, Wayne Wood motioned for the approval of Resolution 2015-173. Andrew Lockwood seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

#### **Resolution 2015-174 Rivian Automotive, LLC – MBDP Grant Request**

*Trevor Friedeberg, Development Finance Manager, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of resolution 2015-174. Wayne Wood seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

### **2. Access to Capital**

#### **Resolution 2015-175 Cathedral of St. Augustine's – Bond Inducement**

*Chris Cook, Capital Access Director, provided the Board with information regarding this action item.* Following brief discussion, Jody DePree Vanderwel motioned for the approval of Resolution 2015-175. Larry Koops seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

## **C. COMMUNITY VITALITY**

#### **Resolution 2015-176 City of Alpena – CDBG Façade Improvement**

*Dan Leonard, Community Assistance Team, provided the Board with information regarding this action item.* Following brief discussion, Wayne Wood motioned for the approval of Resolution 2015-176. Jody DePree Vanderwel seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

#### **Resolutions 2015-177 & 2015-178 NOMI Developers, LLC – MCRP & Act 381**

*Rosalyn Jones, Community Assistance Team, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolutions 2015-177 & 2015-178. Shelly Edgerton seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**



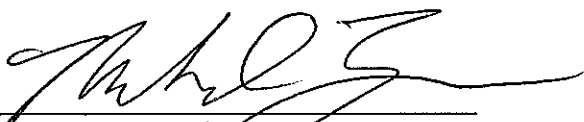
RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

MIKE ZIMMER  
DIRECTOR

### DESIGNATION OF AUTHORITY

As Director of the Michigan Department of Licensing and Regulatory Affairs, I hereby designate Shelly Edgerton to serve as the LARA representative at the November 24, 2015, meeting of the Michigan Strategic Fund Board.

  
\_\_\_\_\_  
Mike Zimmer, Director  
Department of Licensing and Regulatory Affairs

Dated: 11-13-15



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

April 24, 2015

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

Dear Ms. Robach,

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

Sincerely,

A handwritten signature in black ink, appearing to be "N.A. Khouri", written over a horizontal line.

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood

**Resolution 2015-179 Lansing Properties I, LLC – Act 381 Work Plan**

*Marilyn Crowley, Community Assistance Team, provided the Board with information regarding this action item. Following brief discussion, Wayne Wood motioned for the approval of Resolution 2015-179. Jody DePree Vanderwel seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.***

**Resolution 2015-180 Whitney Partners, LLC – MCRP Amendment**

*Mark Morante, SVP Community Development, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2015-180. Andrew Lockwood seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.***

**D. STATE BRANDING**

**Resolution 2015-181 Travel Michigan – Request to Issue RFP**

*Dave Lorenz, Vice President Travel Michigan, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2015-181. Wayne Wood seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.***

Mr. Arwood adjourned the meeting at 11:19 am.

## MEMORANDUM

**Date:** December 15, 2015

**To:** Michigan Strategic Fund Board

**From:** Mary Kramer, MCRP and Brownfield Program Specialist

**Subject:** Parkland Muskegon, Inc.  
Michigan Community Revitalization Program  
Request for Approval of a Loan Agreement Amendment #2

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### **Request**

Parkland Muskegon, Inc. (“Company”) is requesting approval of amendment #2 to the Michigan Community Revitalization Program Loan Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated September 2, 2015, is attached and includes a request to revise the financial reporting requirements.

### **Background**

The Michigan Strategic Fund Board provided a second approval on September 25, 2013 of a \$1,950,000 loan to the Company for the purpose of renovation of an eight-story building along with new construction of a two-story addition alongside to include a total of 72 one- and two-bedroom residential units.

An amendment to the project was approved on August 5, 2015 to extend the Milestone One and Two due dates to June 30, 2017 and September 30, 2017, respectively, to allow the development team sufficient time to complete the project.

The company is current with reporting requirements.


### **Recommendation**

The MEDC staff recommends approval of amendment #2 to the MCRP Loan Agreement and any ancillary agreements to revise the start date for submittal of the annual financial reports to begin prior to the disbursement of the loan funds and then annually thereafter until the loan is repaid in full. No other changes to the financial reports, as requested by the Company, are approved.



**Michigan Strategic Fund (MSF)  
 Michigan Economic Development Corporation**

Contract Modification/Assignment Application

<b>Name of Company:</b>	Parkland Muskegon, Inc.		
<b>Date of Request:</b>	September 2, 2015		
<b>Justification and Description of requested amendment</b>			
<p>The Borrower is requesting a modification to Section 5.10 of the Loan Agreement executed on February 20, 2014 with the MSF. The Borrower is requesting that the current language in Section 5.10 be deleted from the Agreement and replaced with the following:</p> <p>5.10 Financial Reporting: From the Disbursement Date until the Loan is repaid in full to Lender:</p> <p>(a) Within (90) days, following the end of each fiscal year, Borrower and Guarantor shall furnish Lender with a copy of their most recent income statement and balance sheet and annual federal income tax return (with all K-1s and other forms and supporting schedules attached) that were submitted to the Internal Revenue Service for the tax year. If Borrower or Guarantor fails to submit the annual financial reports within ninety (90) days of said due date, Lender may thereafter hire a certified public accountant to prepare the report at the expense of the breaching party. All tax returns and financial statements shall be in form and detail satisfactory to Lender and shall contain or be attached to the signed and dated written certification of Borrower or Guarantor in form specified by Lender to certify that the tax returns and financial statements that are furnished to Lender constitute a true and correct statement of the reporting party's financial position.</p> <p>(b) Borrower shall also deliver, at the same time as the tax returns and financial statements that are required under Section 5.10(a), as applicable, rent rolls and a current leasing status report, as soon as reasonably practical but in any event within ninety (90) days after the end of each fiscal year, certified in writing as true and correct by a representative of Borrower satisfactory to Lender.</p> <p>(c) From time to time promptly after Lender's request, such additional information, reports and statements respecting the Premises and the Improvements, or the business operations and financial condition of each reporting party, as Lender may reasonably request.</p>			
Please print, sign below, and return as a			
<b>Signature:</b>			<b>Date:</b>
<b>Typed Name and Title:</b>	Jonathan L. Rooks, President		

**MICHIGAN STRATEGIC FUND  
RESOLUTION 2015-**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM LOAN AWARD FOR  
PARKLAND MUSKEGON, INC.**

**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 2090-1(3), 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 2013-152 on September 25, 2013 the MSF Board awarded a CRP Loan to Parkland Muskegon, Inc., in furtherance of the Project (“Applicant”) of up to \$1,950,000 (“Award”);

**WHEREAS**, the MEDC is recommending that the MSF approve the amendment recommendation to revise the start date for submittal of the annual financial reports to begin prior to the disbursement of the loan funds and then annually thereafter until the loan is repaid in full, with all other requirements remaining in place from the original approval.

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

**ADOPTED**

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

## MEMORANDUM

**Date:** December 15, 2015  
**To:** Michigan Strategic Fund Board  
**From:** Christine Whitz, Manager, Community Development Block Grant Program  
**Subject:** *Community Development Block Grant Program  
Downtown Façade Improvement Project  
City of Alpena, County of Alpena*

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### **Request**

The Community Development Block Grant Staff is requesting that \$72,000 from the Michigan State Housing Development Authority (MSHDA) be added to the City of Alpena's Downtown Façade Improvement Project.

### **Background**

On November 24, 2015 the Michigan Strategic Fund (MSF) Board approved a Façade/Housing grant for the City of Alpena in the amount of \$1,291,591, comprised of \$891,591 from the MSF and \$400,000 from the MSHDA. The MSHDA funding was previously authorized and was not part of the approval. However, the incentives were combined into one grant agreement to better serve the customer. (Appendix A-Original Briefing Memo)

Due to staff oversight, \$72,000 authorized by the MSHDA was not included in the total project cost and the grant agreement authorization amount needs to be amended and increased.

### **Recommendation**

The MEDC Staff recommends:

- A Façade/Housing grant agreement be authorized in the amount of \$1,363,591, comprised of \$891,591 from the MSF and \$472,000 from the MSHDA. The MSHDA has authorized their allocation to this project.

## ORIGINAL APPROVAL-Appendix A



### MEMORANDUM

**Date:** November 24, 2015

**To:** Michigan Strategic Fund Board

**From:** Daniel Leonard, Community Assistance Specialist  
Lisa Green, Program Specialist, Community Development Block Grant  
Christine Whitz, Manager, Community Development Block Grant Program

**Subject:** *Community Development Block Grant Program  
Downtown Façade Improvement Project  
City of Alpena, County of Alpena*

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#### **Request**

The City of Alpena is requesting \$891,591 in Community Development Block Grant (CDBG) funds for façade improvements needed for the downtown façade improvement project located in Alpena County, Michigan. The Michigan State Housing Development Authority (MSHDA) is funding \$400,000 in CDBG funds for this project's residential improvements. The MSHDA funding has previously been authorized and is not part of this approval. However, since the combined incentive amount for this community is \$1,291,591, we are requesting Michigan Strategic Fund (MSF) Board approval. The City expects that this project could result in private investment of \$1,043,560 and the complete interior/exterior restoration of two (2) buildings within the downtown.

#### **Background**

Within this proposed downtown façade improvement project there are two (2) buildings and two (2) very different businesses utilizing the financial assistance of the MSF and the MSHDA. Alpena Furniture and Flooring is a long-standing retail operation within downtown Alpena and has been in business since 1995. Given the size of Alpena's market and physical large-scale size of the subject building, the retail operations related to the business currently occupy a significant amount of the roughly 28,000 square foot structure. For Alpena Furniture and Flooring the incentives are allowing the building to both be physically stabilized and historically enhanced, as well as, renovated to accommodate new residential rental units to a community which has limited downtown rental opportunities. Given the relatively low commercial value of the building, if the business owner were to request lending from a traditional financial institution there would not be adequate value in the building or the business holistically, to support the renovation efforts being

implemented per the proposed grant application. If it were not for the financial assistance of these CDBG dollars, both the building owner and his primary lending institution would not be supportive of this project.

The Old Owl was and continues to be a stakeholder within Alpena's restaurant scene, but has been closed for the past year due to a loss in the original ownership of the building and operations. The structure of the Old Owl is one which has experienced several physical alterations through the years as the building was subject to a fire and previous construction projects which took away from the original building's historic character. Past construction efforts compartmentalized the interior of the building and severely limited the efficiency of the restaurant's operations. In working with both the Michigan Small Business Development Center (SBDC) representatives and a local architect, the new building owner is proposing renovation efforts to better layout the business, as well as, generate a more inviting atmosphere through the introduction of new windows, lighting and access to the building in general.. The financial assistance offered will include the renovation of three (3) sides of the building on the north, east and south facades and include new brick work, windows, access entry points as well as new doors themselves. Again, without the assistance of the CDBG dollars in play both the building owner's primary lender, as well as, the owner would not be financially able to justify the significant increased costs of these renovation efforts.

Program specific requirements and screening guidelines are addressed in **Appendix A**.

Terms Sheets for Project provided in **Appendix B**.

Project area map, including renderings and before photos are provided in **Appendix C**.

### **Recommendation**

The MEDC Staff recommends:

- CDBG Façade funding in the amount of \$891,591 be authorized for the City of Alpena. This funding will be part of a Façade/Housing grant agreement in the amount of \$1,291,591, comprised of \$891,591 from the MSF and \$400,000 from the MSHDA. The MSHDA funding has previously been authorized and is not part of this approval.

## APPENDIX A – Programmatic Requirements & Screening Guidelines

### Program Requirements

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

- **National Objective:**  
The façade portion of the project qualifies for CBDG funding as the project activities will benefit all residents of the project area and 70.9 percent of the residents of the City of Alpena are low and moderate income persons as determined by an income survey. The façade portion of the project meets a national objective by providing benefit to at least 51 percent low and moderate income persons.
- **Eligible Activity:**  
This project involves eligible activities identified in Section 105(a)(4) of Title I of the Housing and Community Development Act of 1974, as amended.

### Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project’s implementation within the City of Alpena will not only act as a catalyst toward additional private investment within the community, but will also add additional taxable value to the City. The City of Alpena has:
  - A local façade program
  - Local organizational capacity to successfully complete this project
  - A full-time downtown development professional or community staff member able to administer the project
  - Adopted a downtown development planThe project is/will:
  - Introduce new employment opportunities through the opening of a new business downtown.
  - Located in a highly visible location
  - Located in a DDA
  - Consist of two or more buildings that have the following characteristics:
    - Multi-story Building
    - Mixed-use components
    - Both façade and the introduction of new residential units
    - Eligible for Historic or Contributing Designation
    - Partially or completely vacant building being returned to active use
- **Minimum Local Participation:** The DDA will contribute \$10,000 to the project, which is less than one percent (1%) of the total project cost. In addition, the City of Alpena will act as the grantee on behalf of the “Old Owl” and “Alpena Furniture and Flooring”. The Community has provided

significant staff resources to complete the application process and will provide significant staff resources to administer this grant.

- **Minimum Leverage Ratio:** The private leverage contribution, \$813,580 to be provided by “Alpena Furniture and Flooring” and \$229,980 to be provided by the “Old Owl” equals \$1,043,560 which results in a leverage ratio of approximately .81:1 of the CDBG grant.
- **Financial Viability and Background Check:** The businesses receiving the benefit from this project have completed a background check with no concerns and have been determined to be financially viable.

The MEDC staff has concluded that the project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.

## APPENDIX B – Terms Sheet



### MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM Performance Based Grant - Term Sheet

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

Date: 10/28/15

1. **Community Name ("Grantee"):** City of Alpena
2. **Company Name ("Company"):** Alpena Furniture and Flooring / Straley Enterprises, Inc.
3. **Company Address:** 325 N. Second Avenue  
Alpena, MI 49707
4. **Project Address:** 325 N. Second Avenue  
*If different than above* Alpena, MI 49707
5. **Project Description and Activities:** The subject building will undergo a SHPO approved historical renovation effort to address its current physical deterioration and several years of neglect from previous building owners. This exterior renovation will also be complemented by an interior renovation project which will physically accommodate ten (10) new residential rental units within the second floor of the building while maintaining the existing Alpena Furniture and Flooring retail operation. Exterior renovation activities include brick tuck-pointing, new window, doors, exterior canopy, and the elimination of deteriorated structural elements of the building. Interior activities will include the complete renovation of an existing open retail area, which currently accommodates the existing furniture sales, to create ten (10) new rental residential apartments within the building. These holistic exterior and interior stabilization and restoration efforts bring significant private investment into the community as well as restore the building's historical character to its original state.
6. **Total Estimated Project Costs:** \$ 1,874,706
7. **CDBG Grant Incentive Type:** Downtown Façade Improvement Grant
8. **CDBG Grant Amount:** \$1,061,126  

In no event shall the amount of the grant assistance exceed more than fifty-seven percent (57%) of the total actual Project Costs. If the actual cost is less than shown in the Total Estimated Project Costs, the amount of the Grant shall be reduced on a proportional basis. The Company and Grantee shall be responsible for any cost overruns. Funds will be made available to the community on a reimbursement basis for eligible costs.
9. **Minimum Company Investment:** \$813,580



10. **Type of Financing for Investment:**

- Loan  
 Cash Contribution by \_\_\_\_\_

11. **Project Milestones:** The final terms and conditions of each of the Project Milestones shall be included in the final Agreement. Before any disbursement is made to the Company through the Community, the Company must demonstrate compliance with Project Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement, and further shall include:

- a) **Grant Agreement Executed:** 12/24/2015
- b) **Property Acquisition Completed:** N/A
- c) **Construction Commencement:** 4/24/2016
- d) **Construction Completed:** 11/24/2017
- e) **Job Creation Commencement:** N/A
- f) **Job Creation Completion:** N/A

12. **Term of Agreement:** The term of the Agreement is from execution of the Agreement for a period of two (2) years. This term includes completing all required project activities and minimum private investment.

13. **Community Support for Project:** A condition for execution of the final Agreement(s) is that the municipality has agreed to be the Grantee and committed to provide in kind services as their local contribution through the administration of the proposed CDBG grant. The final terms and conditions evidencing this support shall be included in the final Agreement(s).

14. **Repayment Provisions:** It is understood and acknowledged by all parties, including the Company, that the investment is an essential factor in persuading the Grantor that this project is economically viable, and further, in the absence of this commitment by the Company, this grant would not have been awarded and the Company has verified that the CDBG Funds are not substituted for non-federal funds.

The Company further acknowledges that should the private investment goals for this project not be met, the Grantee may require the repayment of the Grant up to the full amount from the Company. The MSF may require the Grantee and Company to execute a Development Agreement that will be acknowledged by the MSF outlining repayment provisions.

15. **Environmental Review:** The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or

... other than construction work, without triggering Davis-Bacon requirements, even though CDBG funds are part of an overall project which may involve construction work. For this project, Davis Bacon requirements apply to the entire project, including both CDBG and non-CDBG funded activities.

17. **Reporting Requirements:** The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:
- a) Progress Reports beginning April 15, 2016, and every six (6) months thereafter.
  - b) Final Progress Report 60 days after completion of the Term.
18. **Public Announcements:** The Company shall not make, or cause, any announcement of the proposed CDBG Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CDBG Incentive Award, unless authorized and coordinated in advance with the MEDC.
19. **Conflicts of Interest:** Please indicate below whether or not the **COMPANY(IES)** associated with this proposed project have a contractual relationship with one of more of the following entities.

- Yes  No  Michigan Economic Development Corporation
- Yes  No  Michigan Association of Realtors
- Yes  No  Michigan Department of Licensing & Regulatory Affairs
- Yes  No  Michigan Department of Treasury
- Yes  No  Springfield Commercial Roofing
- Yes  No  Michigan Regional Council of Carpenters
- Yes  No  PNC Financial Services Group
- Yes  No  Grand Angels
- Yes  No  Greenstone Financial

If yes to any of the above, please describe the nature of the relationship.

20. **Required Attachments:**

- Completed Background Check Form
- Proof of Financing for Required Investment

This Term Sheet is an outline of the structure of the proposed CDBG Incentive Award and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the CDBG Incentive Award contemplated hereby. It should not in any way be viewed as a commitment by or an obligation of the MEDC, the MSF or any other entity to extend financial accommodations to the Company and is subject to, among other things, the approval of the request under MEDC's internal approval process and by the MSF Board. Any final CDBG Incentive Award is contingent upon several factors, including: (i) submission by the Community of a completed application and all other documentation required under the CDBG; (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, 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.

The Company cannot assign this Term Sheet without the prior written consent of the MEDC. If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible CDBG 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 11/28/2015, the MEDC may not be able to proceed with any recommendation to the MSF.

Michigan Economic Development Corporation

By: Daniel Leonard

Its: Community Assistance Specialist



Signature:

Dated: 10/28/2015

**Acknowledged as received by:**

Alpena Furniture and Flooring – Straley Enterprises, Inc.

By: Steve Straley

Its: Owner / Operator

DocuSigned by:  
Steve Straley  
5044A8204896400...

Signature:

Dated: 11/4/2015

**Acknowledged as received by:**

City of Alpena

By: Greg Sundin

Its: City Manager  
Signature:  DocuSigned by:  
Greg Surdin  
F83E071D292848D

Dated: 11/3/2015

Cc: Christine Whitz, Manager, CDBG Program  
Lisa Green, CDBG Specialist  
Sarah Rainero, CATeam Manager



MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Performance Based Grant - Term Sheet

The following is a summary of the highlights of the proposed project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Community Development Block Grant Program ("CDBG").

Date: 10/28/15

- 1. Community Name ("Grantee"): City of Alpena
2. Company Name ("Company"): Owl Properties, LLC
3. Company Address: 121 w. Chisholm St Alpena, MI 49707
4. Project Address: 121 w. Chisholm St Alpena, MI 49707
5. Project Description and Activities: The subject building will undergo a complete exterior and interior renovation effort to allow for the re-opening of the Owl Restaurant.
6. Total Estimated Project Costs: \$ 460,445
7. CDBG Grant Incentive Type: Downtown Façade Improvement Grant
8. CDBG Grant Amount: \$230,465
9. Minimum Company Investment: \$229,980
10. Type of Financing for Investment: [X] Loan [ ] Cash Contribution by

11. **Project Milestones:** The final terms and conditions of each of the Project Milestones shall be included in the final Agreement. Before any disbursement is made to the Company through the Community, the Company must demonstrate compliance with Project Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement, and further shall include:

- a) **Grant Agreement Executed:** 12/24/2015
- b) **Property Acquisition Completed:** N/A
- c) **Construction Commencement:** 4/24/2016
- d) **Construction Completed:** 11/24/2017
- e) **Job Creation Commencement:** N/A
- f) **Job Creation Completion:** N/A

12. **Term of Agreement:** The term of the Agreement is from execution of the Agreement for a period of two (2) years. This term includes completing all required project activities and minimum private investment.

13. **Community Support for Project:** A condition for execution of the final Agreement(s) is that the municipality has agreed to be the Grantee and committed to provide in kind services as their local contribution through the administration of the proposed CDBG grant. The final terms and conditions evidencing this support shall be included in the final Agreement(s).

14. **Repayment Provisions:** It is understood and acknowledged by all parties, including the Company, that the investment is an essential factor in persuading the Grantor that this project is economically viable, and further, in the absence of this commitment by the Company, this grant would not have been awarded and the Company has verified that the CDBG Funds are not substituted for non-federal funds.

The Company further acknowledges that should the private investment goals for this project not be met, the Grantee may require the repayment of the Grant up to the full amount from the Company. The MSF may require the Grantee and Company to execute a Development Agreement that will be acknowledged by the MSF outlining repayment provisions.

15. **Environmental Review:** The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or starting project activities prior to written authorization will jeopardize or cause the withdrawal of your project for funding consideration.

... other than construction work, without triggering Davis-Bacon requirements, even though CDBG funds are part of an overall project which may involve construction work. For this project, Davis Bacon requirements apply to the entire project, including both CDBG and non-CDBG funded activities.

17. **Reporting Requirements:** The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:
- a) Progress Reports beginning April 15, 2016, and every six (6) months thereafter.
  - b) Final Progress Report 60 days after completion of the Term.
18. **Public Announcements:** The Company shall not make, or cause, any announcement of the proposed CDBG Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CDBG Incentive Award, unless authorized and coordinated in advance with the MEDC.
19. **Conflicts of Interest:** Please indicate below whether or not the COMPANY(IES) associated with this proposed project have a contractual relationship with one or more of the following entities

- Yes  No  Michigan Economic Development Corporation
- Yes  No  Michigan Association of Realtors
- Yes  No  Michigan Department of Licensing & Regulatory Affairs
- Yes  No  Michigan Department of Treasury
- Yes  No  Springfield Commercial Roofing
- Yes  No  Michigan Regional Council of Carpenters
- Yes  No  PNC Financial Services Group
- Yes  No  Grand Angels
- Yes  No  Greenstone Financial

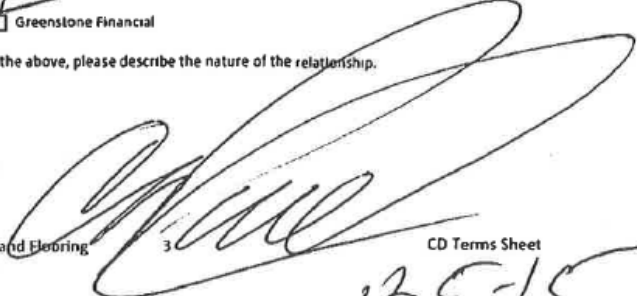
If yes to any of the above, please describe the nature of the relationship.

20. **Required Attachments:**

Alpena City/Alpena Furniture and Flooring

3

CD Terms Sheet

  
175-15

This Term Sheet is an outline of the structure of the proposed CDBG Incentive Award and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the CDBG Incentive Award contemplated hereby. It should not in any way be viewed as a commitment by or an obligation of the MEDC, the MSF or any other entity to extend financial accommodations to the Company and is subject to, among other things, the approval of the request under MEDC's internal approval process and by the MSF Board. Any final CDBG Incentive Award is contingent upon several factors, including: (i) submission by the Community of a completed application and all other documentation required under the CDBG; (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, 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.

The Company cannot assign this Term Sheet without the prior written consent of the MEDC. If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible CDBG 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 11/28/2015, the MEDC may not be able to proceed with any recommendation to the MSF.

Michigan Economic Development Corporation

By: Daniel Leonard

Its: Community Assistance Specialist

Signature: 

Dated: 10/28/2015


**Acknowledged as received by:**

Owl Properties, LLC

By: Craig Pilichowski

Its: Owner / Operator

Signature:

  
0B45E84A790946D

Dated: 11/3/2015

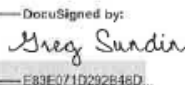
**Acknowledged as received by:**

City of Alpena

By: Greg Sundin

Its: City Manager

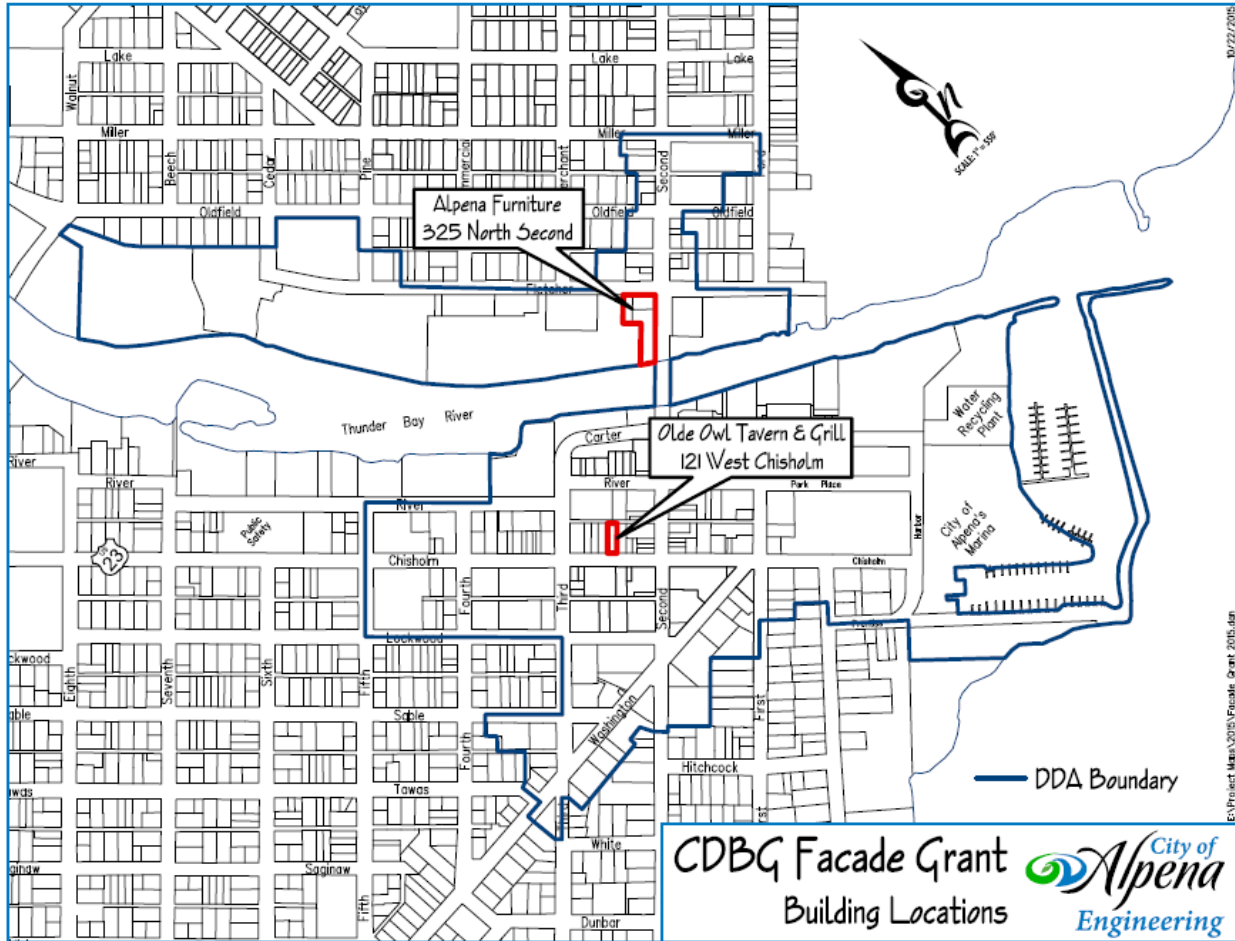
Signature:

  
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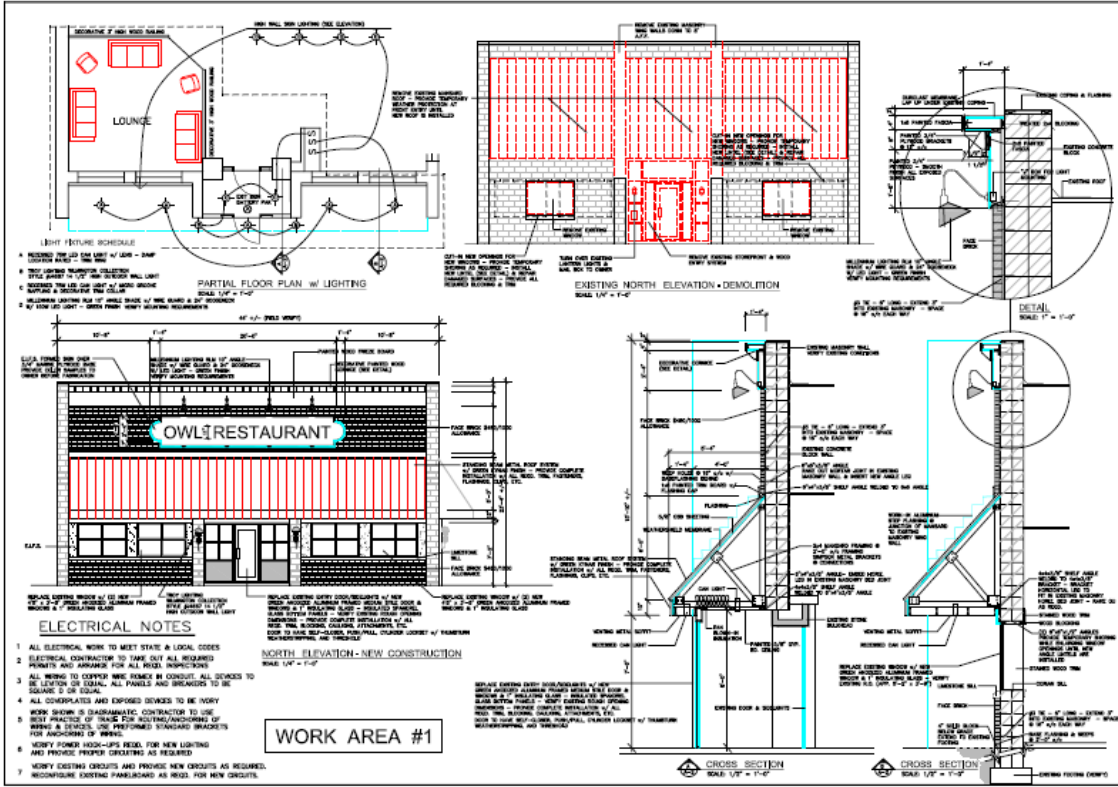
Dated: 11/3/2015



# APPENDIX C – Map







MARKUS G. GONZALEZ  
OWLS RESTAURANT RENOVATIONS  
PROJECT NO. 201501  
ARCHITECTURE + PLANNING

OWLS RESTAURANT RENOVATIONS  
FOR:  
DR. CRAIG PILICHOWSKI  
121 WEST CHESTERFIELD AVENUE, ALPENA, MI 49707

© COPYRIGHT 2015

DATE	REVISION
11-11-15	ISSUED
11-11-15	REVISED
11-11-15	REVISED
11-11-15	REVISED
11-11-15	REVISED
11-11-15	REVISED

201501  
A-21  
DRAWN BY  
SL





**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2015- \_\_\_\_\_**

**APPROVAL OF THE CITY OF ALPENA'S AMENDED AREA BENEFIT AND LOW INCOME HOUSING PROJECT**

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

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

**WHEREAS**, The CDBG program has policies, criteria, and parameters that are enumerated in the 2015 Program Guidelines, as amended (the "Criteria"). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the Criteria and the MSF, by Resolution 2015-039, authorized and approved the 2015 Application Guide which includes guidelines for area benefit grants;

**WHEREAS**, pursuant to SFCR 10.1-1, 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 or decisions approved under the CDBG program;

**WHEREAS**, MSHDA has been authorized to award CDBG funding for housing project per Resolution 2015-039;

**WHEREAS**, MSHDA has authorized \$472,000 for the City of Alpena ("Community") on August 24, 2015 as part of this project;

**WHEREAS**, MSHDA has authorized MSF to enter into a grant agreement encompassing their funding to better serve the Community;

**WHEREAS**, the MSF authorized a grant agreement in the amount of \$1,291,591, November 24, 2015 (Resolution 2015-176) for the Community;

**WHEREAS**, due to staff oversight, \$72,000 authorized by the MSHDA was not included in the total project cost;

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

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF authorizes a grant agreement in the amount of \$1,363,591, comprised of \$891,591 from the MSF and \$472,000 from the MSHDA for the payment or reimbursement of costs associated with the Project, and

**BE IT FURTHER RESOLVED**, the MSF Fund Manager, in coordination with MEDC staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution; and

**BE IT FURTHER RESOLVED**, if the Community fails to execute and return the grant agreement to staff within 180 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015



## MEMORANDUM

**Date:** December 15, 2015

**To:** Michigan Strategic Fund Board

**From:** Mark Morante, Michigan Strategic Fund Manager/ Senior Vice President,  
Community Development

**Subject:** Amendment to the Memorandum of Understanding for Administrative  
Services

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### **Request**

Staff is requesting an amendment to the existing Memorandum of Understanding (“MOU”) between the Michigan Strategic Fund (“MSF”) and the Michigan Economic Development Corporation (“MEDC”) to include provisions for the administrative services related to the Community Development Block Grant Program (“CDBG Program”) and the Michigan State Trade and Export Program (“MI-STEP Program”) (collectively, the “Request”).

### **Background**

Currently, the CDBG Program and the MI-STEP Program are the only two programs not included under the general administrative services MOU between the MEDC and the MSF. In order to promote consistency and efficiency in administration of programs on behalf of the MSF, it is necessary and proper to amend the existing MOU to include both the CDBG Program and the MI-STEP Program. The amendment will also include provisions allowing the MEDC to be reimbursed for costs related to administration of these programs in accordance with applicable state and federal law, rules, and regulations.

### **Recommendation**

MEDC staff recommends approval of the Request.



**MICHIGAN STRATEGIC FUND BOARD  
RESOLUTION 2015-**

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

**WHEREAS**, at its January 25, 2006 meeting, the Michigan Strategic Fund (the “MSF”) Board approved the Memorandum of Understanding (subsequently amended at its July 13, 2006, September 26, 2007, September 24, 2008, September 30, 2009, September 22, 2010, September 21, 2011, September 27, 2012, October 23, 2013, September 17, 2014, and September 22, 2015 meetings) between the MSF and the Michigan Economic Development Corporation (the “MEDC”) describing the administrative services associated with the 21st Century Jobs Trust Fund programs to be provided by the MEDC to the MSF (the “MOU”);

**WHEREAS**, the MEDC and MSF wish to amend the MOU to include administrative services for the Community Development Block Grant Program (the “CDBG Program”) and the Michigan State Trade & Export Promotion Program (the “MI-STEP Program”); and

**WHEREAS**, the MSF wishes reimburse the MEDC for actual costs related to the administration of the CDBG Program provided that those costs do not exceed the allowable administrative and technical assistance costs as defined in the Housing and Community Development Act of 1974, Public Law 93-383, as amended, and its implementing regulations (collectively, the “CDBG Legislation”); and

**WHEREAS**, the MSF wishes to reimburse the MEDC for actual costs related to the administration of the MI-STEP Program provided that those costs do not exceed the allowable administrative and technical assistance costs as defined in the State Trade Export Promotion Program authorized under Section 1207 the Small Business Jobs Act of 2010, Public Law 111-240, as amended, and its implementing regulations and the MSF Act, PA 270 of 1984, MCL 125.2001 et seq. (collectively, the “MI-STEP Legislation”).

**NOW, THEREFORE, BE IT RESOLVED**, subject to the control and direction of the MSF Board, the MEDC shall provide administrative services through September 30, 2016 for the CDBG Program and the MI-STEP Program;

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager, in consultation with the Office of the Attorney General, is authorized to sign an amendment to the MOU amending the MOU to include the CDBG Program and the MI-STEP Program from October 1, 2015 through September 30, 2016; and

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes that the MEDC may be reimbursed for actual costs related to the administration of the CDBG Program and the MI-STEP Program in accordance with the CDBG Legislation and MI-STEP Legislation, respectively.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

## MEMORANDUM

**Date:** December 8, 2015

**To:** Michigan Strategic Fund (MSF) Board



**From:** Mark Morante, SVP, Community Development

**Subject:** Memorandum of Understanding between the Michigan Strategic Fund, Michigan Economic Development Corporation and the Michigan State Housing Development Authority

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### **Request**

MEDC staff requests approval of the attached Memorandum of Understanding (MOU) between the Michigan Strategic Fund, Michigan Economic Development Corporation and the Michigan State Housing Development Authority. The terms of this MOU shall begin on January 19, 2016.

### **Background**

For over the past 15 years, both the MEDC and MSHDA have been working in the “community development” space. Both agencies provide similar technical assistance and funding which has often created confusion for our customers. Strides have been made for better alignment of funding sources but ultimately the best way to serve the customer is to have one point of contact, one application process and a single agency to work with.

For the most effective and efficient delivery of services in support of vibrant communities and in keeping with the Governor’s charge to reinvent our government and restore our cities we are proposing to consolidate all community development field services with the following changes:

#### **Combine MSHDA and MEDC field staff so there is one point of contact for local units of government.**

*This will eliminate the redundancy and errors that can occur when communicating with multiple people across multiple agencies.* By increasing the number of field staff we will be able to provide a more hands-on approach to broader community development issues. With appropriate staffing we would be able to proactively assist with local and regional needs while working to develop priorities and financing packages to make them happen.

#### **Maintain one agency control over federal Community Development Block Grant dollars.**

*This will eliminate two application processes, two monitoring processes, and overall ease for our community applicants.* One entity responsible for the majority of the community development financing and incentive tools; the Community Revitalization Program, Brownfield Tax Increment Financing and Community Development Block Grants. Additionally, the MEDC has direct access to the various financial resources available from our Capital Markets unit (CDBG RLF, Development Michigan, SSBCI, etc.).

### **Recommendation**

MEDC Staff recommends that the MSF authorize the MSF President to execute the attached MOU between the MSHDA, MEDC and the MSF related to community development realignment.

**MEMORANDUM OF UNDERSTANDING**

**Between**

**THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**And**

**THE MICHIGAN STRATEGIC FUND**

**And**

**THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**I. INTRODUCTION**

This Memorandum of Understanding (MOU) is entered into between the MICHIGAN ECONOMIC DEVELOPMENT CORPORATION (MEDC), a public body corporate established by Interlocal Agreement under the Urban Cooperation Act of 1967, 1967 PA 7, MCL 124.501 to 124.512; the MICHIGAN STRATEGIC FUND (MSF), a public body corporate and politic established under the Michigan Strategic Fund Act, 1984 PA 270, MCL 125.2001 to 125.2094 and the entity designated under Executive Order \*\*\* as the recipient of Community Development Block Grant Funds on behalf of the State of Michigan (see the CDBG Program as defined below); and the MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA), a public body corporate and politic, established under the State Housing Development Act of 1966, 1966 PA 346, MCL 125.1401 to 125.1499c; (collectively, the Parties) to combine the Community Development Activities (defined below) of the MEDC, the MSF and MSHDA and to implement the objectives and further the purposes set forth in this MOU. Each party to this MOU is a public agency and represents that it has the power to carry out activities described in this MOU.

The purpose of this MOU is to strategically align, as of the Effective Date (defined below) and subject to the fulfillment of the terms of this MOU, the (a) Community Development Block Grant Program or CDBG Program (grants of federal assistance provided under Title 42, Chapter 69 of the federal program created under the Department of Housing and Urban Development); (b) the Michigan Main Street Program (a MSHDA program created to support and improve Michigan's downtowns and traditional commercial neighborhood districts); (c) the MiNeighborhood Program (a MSHDA program created to work with neighborhood, local, and statewide organizations to identify and address neighborhood needs based on the premise of the Main Street Program); (d) the Community Revitalization Program (a MSF program created to encourage and promote capital investment and redevelopment of certain sites located within traditional downtowns and high-impact corridors); (e) the Redevelopment Ready Communities Program (a MEDC Program created to assist local municipalities in establishing a sound foundation for redevelopment and investment to occur in their communities); and (f) the Brownfield Tax Increment Financing Program (a program administered by the MSF pursuant to

Act 391 of 1996, MCL 125.2651 et. seq., and Executive Order 2012-9); (g) and other applicable MSF community development related programs, (items (a) through (g), collectively, the Community Development Activities) and to identify the resources to be provided or made available by the MEDC, MSF, and MSHDA to the MSF to support its administration of the Community Development Activities.

## **II. COMMUNITY DEVELOPMENT TEAM**

A. To further align the Community Development Activities, the MEDC and the MSF, in accordance with the Memorandum of Understanding between the MEDC and the MSF for Administrative Services, as amended will provide staffing, office space and supplies, information technology devices and support, and other related resources toward the Community Development Activities.

B. In support of the Community Development Activities, MSHDA, as of the Effective Date, in addition to other support as described in this MOU, will contribute to the Community Development Activities as follows:

1. Civil Service staff positions, and the corresponding FTEs, related to the CDBG Program, the Michigan Main Street Program and the MiNeighborhood Program as identified on Appendix A will be assigned/transferred to the MSF in accordance with all applicable Civil Service rules and regulations implemented in a manner consistent with State and Federal law. The staff positions and corresponding FTEs identified on Appendix A will continue to be MSHDA employees on assignment to the MSF effective January 17, 2016, but paid by MSHDA until such time that the employees/staff positions become permanent MSF employees which will occur no later than October 1, 2016. In the event that the transfer does not occur by October 1, 2016, the MSHDA employees identified in Appendix A will remain on assignment in a manner consistent with Civil Service rules and regulations implemented in a manner consistent with State and Federal law and MSHDA policies and as subsequently approved by the MSHDA Board.
2. MSHDA will identify one senior manager who will serve as a liaison from MSHDA to the MSF on matters related to this MOU.

## **III. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM ROLES AND RESPONSIBILITIES**

A. The CDBG Program will be administered by the MSF. As of the Effective Date, the Second Amendment and Restatement of the Memorandum of Understanding for Community Development Block Grants dated July 1, 2015 (the CDBG Memo), and any related Memoranda of Understanding regarding the CDBG Program between the MSF and MSHDA, are rescinded contingent on the approval of the MSF Board.

## B. MSF Responsibilities.

1. The MSF will maintain ownership, custody, maintenance, monitoring and servicing of all CDBG Program grants and funds in existence as of the Effective Date and transferred pursuant to this MOU.

2. The MSF will allocate CDBG Program funds toward the Community Development Activities in accordance with the Michigan Consolidated Plan for Housing and Development (the State of Michigan's Housing and Community Development Consolidated Plan (CON Plan) created pursuant the U.S. Department of Housing and Urban Development (HUD) rule 24 CFR 91.1 et seq.

3. The MSF will be the primary drafter of the CDBG Action Plan.

## C. MSHDA Responsibilities.

1. MSHDA will close its CDBG Program and all of MSHDA's rights, duties, responsibilities, funds, program income, and functions pertaining to the CDBG Program funds under the July 1, 2015 Memo, in addition to any other agreement related to the CDBG Program, revert to the MSF as the primary grantee of CDBG Program funds. The CDBG Program grant files and funds to be transferred to the MSF are identified in Appendix B.

2. MSHDA will transfer to the MSF, the ownership, custody, maintenance, performance, and servicing of all existing CDBG Program grants/contracts/agreements in existence as of the Effective Date.

3. MSHDA will retain its financial responsibility for all CDBG grants awarded prior to January 1, 2014, but if there are any repayments required by HUD, the repayments will be cured with future CDBG funds to the extent allowed by HUD. Notwithstanding the foregoing, each party to this MOU remains financially responsible for their individual activities that result in repayment/recapture.

4. Access to the OPAL database for the oversight of existing MSHDA CDBG grants identified in Appendix B. MSHDA will provide the Community Development Team access to the OPAL grant management software for their management of the CDBG grants identified in Appendix B, but MSHDA will retain administration responsibilities of the OPAL grant management software until October 1, 2018 or other date mutually agreed upon, in writing, by an authorized officer, after which the MEDC will provide the grant management information technology support for the CDBG grants.

5. MSHDA will continue to be the primary drafter of the CON Plan.

D. Any receivables payable to MSHDA by HUD or MSF for the CDBG Program will be resolved to the mutual satisfaction of the Parties before any payments of any funds from MSHDA to the MSF are made.

## IV. MICHIGAN MAIN STREET PROGRAM ROLES AND RESPONSIBILITIES

- A. As of the Effective Date, the MSHDA Michigan Main Street Program will be closed, and the MSF will accept responsibilities for the Michigan Main Street Program subject to the terms of the applicable contracts/agreements and any necessary approvals required therein are obtained. (See Appendix C for a list of the contracts/agreements).
- B. MSF Responsibilities.
1. The MSF will maintain ownership, custody, maintenance, performance, and servicing of all Michigan Main Street Program contracts/agreements in existence as of the Effective Date and transferred pursuant to this MOU, except that certain financial responsibility under the agreements/contracts remains with MSHDA as provided in Section IV.C.
- C. MSHDA Responsibilities.
1. MSHDA will close its Michigan Main Street Program and transfer to the MSF all of the activities, duties, responsibilities, funds, and functions under the contracts/agreements of the Michigan Main Street Program.
  2. MSHDA will transfer to the MSF, the ownership, custody, maintenance, performance, and servicing of all existing Michigan Main Street contracts/agreements and their files and applicable funds subject to Section IV.C.3.
  3. MSHDA will retain its responsibility for payment of the Michigan Main Street Program contracts/agreements executed by MSHDA prior to the Effective Date (See Appendix C)—Administration of the payments to the MSF by MSHDA's Procurement Office will continue until MSHDA's financial responsibility for the contracts/agreements is completely transferred to the MSF or the contracts/agreements expire or are rescinded, whichever occurs first.

## **V. MiNEIGHBORHOOD PROGRAM ROLES AND RESPONSIBILITIES**

- A. As of the Effective Date, the MSHDA MiNeighborhood Program will be closed, and the MSF will accept the MiNeighborhood Program's responsibilities subject to the terms of the applicable contracts/agreements and any necessary approvals required therein are obtained. (See Appendix D for a list of the contracts/agreements).
- B. MSF Responsibilities.
1. The MSF will maintain ownership, custody, maintenance, performance, and servicing of all MiNeighborhood Program contracts/agreements in existence as of the Effective Date and transferred pursuant to this MOU, except that certain financial responsibility under the agreements/contracts remains with MSHDA as provided in Section V.C.

C. MSHDA Responsibilities.

1. MSHDA will close its MiNeighborhood Program and transfer to the MSF all of the activities, duties, responsibilities, and functions of any contracts/agreements of the MiNeighborhood Program.
2. MSHDA will transfer to the MSF, the ownership, custody, maintenance, performance and servicing of all existing MiNeighborhood Program contracts/agreements and their files and applicable funds (See Appendix C) Subject to Section V.C.3.
3. MSHDA will retain its responsibility for payment of the MiNeighborhood Program contracts/agreements executed by MSHDA prior to the Effective Date (See Appendix D)--administration of the payments to the MSF by MSHDA's Procurement Office will continue until MSHDA's financial responsibility under the agreements/contracts is completely transferred to the MSF or the contracts/agreements expire or are rescinded, whichever occurs first.

**VI. THE REDEVELOPMENT READY COMMUNITY PROGRAM**

A. MEDC RESPONSIBILITIES

1. The MEDC will continue to provide staffing and resources for the Redevelopment Ready Community Program.

**VII. OTHER COMMUNITY DEVELOPMENT PROGRAMS**

A. The MSF will continue to provide staffing and resources for the Brownfield Tax Increment Financing Program.

B. The MSF will continue to provide resources for the Michigan Community Development Revitalization Program.

**VIII. COMMUNITY DEVELOPMENT ACTIVITIES FINANCIAL SUPPORT**

A. MSF Responsibilities.

1. The MSF will continue to provide staffing and resources toward the Community Development Activities, in accordance with the terms of this MOU and any grants received from MSHDA in support of this MOU.
2. The MSF will submit a grant application (Application) to MSHDA for financial assistance with the administration of the Community Development Activities

transferred to the MSF from MSHDA. The Application is expected to include, but is not limited to, provisions related to the following:

(a) Funds to pay for the services of the MSHDA employees transferred to the MSF, including but not limited to salaries, benefits, and all compensated absences.

(b) The cost to MSHDA for servicing OPAL will be subtracted from any grant by MSHDA for the benefit of the CDBG Program and the amount to be paid to under the grant will be decreased to reflect any reductions in the Community Development Activities performed by the MSF.

**B. MSHDA Responsibilities.**

1. MSHDA staff will review the Application and once deemed acceptable, will prepare and present a Housing Development Fund Report and Resolution to the MSHDA Board for its consideration.. The terms of any resulting grant will be memorialized in a grant agreement separate from this MOU under mutually agreeable terms, in a manner consistent with this MOU, applicable law, MSHDA policies, and the MSHDA Board approved Housing Development Fund Report and Resolution.

**C. MEDC RESPONSIBILITIES**

1. MEDC will continue to provide staffing and resources toward the Community Development Activities, subject to budget approval by the MEDC Executive Committee.

**IX. BOOKS AND REPORTS**

A. MSF will keep and maintain at its principal office, all documents and records of the CDBG Program, the Main Street Program, and the MiNeighborhood Program in a manner consistent with state and federal law and as may be required for audit by MSHDA, state or federal authorities.

**X. NECESSARY APPROVALS/ACTIONS**

A. The obligation of MSHDA, MEDC, or MSF to support the Community Development Activities under this MOU is subject to the following:

1. Approval by the Michigan Department of Technology, Management and Budget's Budget Office, if required by law.
2. Approval by the Legislature, if required by law.



3. Approval by the Michigan Civil Service Commission, as necessary and in a manner consistent with state and federal law, for the assignment/transfer of the MSHDA Civil Servant positions to the MSF.
4. Approval by HUD regarding any substantial amendment to the Consolidated Plan.
5. Approval by the grantors of duties or funds, if any, awarded to the Michigan Main Street Program.
6. Approval by the grantors of duties or funds, if any, awarded to the MI Neighborhood Program.

## **B. EFFECTIVE DATE**

1. The MOU will be effective as of the approval of the governing boards of the Parties, and the date of the final signature to this MOU. The provisions of this MOU will remain in effect until terminated by mutual consent of the Parties or by the occurrence of one of the following:

- (a) The lack of approval by the MSHDA Board and the MSF Board by September 30, 2016, of the grant described in Section VII.
- (b) The expiration or termination of the grant as described in Section VII, if awarded.

2. Staff (as outlined in appendix A) shall be permanently transferred to the MSF by Oct 1, 2016, subject to the MSHDA Board's approval of the grant described in Section VII. If staff are not employees of MSF or the personnel financial liabilities associated with those staff are not the responsibility of MSF by Oct 1, 2016, MSHDA retains the right to terminate the MOU, and MSF will, at MSHDA's request, return all programs and functions as existed prior to the effective date of this MOU, and staff as identified in Appendix A. .

## **C. TIMELINE**

1. The actions under this MOU will be completed no later than September 30, 2016, unless otherwise indicated in this MOU or mutually agreed upon in writing by an authorized officer of each Party.

## **XI. MISCELLANEOUS**

- A. Amendment. This MOU may only be amended, in writing, upon the approval of the governing boards of the Parties and mutual agreement of the Parties.
- B. Severability. If any provision of this MOU or its application to any person, Party, or circumstance, is invalid or unenforceable, the remainder of this MOU and the application of that provision to other persons or circumstances and to the remaining Parties is not impacted but will be enforced to the extent permitted by law, it being the intent of the remaining Parties to continue to agree to the substantive provisions of this MOU and to implement this MOU.
- C. Liabilities. All of the privileges and immunities from liability, and exemptions from liability that apply to the activity of officers, agents, or employees of any Party when performing their respective functions will apply to the same degree and extent to the performance of those functions and duties of those officers, agents, or employees under the provisions of this MOU. All liabilities of the CDBG Program, the Michigan Main Street Program and the MiNeighborhood Program will transfer to the MSF or remain with MSHDA as provided in this MOU. Each party to this MOU remains financially responsible for their individual activities that result in repayment/recapture.
- D. Execution of Documents. Each Party will cooperate in order to execute and deliver in a timely manner any and all documents including but not limited to, mortgages, notes, assignments and certificates necessary to effect the transfers provided under this MOU.
- E. Entire Agreement. This MOU sets forth the entire agreement between the Parties and supersedes any and all prior agreements or understandings between them in any way related to the subject matter of this MOU. It is further understood and agreed that the terms and conditions of this MOU are contractual and are not mere recital and that there are no other agreements, understandings, contracts, or representations between the Parties in any way related to the subject matter of this MOU, except as expressly stated in this MOU.
- F. Notices. Any and all correspondence or notices required, permitted, or provided for under this MOU to be delivered to any Party will be sent to the Party by first class mail or electronic mail. All such written notices will be sent to each other Party's signatory to this MOU, or that signatory's successor, with a cc to the chief legal officer of each Party. All correspondence will be considered delivered to a Party as of the date that such notices will be sent via certified mail to the address as set forth above such Party's signature.

- G. Powers. This MOU will not be interpreted in a manner that results in a transfer of statutory powers or other powers held pursuant to local, state, or federal law by any of the Parties.
- H. Indemnification. Nothing in this MOU shall be construed in a manner that results in an indemnification by any of the Parties.
- I. No Presumption. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the Party causing this MOU to be drafted.

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SIGNATURE PAGE FOLLOWS

The undersigned, on behalf of the respective public agencies and with the express consent of the applicable governing bodies, agree to the terms and conditions of this MOU between the Michigan State Housing Development Authority, the Michigan Strategic Fund, and the Michigan Economic Development Corporation, to support the Community Development Activities as provided under this MOU.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY,

a public body, corporate and politic

Date \_\_\_\_\_

Kevin Elsenheimer

It's Executive Director

MICHIGAN STRATEGIC FUND,

a public body, corporate and politic

Date \_\_\_\_\_

[INSERT NAME]

It's [INSERT TITLE]

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION,

a public body corporate

Date \_\_\_\_\_

[INSERT NAME]

It's [INSERT TITLE]

## APPENDIX A

## MSHDA staff to be assigned/transferred to MSF

***	Korp, Amy
Boone, Betty	Neumann, Deborah
Brown, Nicol	Odom, Emanuel
Cassidy, Sharon	Petz, Emily
Costello, Catherine	Schoenherr-Gram, Kelly
Davis, James	Snell, Judith
Devries, Susan	Tischler, James
Dubay, Sharon	Borgstrom, Joseph
Edmonds, Lisa	Hoszkiw, Brittney
Espinoza, James	Krizov, Laura
Franke, Lynda	Laperriere, Lori
Gardner, Julie	Pantera, Emily
Haddad, Shawne	Vinson, Louis
King, Tiffany	Carolyn Cunningham

**MEMORANDUM OF UNDERSTANDING BETWEEN  
THE MICHIGAN DEVELOPMENT CORPORATION AND  
THE MICHIGAN STRATEGIC FUND AND  
THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**APPENDIX B  
MSHDA MMS PROGRAM**

GRANT NUMBER	ADMIN CLOSED DATE	GRANTEE NAME	COUNTY	STATUS	GRANT AWARD AMOUNT	TERM END DATE
MSC-2012-0755-HOA		Alcona County	Alcona	Awarded	\$ 150,000.00	7/31/2015
MSC-2014-0755-HOA		Alcona County	Alcona	Awarded	\$ 177,002.00	6/30/2017
MSC-2011-0756-HO	10/10/2014	Alpena County	Alpena	Awarded	\$ 213,400.00	5/31/2015
MSC-2011-0756-HOA-02	11/20/2015	Alpena County	Alpena	Awarded	\$ 200,000.00	6/29/2015
MSC-2013-0756-HOA		Alpena County	Alpena	Awarded	\$ 414,600.00	7/31/2016
MSC-2014-0333-HO		Antrim County	Antrim	Awarded	\$ 90,711.00	1/31/2017
MSC-2014-0322-HOA		Arenac County	Arenac	Awarded	\$ 295,000.00	1/31/2017
MSC-2013-0718-HO		Baraga County	Baraga	Awarded	\$ 95,390.00	1/31/2017
MSC-2012-0769-HOA		Barry County	Barry	Awarded	\$ 250,000.00	8/31/2015
MSC-2011-0757-HOA		Bay County	Bay	Awarded	\$ 300,000.00	9/30/2015
MSC-2014-0757-HOA		Bay County	Bay	Awarded	\$ 278,923.00	9/30/2017
MSC-2011-0771-HOA	9/3/2015	Benzie County	Benzie	Funds Recd	\$ 149,896.00	11/30/2014
MSC-2012-1091-HOA		Berrien County	Berrien	Funds Recd	\$ 283,751.00	8/31/2015
MSC-2012-0773-HOA	ONLY ER closed on IDIS	Branch County	Branch	Awarded	\$ 224,355.00	9/30/2015
MSC-2013-0532-DG		Buena Vista Charter Twp.	Saginaw	Awarded	\$ 200,000.00	5/31/2016
MSC-2013-0774-DG		Calhoun County	Calhoun	Awarded	\$ 353,650.00	5/31/2016
MSC-2012-0774-HOA	10/16/2015	Calhoun County	Calhoun	Funds Recd	\$ 266,051.00	7/31/2015
MSC-2011-0656-HO-02	9/4/2015	Calumet, Village of	Houghton	Awarded	\$ 505,600.00	12/31/2014
MSC-2012-0775-HOA	10/21/2015	Cass County	Cass	Funds Recd	\$ 233,214.00	7/31/2015
MSC-2011-0729-HOA		Charlevoix County	Charlevoix	Awarded	\$ 175,000.00	7/31/2015
MSC-2014-0729-HO		Charlevoix County	Charlevoix	Awarded	\$ 236,000.00	8/31/2017
MSC-2012-0730-HOA		Cheboygan County	Cheboygan	Awarded	\$ 175,000.00	12/31/2015
MSC-2011-0731-HOA	10/19/2015	Chippewa County	Chippewa	Funds Recd	\$ 116,812.00	6/30/2015
MSC-2013-0486-HO		City of Adrian	Lenawee	Awarded	\$ 389,625.00	5/31/2016
MSC-2010-0767-HO		City of Alma	Gratiot	Funds Recd	\$ 416,719.00	12/31/2013
MSC-2013-1088-HO		City of Alpena	Alpena	Funds Recd	\$ 407,400.00	8/31/2016
MSC-2013-6409-HO		City of Boyne City	Charlevoix	Awarded	\$ 195,100.00	5/31/2016
MSC-2014-6477-HO		City of Carson City	Montcalm	Awarded	\$ 94,400.00	9/30/2017
MSC-2014-1362-HO		City of Charlotte	Eaton	Awarded	\$ 283,200.00	2/28/2017
MSC-2012-0298-HO		City of Coldwater	Branch	Awarded	\$ 597,500.00	1/31/2016
MSC-2013-5903-HO		City of Fremont	Newaygo	Awarded	\$ 483,000.00	8/31/2016
MSC-2011-0837-HO	9/4/2015	City of Grand Haven	Ottawa	Funds Recd	\$ 99,272.00	9/30/2014
MSC-2013-5994-HO		City of Hillsdale	Hillsdale	Awarded	\$ 89,400.00	5/31/2016
MSC-2013-0852-HO		City of Houghton	Houghton	Awarded	\$ 85,300.00	4/30/2016
MSC-2013-6476-HO		City of Hudson	Lenawee	Awarded	\$ 514,493.00	5/31/2016
MSC-2013-0072-HO		City of Ironwood	Gogebic	Awarded	\$ 121,900.00	5/31/2016
MSC-2013-0877-HO		City of Ithaca	Gratiot	Awarded	\$ 243,900.00	8/31/2016
MSC-2011-5883-HO	3/13/2015	City of Marshall	Calhoun	Awarded	\$ 85,300.00	6/29/2015
MSC-2012-6313-HO		City of Milan	Washtenaw	Amendme	\$ 967,200.00	2/29/2016
MSC-2014-0037-HOA		City of Owosso	Shiawassee	Awarded	\$ 188,800.00	9/30/2017
MSC-2014-6474-HO		City of Petoskey	Emmet	Awarded	\$ 205,000.00	2/28/2017
MSC-2008-0918-HO		City of St. Johns	Clinton	Funds Recd	\$ 284,460.00	6/30/2011
MSC-2006-0918-HO		City of St. Johns	Clinton	Funds Recd	\$ 423,517.00	6/30/2009
MSC-2012-1377-HO		City of Tecumseh	Lenawee	Awarded	\$ 287,200.00	8/14/2015
MSC-2013-5829-HO		City of Three Rivers	St. Joseph	Awarded	\$ 283,200.00	10/31/2016
MSC-2011-0761-HOA	11/20/2015	Clare County	Clare	Awarded	\$ 200,000.00	2/28/2015
MSC-2014-0761-HOA		Clare County	Clare	Awarded	\$ 232,578.00	9/30/2017
MSC-2011-0584-HO	10/3/2014	Constantine Village	St. Joseph	Awarded	\$ 85,334.00	6/30/2014
MSC-2014-0584-HO		Constantine Village	St. Joseph	Awarded	\$ 472,000.00	9/30/2017
MSC-2011-0214-HOA		Crawford County	Crawford	Awarded	\$ 150,000.00	11/30/2015
MSC-2013-0214-HOA		Crawford County	Crawford	Awarded	\$ 236,000.00	8/31/2016
MSC-2013-0735-HOA		Delta County	Delta	Awarded	\$ 207,300.00	5/31/2016

GRANT NUMBER	ADMIN CLOSED DATE	GRANTEE NAME	COUNTY	STATUS	GRANT AWARD AMOUNT	TERM END DATE
MSC-2012-0736-HOA	12/1/2015	Dickinson County	Dickinson	Funds Recd	\$ 172,338.00	9/30/2015
MSC-2014-0778-HOA		Eaton County	Eaton	Awarded	\$ 354,000.00	9/30/2017
MSC-2011-0778-HOA	11/19/2015	Eaton County	Eaton	Funds Recd	\$ 282,223.00	8/31/2015
MSC-2011-0737-HOA	10/6/2014	Emmet County	Emmet	Awarded	\$ 200,000.00	6/30/2014
MSC-2011-0737-HO		Emmet County	Emmet	Awarded	\$ 426,800.00	12/31/2015
MSC-2012-0737-HOA		Emmet County	Emmet	Awarded	\$ 200,000.00	12/31/2015
MSC-2010-0496-HOA	6/23/2014	Gladwin County	Gladwin	Funds Recd	\$ 132,374.00	6/30/2013
MSC-2012-0496-HOA	5/27/2015	Gladwin County	Gladwin	Awarded	\$ 175,000.00	8/14/2015
MSC-2014-0496-HOA		Gladwin County	Gladwin	Awarded	\$ 193,522.00	9/30/2017
MSC-2014-0738-HOA		Gogebic County	Gogebic	Awarded	\$ 145,100.00	8/31/2017
MSC-2013-0781-HO		Grand Traverse County	Grand Traverse	Awarded	\$ 295,000.00	1/31/2017
MSC-2009-0781-HO		Grand Traverse County	Grand Traverse	Awarded	\$ 243,900.00	10/31/2015
MSC-2012-0781-HOA		Grand Traverse County	Grand Traverse	Awarded	\$ 300,000.00	12/31/2015
MSC-2011-0782-HOA		Gratiot County	Gratiot	Awarded	\$ 225,000.00	9/30/2015
MSC-2012-0764-HOA		Hillsdale County	Hillsdale	Awarded	\$ 225,000.00	4/30/2016
MSC-2011-0739-HOA	10/28/2015	Houghton County	Houghton	Awarded	\$ 219,200.00	12/31/2014
MSC-2014-0739-HO		Houghton County	Houghton	Awarded	\$ 168,716.00	3/31/2017
MSC-2014-0726-HOA		Huron County	Huron	Awarded	\$ 259,600.00	5/31/2017
MSC-2011-0786-HOA		Ionia County	Ionia	Awarded	\$ 275,000.00	8/31/2015
MSC-2013-0337-HO		Iosco County	Iosco	Awarded	\$ 292,600.00	7/31/2016
MSC-2011-0337-HOA		Iosco County	Iosco	Awarded	\$ 175,000.00	8/29/2015
MSC-2013-0740-HOA		Iron County	Iron	Funds Recd	\$ 75,000.00	5/31/2016
MSC-2013-5824-HOA		Isabella County	Isabella	Funds Recd	\$ 275,000.00	4/30/2016
MSC-2012-5824-HOA		Isabella County	Isabella	Awarded	\$ 275,000.00	4/30/2016
MSC-2012-0727-HOA		Jackson County	Jackson	Awarded	\$ 300,000.00	7/31/2015
MSC-2012-5396-HOA		Kalamazoo County	Kalamazoo	Funds Recd	\$ 138,134.00	7/31/2015
MSC-2012-5264-HOA		Kalkaska County	Kalkaska	Awarded	\$ 150,000.00	8/29/2015
MSC-2014-0741-HO		Keweenaw County	Keweenaw	Awarded	\$ 86,718.00	1/31/2017
MSC-2011-0751-HOA	11/19/2015	Lapeer County	Lapeer	Funds Recd	\$ 266,616.00	4/30/2015
MSC-2012-0759-HOA		Leelanau County	Leelanau	Awarded	\$ 250,000.00	4/30/2016
MSC-2012-0797-HOA		Lenawee County	Lenawee	Awarded	\$ 300,000.00	8/22/2015
MSC-2012-0754-HOA	11/30/2015	Luce County	Luce	Funds Recd	\$ 13,080.00	9/30/2015
MSC-2011-0742-HOA	10/19/2015	Mackinac County	Mackinac	Funds Recd	\$ 124,158.00	2/28/2015
MSC-2014-0742-HO		Mackinac County	Mackinac	Awarded	\$ 112,500.00	10/31/2017
MSC-2014-0563-HO		Manistee County	Manistee	Awarded	\$ 169,331.00	2/28/2017
MSC-2012-6128-HO	1/26/2015	Marine City, City of	St. Clair	Awarded	\$ 123,520.00	8/14/2015
MSC-2013-0743-DG		Marquette County	Marquette	Awarded	\$ 143,000.00	5/31/2016
MSC-2014-0743-HO		Marquette County	Marquette	Awarded	\$ 566,400.00	6/30/2017
MSC-2014-0743-HO-02		Marquette County	Marquette	Awarded	\$ 330,400.00	8/31/2017
MSC-2014-0743-DG		Marquette County	Marquette	Awarded	\$ 83,448.00	8/31/2017
MSC-2012-0760-HOA	10/16/2015	Mason County	Mason	Funds Recd	\$ 47,034.00	8/14/2015
MSC-2012-6454-HO		Mason, City of	Ingham	Awarded	\$ 426,800.00	3/31/2016
MSC-2014-6454-HO		Mason, City of	Ingham	Awarded	\$ 188,800.00	11/30/2017
MSC-2011-0762-HOA		Mecosta County	Mecosta	Awarded	\$ 225,000.00	8/31/2015
MSC-2012-0745-HOA		Menominee County	Menominee	Awarded	\$ 175,000.00	9/30/2015
MSC-2012-0728-HOA		Midland County	Midland	Awarded	\$ 225,000.00	8/14/2015
MSC-2011-0763-HOA	11/20/2015	Missaukee County	Missaukee	Awarded	\$ 150,000.00	12/31/2014
MSC-2014-0780-HOA		Monroe County	Monroe	Awarded	\$ 118,000.00	10/31/2017
MSC-2011-0765-HOA		Montcalm County	Montcalm	Awarded	\$ 275,000.00	8/31/2015
MSC-2013-5832-HOA		Montmorency County	Montmorency	Awarded	\$ 304,800.00	8/31/2016
MSC-2012-0787-HOA		Muskegon County	Muskegon	Awarded	\$ 300,000.00	9/30/2015
MSC-2011-0789-HOA	7/1/2015	Newaygo County	Newaygo	Funds Recd	\$ 209,626.00	3/31/2015
MSC-2014-0789-HOA		Newaygo County	Newaygo	Awarded	\$ 330,400.00	9/30/2017
MSC-2012-5825-HOA	9/15/2015	Oceana County	Oceana	Awarded	\$ 175,000.00	8/14/2015
MSC-2011-0324-HOA		Ogemaw County	Ogemaw	Awarded	\$ 175,000.00	6/29/2015
MSC-2013-0324-HOA		Ogemaw County	Ogemaw	Awarded	\$ 487,800.00	5/31/2016
MSC-2011-0748-HOA	10/10/2014	Ontonagon County	Ontonagon	Awarded	\$ 125,309.00	9/30/2014
MSC-2014-0748-HO		Ontonagon County	Ontonagon	Awarded	\$ 130,077.00	3/31/2017
MSC-2014-0541-HOA		Osceola County	Osceola	Awarded	\$ 189,862.00	9/30/2017
MSC-2011-5822-HOA	4/28/2015	Oscoda County	Oscoda	Awarded	\$ 125,000.00	6/30/2014
MSC-2013-5822-HOA		Oscoda County	Oscoda	Awarded	\$ 346,700.00	5/31/2016
MSC-2011-0812-HO	9/1/2015	Otsego County Housing Committee	Otsego	Awarded	\$ 621,900.00	10/31/2014
MSC-2013-0812-HOA		Otsego County Housing Committee	Otsego	Awarded	\$ 275,000.00	7/31/2016

GRANT NUMBER	ADMIN CLOSED DATE	GRANTEE NAME	COUNTY	STATUS	GRANT AWARD AMOUNT	TERM END DATE
MSC-2012-5826-HOA		Ottawa County	Ottawa	Awarded	\$ 300,000.00	8/14/2015
MSC-2013-0336-HOA		Presque Isle County	Presque Isle	Awarded	\$ 304,800.00	8/31/2016
MSC-2012-0335-HOA		Roscommon County	Roscommon	Awarded	\$ 175,000.00	7/31/2015
MSC-2014-0335-HOA		Roscommon County	Roscommon	Awarded	\$ 169,023.00	9/30/2017
MSC-2014-0540-HOA		Saginaw County	Saginaw	Awarded	\$ 354,000.00	1/31/2017
MSC-2014-0813-HOA		Sanilac County	Sanilac	Awarded	\$ 365,800.00	5/31/2017
MSC-2011-0814-HOA		Shiawassee County	Shiawassee	Awarded	\$ 365,800.00	3/31/2015
MSC-2014-0814-HOA		Shiawassee County	Shiawassee	Awarded	\$ 345,700.00	6/30/2017
MSC-2011-0788-HOA	12/7/2015	St. Clair County	St. Clair	Funds Rec	\$ 268,665.00	7/31/2015
MSC-2012-1067-HOA		St. Joseph County	St. Joseph	Awarded	\$ 200,000.00	9/30/2015
MSC-2014-0815-HOA		Tuscola County	Tuscola	Awarded	\$ 295,000.00	5/31/2017
MSC-2012-5830-HOA		Van Buren County	Van Buren	Funds Rec	\$ 268,821.00	8/31/2015
MSC-2012-6473-HO		Village of Elk Rapids	Antrim	Awarded	\$ 182,900.00	4/30/2016
MSC-2013-5831-HOA		Wexford County	Wexford	Awarded	\$ 100,000.00	8/31/2016



**MEMORANDUM OF UNDERSTANDING BETWEEN  
THE MICHIGAN DEVELOPMENT CORPORATION AND  
THE MICHIGAN STRATEGIC FUND AND  
THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**APPENDIX C**

**MSHDA MMS PROGRAM**

MICHIGAN MAIN STREET PROGRAM AGREEMENTS	SIGNED	EXPIRES
<b>Associate Level - One year agreement</b>		
City of Alpena	4/8/2015	12/31/2015
City of Allegan	2/24/2015	12/31/2015
City of Benton Harbor	3/27/2015	12/31/2015
Village of Cassopolis	3/9/2015	12/31/2015
City of Davison	3/5/2015	12/31/2015
City of Dearborn	3/13/2015	12/31/2015
Village of Dundee	4/7/2015	12/31/2015
City of Flat Rock	3/3/2015	12/31/2015
City of Gaylord	3/19/2015	12/31/2015
City of Grand Blanc	3/23/2015	12/31/2015
Village of Homer	2/20/2015	12/31/2015
City of Inkster	3/9/2015	12/31/2015
City of Iron River	2/23/2015	12/31/2015
Village of Kalkaska	2/19/2015	12/31/2015
City of Lake City	3/3/2015	12/31/2015
City of Lapeer	3/17/2015	12/31/2015
City of Lincoln Park	3/30/2015	12/31/2015
City of Linden	3/23/2015	12/31/2015
Village of Martin	3/9/2015	12/31/2015
City of Milan	3/18/2015	12/31/2015
City of New Buffalo	3/20/2015	12/31/2015
REO Town Lansing	3/31/2015	12/31/2015
City of Sault Ste. Marie	3/19/2015	12/31/2015
Village of Sebewaing	3/2/2015	12/31/2015
Village of Vicksburg	2/19/2015	12/31/2015
City of Williamston	3/19/2015	12/31/2015
City of Ypsilanti	3/23/2015	12/31/2015
<b>Selected Level - 5 year agreement</b>		
Saline	7/10/2013	12/31/2016
Blissfield	4/25/2013	12/31/2015
Wayland	3/31/2013	12/31/2015
Hart	4/23/2013	12/31/2015
Downtown Lansing Inc.	6/18/2013	12/31/2017
Otsego	4/14/2013	12/31/2017
Grayling	3/10/2014	12/31/2018
Three Rivers	8/12/2014	12/31/2018
Wayne	4/17/2014	12/31/2018
Charlevoix	4/15/2015	12/31/2019
Port Huron	4/15/2015	12/31/2019
<b>Master Level - 2 year agreement</b>		
Iron Mt.	7/3/2013	12/31/2015
Boyne City	11/17/2014	12/31/2016
Grand Haven	12/15/2014	12/31/2016
Niles	5/21/2013	12/31/2015
Portland	12/14/2014	12/31/2016
Old Town	5/19/2013	12/31/2016
Manistee	3/26/2014	12/31/2015
Howell	1/28/2015	12/31/2016
Owosso	1/8/2015	12/31/2017

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

**APPENDIX D**

**MSHDA MiNeighborhood Contracts**

<b>CONTRACT NAME</b>	<b>CONTRACT NUMBER</b>	<b>AMOUNT</b>	<b>EFFECTIVE DATE</b>	<b>EXPIRATION DATE</b>
CEDAM	12-2-14 MSHDA	remaining balance \$16,000	6/28/2013	3/31/2016
TBD	TBD	\$40,000	1/1/2016	12/31/2016

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2015-**

**APPROVAL OF MEMORANDUM OF UNDERSTANDING  
RELATED TO COMMUNITY DEVELOPMENT ACTIVITIES**

**WHEREAS**, the Department of Talent and Economic Development (“TED”) was created by Executive Order 2014-12 (“EO 2014-12”), effective March 16, 2015 (the “Effective Date”);

**WHEREAS**, under EO 2014-12, the Michigan Strategic Fund (“MSF”) was transferred from the Department of Treasury to TED and the Michigan State Housing Development Authority (“MSHDA”) was transferred from the MSF to TED;

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

**WHEREAS**, to achieve the objective of aligning community development programs, the MSF, the MEDC, and MSHDA wish to enter into the a Memorandum of Understanding in substantially the same form as that attached as Exhibit A to this resolution to define roles and responsibilities with respect to community development activities and operations (the “Community Development Activities MOU”).

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Community Development Activities MOU; 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 Community Development Activities MOU and to execute the Community Development Activities MOU on behalf of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

**MEMORANDUM**

**Date:** December 15, 2015

**To:** MSF Board

**From:** Christin Armstrong, Senior Corporate Counsel & Director, Compliance

**Subject:** General Motors – Amendment to Global MEGA Agreement

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**Background**

On June 25, 2009, the MEGA Board authorized a Retention Tax Credit for General Motors Corporation, which was transferred to General Motors, LLC on November 17, 2009, (“General Motors” or “Company”) of up to 100 percent for twenty consecutive years for a maximum of 30,000 Retained Jobs at its facilities throughout the State of Michigan (the “Global MEGA Tax Credit”). The Global MEGA Tax Credit was subsequently amended to allow for a maximum of 34,750 Retained Jobs.

As of December 31, 2014, General Motors has retained 32,890 MEGA-eligible full-time jobs and satisfied its original investment commitment in the State of Michigan.

**Request**

MEDC Staff requests and recommends that the Michigan Strategic Fund (“MSF”) Board amend the Global MEGA Tax Credit, consistent with the MEDC’s objectives of achieving budget transparency and certainty for MEGA Tax Credits and in accordance with the following (collectively, the “Amendment Request”).

- (1) The State of Michigan’s obligations under the Global MEGA Tax Credit will be capped for tax credits that the Company may claim over the life of the Global MEGA Tax Credit (“Tax Credit Limit”). The Tax Credit Limit includes Global MEGA Tax Credits that have already been issued.
- (2) In order to assist the MSF and the State of Michigan with budgeting and cash-flow planning, the Company will be required to provide periodic forecasts of its estimated tax credits earned under the Global MEGA Tax Credit (the “Tax Credit Forecast”). The tax credit claimed by the Company in a tax year will not exceed the estimated tax credit forecasted for that tax year.

- (3) The Company, or other subsidiaries of General Motors Company, will make new capital investment of \$1 billion over the remaining term of the Global MEGA Tax Credit (the “New Project Investment”).
- (4) The Parties will include recapture provisions under which the Company will be required to repay a portion of previously issued tax credits if it does not achieve its New Project Investment by December 31, 2029.

### **Request Rationale**

General Motors has agreed to significantly increase its capital investment in the State of Michigan over the remaining term of the Global MEGA Tax Credit. This is a strong indication of the Company’s commitment to growing and maintaining its operations in Michigan for the long term.

In addition, this amendment does not increase the State’s liability under the MEGA. In fact, the amendment would serve to limit and even reduce the State’s costs and provide more certainty with its long term obligations to General Motors under the Global MEGA Tax Credit. The amendment will also provide greater predictability in the amount and timing of claimed tax credits.

### **Recommendation**

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

## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2015-**

#### **GENERAL MOTORS, LLC GLOBAL MEGA TAX CREDIT AMENDMENT**

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

**WHEREAS**, by Executive Order 2012-9, all of the authority, powers, duties and functions of the MEGA Board were transferred to the Michigan Strategic Fund (“MSF”);

**WHEREAS**, by MEGA Resolution 2009-116 dated June 25, 2009, the MEGA Board authorized a Retention Tax Credit for General Motors Corporation of up to 100 percent for twenty consecutive years for a maximum of 30,000 Retained Jobs at its facilities throughout the State of Michigan (the “Global MEGA Tax Credit”);

**WHEREAS**, by MEGA Resolution 2009-201 dated November 17, 2009, the MEGA Board transferred the Global MEGA Tax Credit to General Motors, LLC (“General Motors” or “Company”);

**WHEREAS**, the Global MEGA Tax Credit was subsequently amended by MEGA Resolution 2009-224, MEGA Resolution 2010-178, MSF Resolution 2012-118, and MSF Resolution 2014-110a;

**WHEREAS**, in exchange for the Global MEGA Tax Credit, as amended, General Motors agreed to maintain a minimum of 14,600 full-time jobs in Michigan, of which a minimum of 4,000 through a combination of GM, shared services, and contractual employees must be located at the Detroit Renaissance Center, and agreed to invest in its facilities throughout the State of Michigan;

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

**WHEREAS**, the Company and the MSF wish to amend the Global MEGA Tax Credit in accordance with the following (collectively, the “Amendment Request”).

- (1) The State of Michigan’s obligations under the Global MEGA Tax Credit will be capped for total tax credits that the Company may claim over the life of the Global MEGA Tax Credit (“Tax Credit Limit”). The Tax Credit Limit includes Global MEGA Tax Credits that have already been issued.
- (2) In order to assist the MSF and the State of Michigan with budgeting and cash-flow planning, the Company will be required to provide periodic forecasts of its estimated

tax credits earned under the Global MEGA Tax Credit (the “Tax Credit Forecast”). The tax credit claimed by the Company in a tax year will not exceed the estimated tax credit forecasted for that tax year.

- (3) The Company, or other subsidiaries of General Motors Company, will make new capital investment of \$1 billion over the remaining term of the Global MEGA Tax Credit (the “New Project Investment”).
- (4) The Parties will include recapture provisions under which the Company will be required to repay a portion of previously issued tax credits if it does not achieve its New Project Investment by December 31, 2029.

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

**BE IT FURTHER RESOLVED**, except as to those provisions that must be revised in order to effectuate the Amendment Request, the terms and conditions of the Global MEGA Tax Credit will remain in full force and effect.

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF President or the MSF Fund Manager, with only one required to act, to negotiate the final terms and conditions of the Amendment Request and to execute all documents necessary to effectuate the Amendment Request.

Ayes:

Nays:

Recused:

Lansing, Michigan  
November 24, 2015

## MEMORANDUM

**Date:** December 15<sup>th</sup>, 2016  
**To:** Michigan Strategic Fund Board  
**From:** Fredrick Molnar, VP Entrepreneurship and Innovation  
**Subject:** *FY 2016 Business Incubator Programs Request for Proposals*



### Action

The MEDC requests that the MSF Board approve the 2016 Business Incubator Programs Request for Proposals.

### Background

Since 2009 the Michigan Strategic Fund (“MSF”) has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators. For the 2015 fiscal year, the business incubators reported the following results occurred as a result of their activities: 362 companies created (149 companies created in 2014), 15,964 companies served (5369 in 2014), 2500 jobs created (709 in 2014), and \$672 million investment (\$438 million in 2014). These results reflect levels improved over 2013 and 2014 results. The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the business incubator grants.

The MEDC requests that the MSF release the 2016 Business Incubator Request for Proposals (“RFP”) in the amount of \$800,000 to solicit proposals from those organizations associated with a SmartZone or SmartZone satellite that require funding to support their gatekeeper, business accelerator fund, and pre-seed fund activities.

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

Issue RFP to the Public: December 21<sup>st</sup>, 2015  
Questions due from the Public: December 29<sup>th</sup>, 2015  
Answers posted to the MEDC web page: January 5<sup>th</sup>, 2016  
Applications Deadline: January 29<sup>th</sup>, 2016

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

Fred Molnar, VP Entrepreneurship and Innovation, MEDC  
Margaret McCammon, Portfolio Manager, MEDC  
Nataliya Stasiw, Senior Capital Markets Associate, MEDC  
Denise Graves, University and Services Manager, MEDC



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

**Recommendation**

MEDC Staff recommends that the MSF Board approve the following actions.

- 1) Allocation of \$800,000 million for the program;
- 2) Approval of the RFP attached as Exhibit A to the resolution;
- 3) Appointment of the JEC listed above; and
- 4) Approval of the scoring and evaluation criteria attached as Exhibit A to the resolution appointing the JEC and approving the scoring criteria.

**MICHIGAN STRATEGIC FUND  
RESOLUTION**

**2015-**

**BUSINESS INCUBATORS REQUEST FOR PROPOSALS  
AND FUNDING ALLOCATION**

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

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

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

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

**WHEREAS**, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

**WHEREAS**, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”). A copy of this RFP form is attached to this Resolution;

**WHEREAS**, the MSF desires to initiate the competitive proposal process to award grants to business incubators and authorizes the issuance of the Business Incubators RFP; and

**WHEREAS**, the MEDC recommends and the MSF Board wishes to allocate \$800,000 for the Business Incubators RFP.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF approves the attached Business Incubators RFP and authorizes its issuance;

**BE IT FURTHER RESOLVED**, that the MSF Board allocates \$800,000 for the Business Incubators RFP; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

# **EXHIBIT A**

**REQUEST FOR PROPOSALS**

**Michigan Strategic Fund**

**BUSINESS INCUBATOR PROGRAMS**

**RFP-CASE- 00160180**

## **REMINDER**

Please check your proposal to make sure you have included all of the specifications and required documents listed in the Request for Proposals. Please email one document that includes contact page, check list page, and proposal.

**APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: "RFP-CASE- 00160180" with Company Name.**

***The MSF will not respond to telephone inquiries, or visitation by Applicants or their representatives. APPLICANTS OR ANY OF THEIR AUTHORIZED REPRESENTATIVES MAY NOT INITIATE CONTACT WITH MEDC OR MSF STAFF OR ANY MEMBER OF THE APPOINTED JOINT EVALUATION COMMITTEE (JEC), OTHER THAN THE CONTACT LISTED BELOW, FOR ANY REASON DURING THE RFP OR PROPOSAL EVALUATION PROCESS. Applicant's sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

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

## **IMPORTANT DUE DATES**

- **December 29<sup>th</sup>, 2015 3:00 p.m.:** Questions from potential Applicants are due via email to [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org). Please note: The Michigan Strategic Fund ("MSF") will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.
- **January 5<sup>th</sup>, 2016, by close of business:** Responses to all qualifying questions will be posted on the MSF's website, <http://www.michiganbusiness.org/public-notice-rfps/>
- **January 29<sup>th</sup>, 2016, at 3:00 p.m.:** Electronic versions of your Proposal due to the MSF via email to [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org). **Proposals will not be accepted via U.S. mail or any other delivery method.**

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**REQUEST FOR PROPOSAL**  
**BUSINESS INCUBATOR PROGRAMS**  
**RFP-CASE-00160180**

This Request for Proposals (“RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Grants Unit (“C&G”). The Michigan Economic Development Corporation (the “MEDC”) provides administrative services associated with the programs and activities of the Michigan Strategic Fund Act on behalf of the MSF. C&G is the sole point of contact with regard to all application and contractual matters relating to the services described in this RFP. The MSF is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this RFP and any contract(s) awarded as a result of this RFP (the “Contract”). Contracts and Grants will remain the SOLE POINT OF CONTACT throughout the application process. ***The MSF will not respond to telephone inquiries, or visitation by Applicants or their representatives. Applicant’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

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

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

**A) PURPOSE**

Public Act 215 of 2005, Section 88k(2) allows the Strategic Economic Investment and Commercialization (“SEIC”) Board to award grants and loans from the 21<sup>st</sup> Century Jobs Fund for “... basic research, applied research, university technology transfer and commercialization of products, processes and services to encourage the development of competitive-edge technologies to create jobs in the state.” Under Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”).

Through this 2016 Business Incubator Request for Proposals (the “Business Incubator RFP”), the MSF Board desires to allocate up to \$800,000 (“Award Amount”), disbursed up to 2 years, to non-profit organizations/universities that operate business incubator/accelerator programs AND fulfill the ELIGIBILITY and QUALIFICATIONS below.

This RFP is focused on providing funding for organizations the following activities:

- 1) For those that require funding to support their gatekeeper, business accelerator fund, and pre-seed fund activities.

**B) BACKGROUND STATEMENT AND OBJECTIVES**

Since 2009 the MSF has provided funding to business incubators to **stimulate the creation and continued**

**growth of technology-based businesses and jobs** by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators. The MSF through this RFP continues to encourage this activity.

Funding (in the form of a grant) will be awarded to non-profit organizations/universities through a competitive process in which all submitted proposals will be reviewed by a Joint Evaluation Committee ("JEC"). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

### **C) ELIGIBILITY**

- Organizations with MSF/MEDC grants under the business incubator program that end 2/1/2016 or later are not eligible to apply.
- **Only organizations that FULFILL the following criteria are eligible to apply. DO NOT APPLY IF YOU DO NOT FULFILL THE FOLLOWING CRITERIA.**
  1. Eligibility Criteria 1: Incubators located in or associated with a SmartZone (including SmartZone Satellites).

### **D) QUALIFICATIONS AND AWARD INFORMATION**

IF APPLICANT IS ELIGIBLE UNDER THE ELIGIBILITY CRITERIA LISTED ABOVE, APPLICANT MUST ALSO FULFILL the following criteria:

- **Purpose**

Proposals submitted MUST fulfill the following purposes.

1. To assist SmartZone incubators with the following activities: gatekeeping activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem) and supporting BAF and Pre-Seed Fund Applications. Proposals for up to \$100,000/year for 2 years may be submitted. Applicant must provide at least a 1-1 match. This funding will only be available to pay the salary of a key person and his/her expenses. The key person must perform the following duties:
  - a. Help clients with gatekeeping activities
  - b. Help clients with BAF applications and support BAF activities
  - c. Help clients with Pre-Seed Funds applications and support Pre-Seed Fund activities
  - d. Must provide resume of key person (and contingent upon approval of MEDC). This person should have at least one year experience working for a technology start-up or early stage company. If not, must provide a process whereby this person is coached by an approved service provider such as SBDC to work with technology companies.
  - e. This person will be the key person on the grant agreement and attend SmartZone meeting.
  - f. The proposal must identify the need for such a person, how the person meets the need, and how the person will carry out his/her responsibilities.

- **Technology Sectors**

Proposals submitted **MUST** be to foster the growth of Michigan's technology based economy by supporting early stage companies and entrepreneurs to create jobs and commercialize product(s) within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as



approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

- **Non-Profit Entities and Institutions of Higher Education**

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

- **Leverage and Match**

The MSF Board encourages applicants to leverage other resources as a condition of the award. Each proposal must provide specific financial or in-kind contribution committed to, or available for, the direct support of the proposed plan to reach the required 1:1 match. Cash match is favored. Other State of Michigan grant funds are not eligible to meet the match requirement. Letters of financial commitment and proposal support are not required in the proposal though may be requested during the award process.

- **Award and Grant Agreements**

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

Successful proposals approved for funding by the MSF Board are subject to the final execution of a legal grant agreement and successful completion of a due diligence review which may include, among other things, a criminal and civil background check of the Applicant and certain key personnel.

Insufficient or inappropriate proposals will not be funded.

- **Award Reporting Requirements**

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

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

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

Annual site visits are conducted by the MEDC Grant Manager.

- **Overhead Rates**

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

## **SECTION II PROPOSAL FORMAT**

**To be considered, each Applicant must submit a COMPLETE proposal in response to this RFP using the format specified. APPLICANTS MUST NOT COMMUNICATE REGARDING THIS RFP WITH MEDC PERSONNEL OR JEC MEMBERS DURING THE ENTIRE PROCESS THROUGH THE APPROVAL OF THE MSF BOARD APPROVAL. Applicant's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required in the RFP or considered by the Applicant to be essential to a complete understanding of the proposal. All proposals must be signed by an individual authorized by the Applicant to submit the application on its behalf. Each section of the proposal should be clearly identified with appropriate headings:**

### **A) COMPLETE PROPOSAL**

- 1) **Contact Page** – State the Organization’s full name, address, and phone and facsimile number. Also included should be contact information, including phone number, email, cell phone number, and fax numbers. Also include signature of the authorized signor of the applicant organization.
- 2) **Check List Page** – Include a checklist of the required sections of the proposal, as listed in this Section II-A) 3 a-h and an indication that the section is included in the proposal. And include as indicated in Section III.O. below the following: “Applicant certifies that it is not an Iran-linked business as defined in MCL 129.312.” Applicant should provide Conflict of Issues information if applicable, see IIIF.
- 3) **Proposal (up to 10 pages)** – Provide a proposal and include the required elements a-h, as described here. **In the Proposal clearly identify the following sections as headers.**

#### **a) Eligibility**

The Applicant must clearly identify how they are eligible to apply under one of the following criteria:

1. Eligibility Criteria 1: Incubators located in or associated with a SmartZone (including SmartZone Satellites) AND current funding ends prior to 2/1/2016.

#### **b) Executive Summary**

The Executive Summary should summarize the information provided in response to paragraphs (a) above and (c) through (h) below. And specifically indicate:

- **THE NAME OF THE APPLICANT ORGANIZATION**
- **THE ELIGIBILITY CRITERIA (See Section I.C. above) AND PROOF OF SUCCESS**
- **THE AMOUNT OF FUNDS REQUESTED**
- **THE AMOUNT OF MATCHING FUNDS**
- **THE TERM (up to 2 years)**
- **THE PURPOSE OF THE FUNDING**
- **TARGETED NUMBERS FOR:**
  - **Companies Created**
  - **Jobs Created**
  - **Increase Investment/Revenue**

### **c) Purpose of Funds**

The Applicant must clearly indicate whether the organization is a non-profit corporation or an institution of higher education. The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan's technology based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve.

The Proposals must clearly indicate how the Applicant will fulfill the following purposes:

1. To assist SmartZone incubators with the following activities: gatekeeping activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem) and supporting BAF and Pre-Seed Fund Applications. Proposals for up to \$100,000/year for 2 years may be submitted. Applicant must provide at least a 1-1 match. This funding will only be available to pay the salary of a key person and his/her expenses. The key person must perform the following duties:
  - a. Help clients with gatekeeping activities
  - b. Help clients with BAF applications and support BAF activities
  - c. Help clients with Pre-Seed Funds applications and support Pre-Seed Fund activities
  - d. Must provide resume of key person (and contingent upon approval of MEDC). This person should have at least one year experience working for a technology start-up or early stage company. If not, must provide a process whereby this person is coached by an approved service provider such as SBDC to work with technology companies.
  - e. This person will be the key person on the grant agreement and attend SmartZone meeting.
  - f. The proposal must identify the need for such a person, how the person meets the need, and how the person will carry out his/her responsibilities.

### **d) Past Experience**

The Applicant should indicate past experience with technology based business incubation/acceleration.

### **e) Team**

Summarize key personnel, their time commitment to the project, their specific responsibilities, and their value. Identify collaborative partners, their responsibilities, and value. Must include RESUME of key person. Key person must have at least one-year experience working for a

technology start-up or early stage company, or include a process whereby he/she will work with an approved service provider for coaching and guidance.

**f) Milestones/Deliverables**

Identify semi-annual milestones/deliverables that the Applicant will commit to as a result of providing the proposed services. If Applicant is awarded funding, Progress Reports are due April 15 and October 15 every year throughout the award, therefore provide milestones/deliverables that will be completed in April and October over the course of the proposal. Include a “targeted metrics” milestone for each reporting period. For this milestone, the applicant should indicate a targeted number for each of the following metrics: companies created, jobs created, and follow on funding. Identify how milestone completion will result in specific Economic Impact identified in (h).

Additionally, Applicants selected for funding will be required to submit monthly performance metrics to measure the effectiveness of the program; these metrics include, but are not limited to: dollars leveraged, new companies created, companies expanded, companies served, jobs created, jobs retained, new sales, and funding obtained by client companies, including amount and source of such funding (sources including state funds, federal funds, venture capital, angel funds, bank/loan, owner investment, other), as well as the names and amounts of companies funded by the program.

**g) Budget Request**

Attach a schedule of all expenses covering each of the services and activities identified in your proposal. Specifically identify THE AMOUNT OF FUNDS REQUESTED, the TERM REQUESTED, PUBLIC AND/OR PRIVATE LEVERAGED FUNDS (identify the 1:1 match), and what the Applicant proposes to do with FUNDS APPLIED THROUGH THIS RFP and the TIMING OF THE FUNDS. Progress Reports are due in April and October so proposals should include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, Start of grant—4/1/2016-9/30/2016, etc. and rows should include the expense line-items. Budget line-items should be only for the pay and expenses of the key person.

**h) Economic Impact**

Identify the targeted number of companies created, jobs created, and follow on funding or increases in investment/revenue resulting from the services. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports. Explain how you define success and will deliver a successful program. Identify how you will make an economic development impact and be sustainable.

**B) PROPOSAL SUBMITTAL**

Submit an electronic version of your proposal (one document that includes contact page, check list page and proposal) to the MSF via email to [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org) not later than **3:00 p.m. on January 29<sup>th</sup>, 2016**. The MSF has no obligation to consider any proposal that is not timely received. **Proposals will not be accepted via U.S. mail or any other delivery method.**

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE- 00160180” with

Applicant Name.

### **SECTION III RFP PROCESS AND TERMS AND CONDITIONS**

#### **A) QUESTIONS**

Questions from Applicants concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm on December 29th, 2015**. Questions must be submitted to:

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

#### **B) PROPOSALS**

To be considered, Applicants must submit a complete response to this RFP, using the format provided in Section II of this RFP, by **3:00 p.m. on January 29<sup>th</sup>, 2016 to [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org)**.

No other distribution of proposals is to be made by the Applicant. Applicant is responsible for ensuring that the proposal is submitted to the proper e-mail address.

#### **C) ECONOMY OF PREPARATION**

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

#### **D) SELECTION CRITERIA**

Responses to this RFP will be evaluated based upon a two-step review process. The proposal must address the requirements described in Section II of this RFP.

The first step is an evaluation of which proposals satisfactorily meet the requirements of this RFP as stated in Section II. Incomplete proposals will not be accepted or reviewed.

##### **1) Step I – Initial evaluation for compliance**

a) *Proposal Content* – Contracts and Grants will screen the proposals for technical compliance to include but not limited to:

- Timely submission of the proposal
- Eligibility
- Executive Summary
- Purpose
- Past Experience
- Team

- Milestones/deliverables
- Budget
- Economic impact – Expected number of businesses created, jobs created, and private investment leveraged.
- Proposal signed physically or electronically by an official of the Applicant authorized to bind the Applicant to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Proposals

- a.) During the second step of the selection process, proposals will be considered by a JEC comprised of individuals selected by the MSF. Only those proposals that satisfy the technical requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Applicant.
- b.) *Purpose, Economic Impact, and Competence of Personnel* – The proposal should indicate the ability of the Applicant to meet the eligibility and requirements of this RFP and achieve the economic impact. The proposal should indicate the competence of the personnel whom the Applicant intends to assign to the project, including education and experience.

		<b>Weight</b>
1.	ELIGIBILITY	Yes or No
2.	Executive Summary	5
3.	Purpose	15
4.	Past Experience	10
5.	Team	20
6.	Milestones/Deliverables	10
7.	Budget	10
8.	Economic Impact	15
9.	Preferences	15
<b>TOTAL</b>		<b>100</b>

- c.) Statutorily-required preferences and additional preferences –
- Contributes to the development of economic diversification or the creation of employment opportunities in this state.
  - Promotes collaborations between institutions of higher education, Michigan nonprofit research institutions, Michigan nonprofit corporations, and qualified businesses.
  - Meets 1 or more of the following: (i) Forecasts revenues within 2 years; (ii) Has outside investments from investors with experience and management teams with experience in the industry targeted by the proposal; and (iii) Has outside directors with expertise in the industry targeted by the proposal.
  - Is contributing a cash match.
  - Is able to leverage outside funding sources to reduce overhead expenses.
- d.) During the JEC’s review, Applicants may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Applicants to clarify the proposals. The MEDC will schedule these presentations, if required by the JEC. Only those Applicants that score 70 points or higher on the written review will be invited for an oral presentation if the JEC determines that an oral presentation is necessary.

**E) TAXES**

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

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

**F) CONFLICT OF INTEREST**

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

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

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

**G) BREACH OF CONTRACT**

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

#### **H) FALSE INFORMATION**

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

#### **I) DISCLOSURE**

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

#### **J) CLARIFICATION/CHANGES IN THE RFP**

Any change or update to the acceptance of proposals will be posted on the MEDC website. Such postings shall constitute constructive notice to the general public and to all Applicants of any modifications or alterations of the deadline for proposals. Therefore, Applicants are strongly encouraged to continuously check the MEDC website at <http://www.michiganbusiness.org/public-notice-rfps/>.

**Neither the MSF nor the MEDC will directly notify Applicants of any changes to the RFP.**

#### **K) ELECTRONIC RECEIPT OF PROPOSALS**

AN ELECTRONIC VERSION OF YOUR PROPOSAL MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org), ON OR BEFORE **3:00 p.m. on January 5, 2015**. Applicants are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

#### **L) RESERVATION OF MSF DISCRETION**

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

- 1) reject any and all proposals;
- 2) waive any errors or irregularities in the application process or in any proposal;
- 3) reissue the RFP;
- 4) negotiate with any Applicant for a different award amount;
- 5) reduce or expand the scope of the project, and reissue the RFP or negotiate with any Applicant regarding the revised project
- 6) extend the term of the project and add additional funding as necessary or appropriate; or



7) defer or abandon the project.

**Decisions by the MSF are final and not subject to appeal.**

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

**M) JURISDICTION**

Any legal actions concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, Ingham County Circuit Court in Ingham County Michigan. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF that are otherwise available.

**N) ADDITIONAL CERTIFICATION**

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit an application or proposal to a request for proposal issued by a public entity.

Applicants must include the following certification in the proposal:

“Applicant certifies that it is not an Iran-linked business as defined in MCL 129.312.”

Failure to submit this certification will result in disqualification from consideration.

**MICHIGAN STRATEGIC FUND  
RESOLUTION**

**2015-**

**APPROVAL OF THE JOINT EVALUATION COMMITTEE AND SCORING AND  
EVALUATION CRITERIA FOR THE BUSINESS INCUBATORS  
REQUEST FOR PROPOSALS**

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

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

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

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

**WHEREAS**, on December 15, 2015, the MSF issued a Request for Proposals (“RFP”) to make grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”);

**WHEREAS**, the Act provides that proposals received in response to the Business Incubators RFP may be reviewed by a joint evaluation committee (“JEC”);

**WHEREAS**, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Business Incubators RFP:

Fred Molnar, VP Entrepreneurship and Innovation, MEDC  
Margaret McCammon, Portfolio Manager, MEDC  
Nataliya Stasiw, Senior Capital Markets Associate, MEDC  
Denise Graves, University and Services Manager, MEDC

**WHEREAS**, the MEDC also recommends and the MSF desires to approve the scoring and evaluation criteria contained in Attachment A for use by the JEC in its review of proposals (the “Business Incubators RFP Scoring Criteria”).

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the JEC set forth above and approves the Business Incubators RFP Scoring Criteria attached as Exhibit A to this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

## Proposal Evaluation Form 2016 Business Incubator RFP

Name of Applicant: \_\_\_\_\_

Name of Reviewer: \_\_\_\_\_

Criteria	Reviewer's Comments	Points
<p><b>Eligibility:</b></p> <ul style="list-style-type: none"> <li>• Incubators located in or associated with a SmartZone (including SmartZone Satellites) and current funding ends prior to 2/1/2016</li> </ul>		Yes/No: _____
<p><b>Executive Summary:</b> Overview</p> <ul style="list-style-type: none"> <li>• NAME OF THE APPLICANT ORGANIZATION</li> <li>• ELIGIBILITY CRITERIA</li> <li>• AMOUNT OF FUNDS REQUESTED</li> <li>• AMOUNT OF MATCHING FUNDS</li> <li>• TERM</li> <li>• PURPOSE</li> <li>• The TARGETED NUMBERS FOR:               <ul style="list-style-type: none"> <li>○ Companies Created</li> <li>○ Jobs Created</li> <li>○ Increase Investment/Revenue</li> </ul> </li> </ul>		Max. Possible Points: 5  <b>Score:</b> _____
<p><b>Purpose:</b></p> <ol style="list-style-type: none"> <li>a) The Applicant must clearly indicate whether the organization is a non-profit or university.</li> <li>b) The Applicant must clearly identify the need for a key person to help with gatekeeping activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem), BAF, and Pre-Seed activities.</li> <li>c) The Applicant identifies the "key person", how he/she meets the need and how he/she will carry out his/her responsibilities.</li> <li>d) The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan's technology based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve.</li> </ol>		Max. Possible Points: 15  <b>Score:</b> _____
<p><b>Past Experience:</b></p> <ul style="list-style-type: none"> <li>• The Applicant should indicate past experience with business incubation/acceleration.</li> </ul>		Max. Possible Points: 10 <b>Score:</b> _____
<p><b>Team:</b></p> <ul style="list-style-type: none"> <li>• Identified key players</li> <li>• Identified collaborators</li> </ul>		Max. Possible Points: 20 <b>Score:</b> _____
<p><b>Milestones/Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Identified meaningful milestones/deliverables</li> <li>• Achievable and leading to economic impact</li> </ul>		Max. Possible Points: 10 <b>Score:</b> _____
<p><b>Budget:</b></p> <ul style="list-style-type: none"> <li>• Identified meaningful budget for proposal</li> <li>• Clearly identified 1-1 match</li> <li>• Organization budget clearly indicates need for funding</li> <li>• Indicates how and when will achieve sustainability</li> </ul>		Max. Possible Points: 10 <b>Score:</b> _____
<p><b>Economic Impact:</b></p> <ul style="list-style-type: none"> <li>• Realistic assumptions and expectations based on industry knowledge and incubator's past reported performance</li> <li>• Identified targeted metrics:               <ul style="list-style-type: none"> <li>○ Companies Created</li> <li>○ Jobs Created</li> </ul> </li> </ul>		Max. Possible Points: 15  <b>Score:</b> _____

**Exhibit A**

○ Increase Investment/Revenue		
<b>Preferences:</b> <ul style="list-style-type: none"><li>• Contributes to the development of economic diversification or the creation of employment opportunities in this state</li><li>• Promotes collaborations between institutions of higher education, Michigan nonprofit research institutions, Michigan nonprofit corporations, and qualified businesses</li><li>• Meets 1 or more of the following: (i) Forecasts revenues within 2 years; (ii) Has outside investments from investors with experience and management teams with experience in the industry targeted by the proposal; and (iii) Has outside directors with expertise in the industry targeted by the proposal.</li><li>• Is contributing a cash match</li><li>• Is able to leverage outside funding sources to reduce overhead expenses.</li></ul>		Max. Possible Points: 15 <b>Score:</b> _____
<b>Total Score:</b>		Max. Possible Points: 100 <b>Score:</b> _____

## MEMORANDUM

**Date:** December 15, 2015



**To:** MSF Board

**From:** Fred Molnar, VP, Entrepreneurship and Innovation

**Subject:** Michigan Small Business Development Center Strategic Service Provider (SSP)

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MEDC Staff recommends the MSF Board approve an award in the amount of \$1,350,000 to the Michigan Small Business Development Center (SBDC) to fund the continuation of the Strategic Service Provider (SSP) Program in order to develop entrepreneurial talent, increase access to business capital, build capacity within the entrepreneurial ecosystem, and promote an entrepreneurial culture in Michigan through the acceleration of innovation.

### **BACKGROUND TO AWARD**

Under the authorities created by the Michigan Strategic Fund Act (“Act”), MCL 125.2088k, and transferred to the Michigan Strategic Fund (“MSF”) by Executive Order 2010-8, the MSF is charged with awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan.

The SBDC was previously awarded corporate funding for the SSP Program for the period of January 01 2013 to December 31 2015, at a total award value of \$4,600,000. In executing this Program the SBDC regularly exceeded key milestones and consistently rated among the highest in the MEDC customer satisfaction evaluation.

After constructing the Strategic Service Provider Grant Eligibility Requirements and initiating the competitive process, it was determined that only one non-profit entity within the State of Michigan could successfully satisfy the Strategic Service Provider Grant Eligibility Requirements. These requirements are:

- Must be a non-profit entity located within the State of Michigan
- Must have an existing statewide infrastructure
- Must be able to provide services as required across the State of Michigan
- Must have a proven track record in relevant activities and validated outcomes.
- Must demonstrate significant partnership activities with the Small Business Administration.

### **PROGRAM RESULTS**

The SBDC has operated as a non-profit entity located within the State of Michigan since 1995 and earned full accreditation by the Association of Small Business Development Centers in 2006. Since 2007 SBDC has has been a strong partner of MEDC and in 2012 was again recognized by

Accreditation from the Small Business Development Center in accordance with the specifications set forth by the Small Business Administration and the Association of Small Business Development Centers. This recognition reflects the fact that over time the organization has generated an extensive and efficient statewide infrastructure that has resulted in a strong track record for the promotion of an entrepreneurial culture within the State of Michigan.

The purpose of the SBDC SSP Program is to foster an entrepreneurial culture and accelerate innovation within the State of Michigan by providing training to develop entrepreneurial talent, increase access to capital through networking optimization and pitch coaching, and build capacity within the entrepreneurial ecosystem through strategic development and market research education. The SSP Program reports on, and disbursement is guided by, metrics including job creation, capital formation and business start-ups. The SBDC consistently meets or exceeds these metrics and cumulative results for January 2014 to September 2015 include 58,813 counseling hours for 7,154 distinct clients and 10,076 client trainings, resulting in 3,930 jobs created, \$301,683,610 in capital formation and 593 business start-ups.

#### **RECOMMENDATION**

MEDC Staff recommends the MSF Board approve this award.

**MICHIGAN STRATEGIC FUND  
RESOLUTION**

**2015-**

**SMALL BUSINESS DEVELOPMENT CENTER CORE SERVICES 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**, 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**, the Act requires the MSF Board to establish a competitive proposal process for awarding all program awards made under Section 88b, including the making of grants to non-profit entities to develop entrepreneurial talent, increase access to business capital, build capacity within the entrepreneurial ecosystem, and promote an entrepreneurial culture through the acceleration of innovation throughout the State of Michigan (the “Strategic Service Provider Grant”);

**WHEREAS**, in establishing the competitive process for awarding Strategic Service Provider Services, the MSF identified the following eligibility requirements for applicants: 1) applicant must be a non-profit entity located within the State of Michigan; 2) applicant must have an existing statewide infrastructure; 3) the applicant must have the ability to provide services as required throughout the State of Michigan; 4) the applicant must have a proven track record with developing entrepreneurial talent, increasing access to business capital, building capacity within the entrepreneurial ecosystem, and promoting an entrepreneurial culture through the acceleration of innovation on a statewide basis; and 5) the applicant must have significant partnership activities with the Small Business Administration (the “Strategic Service Provider Grant Eligibility Requirements”);

**WHEREAS**, after constructing the Strategic Service Provider Grant Eligibility Requirements and initiating the competitive process, it was determined that only one non-profit entity within the State of Michigan could successfully satisfy the Strategic Service Provider Grant Eligibility Requirements;

**WHEREAS**, the Michigan Small Business Development Center (“MI-SBDC”) 1) is a non-profit entity located within the State of Michigan; 2) has an existing statewide infrastructure; 3) has the ability to provide services as required throughout the State of Michigan; 4) demonstrated a successful track record with developing entrepreneurial talent, increasing access to business capital, building capacity within the entrepreneurial ecosystem, and promoting an entrepreneurial culture through the acceleration of innovation on a statewide basis; and 5) has significant partnership activities with the Small Business Administration; and

**WHEREAS**, the MSF desires to award a grant of up to \$1.350 million to the MI-SBDC to develop entrepreneurial talent, increase access to business capital, build capacity within the entrepreneurial ecosystem, and promote an entrepreneurial culture through the acceleration of innovation throughout the State of Michigan (the “MI-SBDC Grant”).



**NOW, THEREFORE, BE IT RESOLVED**, that the MSF approves the MI-SBDC Grant;

**BE IT FURTHER RESOLVED**, the MSF Board may, at its sole discretion, extend the MI-SBDC Grant for a total grant term not to exceed five year and may increase the amount of the MI-SBDC Grant in subsequent fiscal years, subject to available funding; 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 MI-SBDC Grant.


Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

## MEMORANDUM

**Date:** December 15, 2015 

**To:** MSF Board

**From:** Fred Molnar, VP, Entrepreneurship and Innovation

**Subject:** University Technology Acceleration and Commercialization Program (UTACP)  
Refunding Request

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MEDC Staff recommends the MSF Board approve a grant amendment for an extension of one year and refunding in an amount totaling \$2,300,000 for two UTACP programs; the Technology Transfer Talent Network (T3N) \$1,000,000 and Michigan Corporate Relations Network (MCRN) \$1,300,000.

### **BACKGROUND TO AWARD**

Under the authorities created by the Michigan Strategic Fund Act (“Act”), MCL 125.2088k, and transferred to the Michigan Strategic Fund (“MSF”) by Executive Order 2010-8, the MSF is charged with awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan.

On June 24, 2014, the MSF selected the UTACP, specifically the T3N and MCRN programs to receive a grant for continuation of the programs in the amount of \$2,825,000 (Resolution No. 2014-071), with the option to extend the term of the grants for up to an additional three one year terms and to add additional funding at the sole discretion of the MSF. This amount is governed under the terms and conditions of a Grant Agreement. The Grant Agreement term for T3N ends on December 15, 2015. The Grant Agreement term for MCRN ends on December 31, 2015. The T3N and MCRN state-wide programs support acceleration of the transfer of technology from universities to the private sector. T3N with mentors, postdocs and fellows and MCRN with matching funds to small companies collaborating with universities, interns and a university research portal for industry.

### **PROGRAM RESULTS**

The T3N program is a collaboration of 7 universities (UM, MSU, WSU, WMU, Oakland, GVSU and MTU) supporting the commercialization of university projects into licenses and/or startup companies. The support is by way of mentors in residence, postdocs and fellows. Since its inception in 2011, the program has created more than 200 jobs, started 38 new companies, attracted more than \$28,000,000 in follow on funding, signed 37 licenses and commercialized several products.

The MCRN program is a collaboration of 6 universities (UM Ann Arbor, UM Dearborn, MSU, WSU, WMU, MTU) including the University Research Corridor (URC) supporting the interaction between small companies and public universities in the state of Michigan. The support is by way

of matching funds to support new projects, interns and a research portal. Since its inception in 2011, the program has created more than 300 jobs, served over 300 companies, attracted more than \$56,000,000 in follow on funding and received over 6,000 portal visits.

**RECOMMENDATION**

MEDC Staff recommends the MSF Board approve this grant amendment for refunding and 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.

**MICHIGAN STRATEGIC FUND  
RESOLUTION  
2015-**

**UNIVERSITY OF MICHIGAN – MICHIGAN CORPORATE RELATIONS NETWORK  
GRANT AMENDMENT**

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

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

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

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

**WHEREAS**, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

**WHEREAS**, at its March 25, 2014 meeting, the MSF issued a request for proposals accelerate the transfer of technology from universities to the private sector for commercialization of competitive edge technologies (the “University Technology Acceleration and Commercialization RFP” or “UTACP RFP”);

**WHEREAS**, on June 24, 2014, the MSF Board awarded \$1.45 million grant to University of Michigan – Michigan Corporate Relations Network (the “MCRN Grant”), with the option to extend the term of the MCRN Grant for up to an additional three one year terms and to add additional funding at the sole discretion of the MSF;

**WHEREAS**, the MEDC recommends that the MSF exercise its first option to extend for an additional one year term ending December 31, 2016 and allocate \$1.3 million in additional funding for the MCRN Grant (“MCRN Grant Amendment”); and

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

**MICHIGAN STRATEGIC FUND  
RESOLUTION  
2015-**

**UNIVERSITY OF MICHIGAN – TECHNOLOGY TRANSFER TALENT PROGRAM  
GRANT AMENDMENT**

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

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

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

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

**WHEREAS**, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

**WHEREAS**, at its March 25, 2014 meeting, the MSF issued a request for proposals accelerate the transfer of technology from universities to the private sector for commercialization of competitive edge technologies (the “University Technology Acceleration and Commercialization RFP” or “UTACP RFP”);

**WHEREAS**, on June 24, 2014, the MSF Board awarded \$1.375 million grant to University of Michigan – Technology Transfer Talent Program (the “T3N Grant”), with the option to extend the term of the T3N Grant for up to an additional three one year terms and to add additional funding at the sole discretion of the MSF;

**WHEREAS**, the MEDC recommends that the MSF exercise its first option to extend for an additional one year term ending December 15, 2016 and allocate \$1 million in additional funding for the T3N Grant (“T3N Grant Amendment”); and

**WHEREAS**, the MSF wishes to approve T3N Grant Amendment.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the T3N Grant Amendment; and

**BE IT FURTHER RESOLVED**, that MSF Fund Manager is authorized to negotiate final terms and conditions of the T3N Grant Amendment and to execute all documents necessary to effectuate the T3N Grant Amendment.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015



## MEMORANDUM

**Date:** December 15, 2015  
**To:** Michigan Strategic Fund Board  
**From:** Dominic Romano, Grant Manager  
Jeanne Broad, Director, International Trade  
**Subject:** *MI-STEP Program Authorization and Funding Allocation*

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### **Request**

The Michigan Economic Development Corporation (“MEDC”) International Trade Team (“International Trade”) seeks to clarify the Michigan Strategic Fund (“MSF”) approvals from the September 22, 2015 MSF Board meeting related to the Michigan State Trade & Export Promotion Program (“MI-STEP”) activities and funding for International Trade for FY2016. International Trade requests that the MSF Board adopt and approve the MI-STEP Eligibility and Application Guidelines attached to the proposed resolution and allocate \$1,630,000, consisting of \$750,000 from the Small Business Administration (“SBA”) grant and \$880,000 from the 21<sup>st</sup> Century Jobs Fund for business development and business marketing costs, to the MI-STEP Program (the “Request”).

### **Background**

On September 22, 2015, the MSF approved the continuation and state funding of International Trade for FY2016. International Trade assists Michigan based companies to expand their customer base through a variety of international trade services that lead to international market expansion. International Trade Team consists of field staff who engage companies and Lansing-based staff who conduct supporting activity including the maintenance and administration of state-funded incentives and contracts.

The International Trade team also manages the MI-STEP on behalf of the MSF. MI-STEP includes incentives and services, as set forth in the MI-STEP Eligibility and Application Guidelines, totaling \$1,630,000 (inclusive of the \$750,000 SBA grant and \$880,000 from the 21<sup>st</sup> Century Jobs Fund for business development and business marketing costs.).

### **Recommendation**

Staff recommends the MSF Board approve the Request.



## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2015-**

#### **MICHIGAN STATE TRADE AND EXPORT PROMOTION (MI-STEP) PROGRAM**

**WHEREAS**, the Michigan Strategic Fund (“MSF”) Board wishes to to assist eligible Michigan-based small businesses, increase the number of small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base through a variety of international trade services that lead to international market expansion;

**WHEREAS**, under the Michigan Strategic Fund Act, MCL 125.2001 et seq. (“Act”), the MSF has the power to make grants, loans and investments, which includes business development and business marketing, creating or retaining jobs, and increasing capital investment activity;

**WHEREAS**, under Section 88b(4) of the Act, not more than five (5%) percent of the annual appropriation from the 21<sup>st</sup> century jobs trust fund may be used for business development and business marketing costs (“BDBM Funds”);

**WHEREAS**, the MSF was awarded \$750,000 from the Small Business Administration (“SBA”) under the federal FY16 State Trade Export Promotion (“STEP”) program to increase the number of Michigan small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base by marketing to persons or entities outside of the State of Michigan (the “MI-STEP Program”);

**WHEREAS**, the MEDC recommends that the MSF Board adopt and approved the proposed MI-STEP Eligibility and Application Guidelines, attached as Exhibit 1 to be utilized for the operation of the MI-STEP Program (the “MI-STEP Program Guidelines”);

**WHEREAS**, based on the recommendation of the MEDC, the MSF Board desires to adopt and approve the MI-STEP Program Guidelines for the MI-STEP Program;

**WHEREAS**, the MEDC recommends that the MSF authorize the preparation of a MI-STEP Program Grant Application and Agreement consistent with the MI-STEP Program Guidelines for the MI-STEP Program; and

**WHEREAS**, the MEDC recommends that the MSF allocate the \$750,000 award from the SBA and \$880,000 of BDBM Funds, for a total funding allocation of \$1,630,000, for the MI-STEP Program.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF hereby adopts and approves the MI-STEP Program Guidelines for the MI-STEP Program;

**BE IT FURTHER RESOLVED**, that the MSF hereby authorizes the preparation of an MI-STEP Program Grant Application and Agreement consistent with the MI-STEP Program Guidelines for the MI-STEP Program;

**BE IT FURTHER RESOLVED**, that the MSF hereby authorizes the use of \$1,630,000 consisting of \$750,000 from the SBA award and \$880,000 of BDBM Funds, for the MI-STEP Program; and

**BE IT FURTHER RESOLVED**, Resolution 2015-129 is rescinded in its entirety.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

# **FY16 Michigan - State Trade and Export Promotion (MI-STEP) Program Eligibility and Application Guidelines**

## **Section 1 – General Information on the MI-STEP Program**

The MI-STEP Program provides direct reimbursements to qualified small and medium-sized export companies to develop or expand export-related activities. Interested applicants should review these guidelines prior to completing the online application intake form.

### **A – Program Purpose**

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

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

### **B – Eligibility**

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

1. Be in accordance with Small Business Administration (SBA) guidelines and size standards.
2. Has demonstrated understanding of the costs associated with exporting and doing business with foreign purchasers, including the costs of freight forwarding, customs brokers, packing and shipping, per SBA guidelines.
3. Has in effect a strategic plan for exporting, per SBA guidelines.
4. Represent significant potential impact to the regional economy.
5. Have two years of domestic sales.
6. Register profit during the last year (venture capital and government grants do not qualify as sales revenue).
7. Provide an EIN number linked to a Michigan address.
8. Be in good standing with the Michigan Department of Treasury and other regulatory agencies.

### **C – Grant Allocation and Limitation**

1. Funds will be approved for specific and measurable export initiatives.
2. Applicants agree to respond to MI-STEP Program quarterly surveys and provide export sales totals, export transactions and business activities resulting from the Pure Michigan Export Program.
3. All funds are pre-approved based on submitted application.

4. Companies are reimbursed for 50 percent of pre-approved expenses.
5. The Michigan Strategic Fund (MSF) retains final authority in the allocation of MI-STEP Program funds.
6. Funds for the MI-STEP Program are subject to availability.
7. Recommendations by economic development organizations may be required.

#### D – Allowable Uses of MI-STEP Program Funds

MI-STEP Program funds may be approved for export marketing-related activities including, but not limited to:

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

### **Section 2 – The Application Process**

A – Following is a summary of the application and approval process for the Pure Michigan Export Program:

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

## B – Program Guidelines

1. Eligible expenses must be approved in advance by the International Trade Manager (ITM).
2. Funding received from other government sources (grants or subsidies from any level of government) does not satisfy the company's matching requirements for this program.
3. Companies receiving funding must submit all itemized receipts and proof of payment documents associated with the event/activity within 45 days of event/activity completion, unless otherwise notified by MSF/MEDC representative.
4. Companies must submit the MI-STEP Program Grant Application to the ITM prior to the event/activity for which funding is sought.
5. Companies will receive MEDC's quarterly survey to track export activity results.

C – Expense documentation is to be submitted to the MEDC for audit, review, and approval. Upon review and final approval, payment will be made by the State of Michigan to the company.

## NOTES

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

Questions may be directed to [export@michigan.org](mailto:export@michigan.org).

**Michigan Economic Development Corporation (MEDC)**  
**Michigan - State Trade and Export Promotion (MI-STEP) Program**  
**Grant Application and Agreement with**  
**[Insert Full Company Name]**  
**[Insert Full Company Address]**

A complete application includes:

- A completed Exporting Strategic Plan
- A completed Export Activity Summary
- A proposed Budget for the Export Activity
- A signed SBA Self Representation as an “Eligible Small Business Concern” Form
- A signed Debarment Certification Form
- A signed MI-STEP Program Grant Agreement

**Program Purpose**

The MI-STEP Program is designed to spur job creation by empowering Michigan small and medium-sized enterprises (SMEs) to export their products. Eligible companies may qualify for up to \$12,000 (Tier 2 \$7,000; Tier 3 \$12,000) in assistance to offset a portion of their export marketing-related costs.

**Eligibility**

Michigan companies must meet the following eligibility criteria to qualify for MI-STEP Program funds:

1. Be in accordance with Small Business Administration (SBA) guidelines and size standards.
2. Has demonstrated understanding of the costs associated with exporting and doing business with foreign purchasers, including the costs of freight forwarding, customs brokers, packing and shipping, per SBA guidelines.
3. Has in effect a strategic plan for exporting, per SBA guidelines.
4. Represent significant potential impact to the regional economy.
5. Have two years of domestic sales.
6. Register profit during the last year (venture capital and government grants do not qualify as sales revenue).
7. Provide an EIN number linked to a Michigan address.
8. Be in good standing with the Michigan Department of Treasury and other regulatory agencies.

This application and agreement shall remain fully contingent until executed by the Michigan Strategic Fund (MSF).

**Grant Terms and Conditions**

1. Funds for this program are limited and subject to availability.
2. Eligible expenses must be approved in advance by the MI-STEP Program International Trade Manager (ITM). Funding received from other government sources (grants or subsidies from any level of government) does not satisfy the matching requirements for this program.
3. Company must submit the MI-STEP Program Grant Application to the ITM prior to the event/activity for which funding is sought.

4. Funds will be approved for eligible, specific and measurable export initiatives that require financial support. Company agrees to measure and share the results of the MI-STEP Program initiative for which they receive funding with the MEDC.
5. Company agrees to respond to quarterly MI-STEP Program Activity Surveys and provide export activity status and outcomes resulting from the MI-STEP Program for a period of two years following funded activity.
6. This agreement is subject to the terms and conditions of the U.S. SBA Notice of Award, SBA OIT-STEP-2014-01.
7. Eligible reimbursements are those in which the company invests at least 50 percent of the cost of the event or activity.
8. Companies receiving funding must submit all itemized receipts and proof of payment documents associated with the event/activity within 45 days of event/activity completion, unless otherwise notified by MSF/MEDC representative. Itemized receipts are to include prices adjusted into USD at the exchange rate current to the date of purchase.
9. This agreement may be terminated by giving thirty calendar days prior written notice to the company. In the event that the Legislature of the State of Michigan (the "State"), the State Government, or any State official, commission, authority, body, or employee or the federal government (a) takes any legislative or administrative action which fails to provide, terminates or reduces the funding necessary for this agreement, or (b) takes any legislative or administrative action, which is unrelated to the source of funding for the agreement, but which affects the MEDCs ability to fund and administer this agreement, provided, however, that in the event such action results in an immediate absence or termination of funding, cancellation may be made effective immediately upon delivery of notice to the company.
10. The company shall indemnify, defend and hold harmless the MEDC, its corporate board of directors, executive committee members including its participants, its officers, agents, and employees from any damages that it may sustain through the negligence of the company pertaining to the performance of this agreement.
11. The company shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this agreement.
12. The company and MEDC hereby agree that the faxed signatures of the parties to this agreement shall be as binding and enforceable as original signatures; and that this agreement may be executed in multiple counterparts with the counterparts together being deemed to constitute the complete agreement of the parties. Copies (whether photostatic, facsimile or otherwise) of this agreement may be made and relied upon to the same extent as though such copy was an original.
13. This application is subject to final approval by the MSF/MEDC and SBA, and does not constitute an agreement until final written authorization has been received from these entities.

#### **Allowable Uses of MI-STEP Program Funds**

MI-STEP Program funds can be approved for allowable export marketing-related activities and must be approved in advance. The funds may support, but are not limited to\*, marketing-related activities such as:

- Overseas trade mission participation
- International or domestic trade show participation
- Foreign market buyer missions
- U.S. Department of Commerce services
- Website and/or marketing material translation services
- Match-Making and Appointment Setting

- Translation and Interpreter Services
- Foreign Market Research
- Foreign Market Product Certification
- Customer, Agent, or Distributor Searches

*\* Prospective applicants are encouraged to propose any export marketing-related activities that they believe will benefit and enhance their ability to launch and grow export operations.*

### Export Summary

#### Exporting Strategic Plan:

1. Briefly describe your product or service.
2. Please list the international markets you intend to pursue.
3. What led you to choose each international market?
4. What objectives do you aim to achieve in your prospective export markets?
5. What is the timeframe for meeting these objectives? (Specify by month or quarter)?
6. How appropriate or culturally compatible is the product or service you wish to export and what market research have you performed?
7. What is your competitive advantage in each of your prospective markets?
8. How capable is your company in supporting both **market entry** and **market expansion** with respect to your financial capabilities, production capacity and business development/marketing?
9. What knowledge or experience do you have with the international trade procedures in your prospective markets? How are you working to ensure your strategy is a success? (U.S. export requirements, foreign market import market requirements, logistics, export financing, etc.)

**Title of Export Activity:** (for example “Trade Mission to Canada” or “Market Research”):

**Description of Export Activity:** In one or two paragraphs please describe the export activity to which you would apply the MI-STEP Program funding (Note: Export activity must be completed by 9/30/2016 or the expiration date – whichever comes first). Explain the role this activity plays in your Exporting Strategic Plan.

**Success Measures:** Describe or list the anticipated and intended economic outcomes you expect to achieve as a direct, measurable result of this export activity (value of sales growth, new markets, number of jobs created, etc.):



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## Travel Budget

### Budgeting and Justification

Per-Diem Rates can be found at: [http://aoprals.state.gov/web920/per\\_diem.asp](http://aoprals.state.gov/web920/per_diem.asp)

For guidelines regarding airfare, please see: <http://www.gsa.gov/portal/content/103191>

**Activity Name:**

**Dates:**

**Name and Title of Traveler(s):**

Item	Description & Calculations	Amount (USD)
	<b>Indicate number of people traveling. If you intend to send more than one traveler, please justify.</b>	
<b>Airfare:</b>	Name of U.S. Airline	\$\$\$
	Include a general flight itinerary with airport of departure, any transfer airports, a final destination and the names of any airlines used.	
<b>Hotel:</b>	Number of persons multiplied by the number of nights at the regional Federal Per-diem Rate	\$\$\$
<b>Trade Show:</b>	Trade show participations fee, booth shipping (include shipping carrier), booth set-up, electricity, etc.	\$\$\$
<b>Ground Transportation:</b>	Taxis, busses, trains, etc.	\$\$\$
<b>Gold Key Services:</b>		\$\$\$
<b>Miscellaneous:</b>		\$\$\$
<b>Total</b>		<b>\$\$\$</b>

**\*Please note that meals and entertainment are not eligible reimbursement expenses.**

**Non-Travel Budget**

**Activity Name:**

**Dates:**

<b>Item</b>	<b>Description &amp; Calculations</b>	<b>Amount (USD)</b>
<b>Market Entry Strategy</b>	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
<b>Market Research</b>	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
<b>Logistics &amp; Planning</b>	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
<b>Printing</b>	Specify the quantity to the best of your knowledge. (Number of pages per brochure, the number of brochures, etc.)	\$\$\$
<b>Development of Marketing Materials</b>	Name the marketing service provider, public relations firm, advertising agency, etc. To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
<b>Translation</b>	To ensure reasonable costs, please include quotes from three companies. Briefly justify the bid you chose.	\$\$\$
<b>Miscellaneous:</b>		\$\$\$
<b>Total</b>		<b>\$\$\$</b>

**\*Please note that meals and entertainment are not eligible reimbursement expenses.**

**\*\*ALSO: You must designate a company representative/contact who will assist in matters including but not limited to providing receipts, processing reimbursements, using the portal etc. as administrative support:**

\_\_\_\_\_  
**Name**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Phone number**

\_\_\_\_\_  
**Email address**

Application Number: \_\_\_\_\_

**Authorization**

I confirm that I am authorized by my company to execute this application and agreement, and agree that the company and its representatives will adhere to all of the terms and conditions set forth in this application and agreement. These include, but are not limited to, providing the MEDC with all results from approved activities for documentation and success tracking purposes. I certify on behalf of the company that all of the documents submitted and information contained in this application and accompanying documents are true and accurate.

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**Authorized Company Representative/Title** **Date**

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**Authorized MEDC Export Representative/Title** **Date**

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**SBA Approval Date** **MEDC Initial** **Tracking #**

---

**Effective Date**

---

**Expiration Date**

---

**Authorized MSF Certifying Official** **Date**



## MEMORANDUM

**Date:** December 15, 2015  
**To:** Michigan Strategic Fund Board  
**From:** Dominic Romano, Grant Manager, Jeanne Broad, Director of International Trade  
**Subject:** *FY2016 Pure Michigan International Trade Team Request for Proposal for International Trade Services*

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### **Request**

The MEDC requests that the MSF Board approve and issue the FY2016 Pure Michigan International Trade Team Request for Proposal (“RFP”) for International Trade Services. MEDC Staff further requests that the MSF Fund Manager or the MSF President be authorized to approve the recommendation of the joint evaluation committee (“JEC”).

### **Background**

The Pure Michigan International Trade Team assists Michigan based companies to expand their customer base through a variety of international trade services that lead to international market expansion. Funding for these activities has been secured for FY16.

The MEDC requests that the MSF release the FY2016 Pure Michigan International Trade Team RFP to solicit proposals from organizations with international trade expertise to provide services to Michigan companies.

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

Issue RFP to the Public: December 15, 2015  
Submission Deadline: January 12, 2016 at 3:00 PM  
Joint Evaluation Committee Review: January 13-15, 2016

The MEDC recommends that the MSF Board allow approval of the JEC’s award recommendation by the MSF Fund Manager or MSF President.

### **Recommendation**

MEDC Staff recommends that the MSF Board approve the following actions.

- 1) Approval of the RFP attached as Exhibit A to the resolution;
- 2) Authorize the MSF Fund Manager or the MSF President to approve the recommendation of the JEC.

**MICHIGAN STRATEGIC FUND  
RESOLUTION**

**2015-**

**INTERNATIONAL TRADE SERVICES REQUEST FOR PROPOSALS**

**WHEREAS**, Public Act 270 of 1984, MCL 125.2001-125.2094, (the “Act”) established the Michigan Strategic Fund (“MSF”);

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

**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**, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for soliciting contractors to provide trade promotion services for Michigan-based companies seeking export sales in the following target markets: Mexico, China, Canada, Brazil, Germany, and the United Kingdom in order to increase and promote export activity (the “International Trade Services RFP”). A copy of this RFP form is attached to this Resolution; and

**WHEREAS**, the MSF desires to initiate the competitive proposal process and authorizes the issuance of the International Trade Services RFP.

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

**BE IT FURTHER RESOLVED**, the MSF allocates \$780,000 from the general fund/general purpose appropriation to the MSF for fiscal year 2016 to the International Trade Services RFP;

**BE IT FURTHER RESOLVED**, the MSF authorizes the MSF Fund Manager or the MSF President to approve the award recommendation of a joint evaluation committee (“JEC”) appointed pursuant to Section 125.2088b-1(a) of the Michigan Strategic Fund Compiled Resolutions for the International Trade Services RFP; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

**REQUEST FOR PROPOSALS**

**Michigan Strategic Fund**

**Pure Michigan International Trade Team – International Trade Services**

**RFP-CASE- 159790**

## **REMINDER**

Please check your proposal to make sure you have included all of the specifications in the Request for Proposals. In addition, please submit an electronic version of each of the following:

- Technical Proposal (Section II-A);
- Price Proposal (Section II-B);
- Signed Independent Price Determination Certificate (Attachment B); and
- Conflicts of Interest Disclosure (if applicable) (Section II-G).

**BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE-159790 Technical Proposal” and RFP-CASE-159790 Price Proposal” with Company Name, and “message 1 of 3” as appropriate if the bid consists of multiple emails.**

***The MSF will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

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

## **IMPORTANT DATES**

- **December 15, 2015, at 1:00 p.m.:** Bidding opens.
- **January 12, 2016, at 3:00 p.m.:** Electronic versions sent separately of each of your Technical and Price Proposals due to the MSF via email to [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org). **Proposals will not be accepted via U.S. mail or any other delivery method.**

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**REQUEST FOR PROPOSAL**  
**Pure Michigan International Trade Team – International Trade Services**  
**RFP-CASE-159790**

This Request for Proposals (“RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Grants Unit (“C&G”). The Michigan Economic Development Corporation (the “MEDC”) provides administrative services associated with the programs and activities of the Michigan Strategic Fund Act on behalf of the MSF. C&G is the sole point of contact with regard to all bidding and contractual matters relating to the services described in this RFP. C&G is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this RFP and any contract(s) awarded as a result of this RFP (the “Contract”). Contracts and Grants will remain the SOLE POINT OF CONTACT throughout the bidding process. ***The MSF will not respond to telephone inquiries, or visitation by Bidders or their representatives. Bidder’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.***

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

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

**A) PURPOSE**

The MSF is seeking contractors to provide trade promotion services to Michigan based companies seeking export sales in the following target markets: Mexico, China, Canada, Brazil, Germany and/or the United Kingdom (to cover European region).

**B) BACKGROUND STATEMENT AND OBJECTIVES**

**Background:**

The Pure Michigan International Trade program assists Michigan based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small and medium-sized enterprises (see the United States Small Business Association’s standards at <https://www.sba.gov/content/small-business-size-standards>), but will also assist larger companies if the assistance will have a clear and identifiable economic impact. The Pure Michigan International Trade program will enter into a fixed fee contract for trade promotion services at a non-negotiable amount. The total contract amount will be for a maximum \$780,000 annually. Operating costs, including staff salaries, office space/rent, office equipment, office supplies, postage, printing, telephones, local transportation and all other costs unless otherwise noted, will be the sole responsibility of the Contractor and derived from the contract fee. As noted below, the MSF will pay for pre-authorized travel expenses related to annual

participating State visits, or for additional pre-authorized expenses incurred for activities outside of the scope of the Contractor's contract with the MSF.

The expected term of the contract is three years, with an option for the MSF to extend the contract and allocate additional funding for up to an additional two years at the sole discretion of the MSF and subject to available funding. The selected Bidder will be expected to start work under the contract no later than February 1, 2016.

**Objectives:**

The Pure Michigan International Trade Program is designed to spur job creation by empowering Michigan based companies to export their products. The program has three primary objectives:

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

**C) Mandatory Requirements**

- Contractor or its subcontractor must have an existing office in each target market that is included in the proposal as a primary business location.
- Contractor or its subcontractor must have the ability to obtain a US Visa for traveling to the United States at least once a year.
- Contractor or its subcontractor must be fully bilingual with the ability to read, write and compose business correspondence in English and official language in each target market that is included in the proposal.
- Contractor or its subcontractor and staff must be familiar with the business practices and culture of the US and in each target market that is included in the proposal.
- Contractor or its subcontractor must have an established business and at least five years of experience in consulting, marketing, sales or other areas that provide services to international, preferably US, companies.
- Contractor or its subcontractor must have experience working with small-to-medium sized companies (average annual sales less than US\$50 million).
- Exceptional research, writing, and interpersonal skills.
- A bachelor's degree. A Master's, legal or specialized degree in a relevant field is preferred, but not required.

## **D) DELIVERABLES**

### **Services to be Provided:**

The Contractor or its subcontractor shall serve as an authorized representative for the State of Michigan in target market(s) subject to the limitations in the agreement. MSF shall retain the Contractor or its subcontractor for the purpose of increasing the export of products and services from small-to-medium sized companies in Michigan's defined target market(s). This contract is on a non-exclusive basis and the Contractor or its subcontractor may have other clients and/or provide work for other US States or foreign governments/legislatures where no conflict of interest exists.

Trade development services to be provided by the Contractor or its subcontractor, in addition to those described below, will be determined by specific parameters submitted by MSF. Minimum services required are as follows:

#### **(1.) Agent/Distributor Searches and Matchmaking**

At MSF's request, the Contractor or its subcontractor shall conduct up to two agent/distributor searches a month for participating small-to-medium sized Michigan companies. The agent/distributor searches shall include investigating the products or services made by the companies, identifying and/or qualifying agents and distributors to represent products or services, interviewing prospective representatives and distributors, arranging appointments with agents and distributors, arranging for translators, conducting pre-and post- briefings and follow-up activities. The Contractor or its subcontractor may also be required to conduct market research and viability studies, as well as end user searches.

#### **(2.) Trade Events**

At MSF's request, the Contractor or its subcontractor shall recommend trade events for its participation. The Contractor or its subcontractor shall serve as the primary coordinator for participation in trade events. Examples of these events include trade fairs/exhibitions and catalogue shows. The Contractor or its subcontractor will be responsible for all pre- and post-event activities including but not limited to publicity, information distribution, contracting of event space, layout, interpreters, participant briefings, participation on behalf of the State of Michigan, and post-event evaluation.

The Contractor or its subcontractor will not be responsible for direct costs including exhibition space, interpreter fees, shipment of exhibition displays, preparation of printed materials, etc.

#### **(3.) Referrals**

At MSF's request, the Contractor or its subcontractor shall provide qualified referrals to Michigan firms, including but not limited to referrals for legal, translation, advertising, local employment practices, credit and other professional services.

#### **(4.) Database of Trade Contacts**

The Contractor or its subcontractor shall maintain a database of agents, distributors, manufacturers, retail outlets, international trade service providers including translating companies, advertising companies, law firms, government offices and government officials, and other organizations and individuals as necessary to perform duties as Contractor or subcontractor.

**(5.) Development of Trade Contacts and Leads**

The Contractor or its subcontractor shall obtain, maintain, and strengthen contacts with businesses throughout the target market(s) in order to create additional trade leads for the MSF.

**(6.) Business Appointments and Assistance**

At MSF's request, the Contractor or its subcontractor shall assist in arranging business appointments and itineraries for visiting business executives from the State of Michigan.

**(7.) Annual State Trip**

At MSF's request, the Principal Officer of the Contractor or its subcontractor shall visit Michigan annually for up to one week to attend and/or participate in conferences, programs and training sessions arranged by the MSF. The MSF will pay for pre-authorized travel expenses incurred.

**(8.) Trade Missions**

At MSF's request, the Contractor or its subcontractor shall help organize and participate in official Michigan trade delegations to target market(s), including governor-led missions. Expenses incurred outside the normal scope of the contract will be the responsibility of the MSF.

**(9.) Information**

The Contractor or its subcontractor shall maintain an in-depth knowledge of Michigan's economic structure, business interests/practices and culture. The MSF shall provide information and materials to the Contractor or its subcontractor on a continuing basis.

**(10.) Monthly/Annual Reports**

The Contractor or its subcontractor shall submit a monthly report to the MSF detailing content and results of work related to points (1.) through (9.). Expenses incurred at the request of the MSF that are outside of the contract, if any, and a corresponding request for reimbursement, should also be reported.

The Contractor shall also prepare and provide the MSF with an annual report summarizing all business development and other activities engaged in by the Contractor or its subcontractor in the target market(s).

## SECTION II PROPOSAL FORMAT

To be considered, each Bidder must submit a COMPLETE proposal in response to this RFP using the format specified. Bidder's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required in the RFP or considered by the Bidder to be essential to a complete understanding of the proposal. **The proposal is limited to 20 pages and double-spaced.** Each section of the proposal should be clearly identified with appropriate headings:

### A) TECHNICAL PROPOSAL

1. Business Organization and History – State your organization's full name, address, and phone number including country/city codes of your organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work hereunder. Indicate whether it operates as an individual, partnership, or corporation; if as a corporation, include the state/country in which it is incorporated. If appropriate, the proposal must state whether the organization is licensed to operate in the State of Michigan.
2. Name of primary contact person, title, email address, Skype address, and web address.
3. Statement of the Problem – State in succinct terms your understanding of the need(s) presented by this RFP.
4. Narrative – Include a narrative summary description of the proposed effort and of the services(s)/products(s) that will be delivered.
5. Technical Work Plans – Provide a detailed research outline and timelines for accomplishing the work.
6. Professional and Personal Experience
  - a. Provide a brief description of the Principal Officer's or Contractor's primary qualifications along with the name(s), address and contact information for each staff person(s). Include (as attachments) one-page resumes/CVs of the individual(s) proposed to work on this contract. Include the staff's language capabilities and relevant skills.
  - b. Describe the Principal Officer's or Contractor's proficiency in reading, writing and speaking English and official language of the target market. Work or study in the US is beneficial.
  - c. Describe Principal Officer's or Contractor's experience in managing office staff and budget.
  - d. Provide a list of office locations and geographic coverage. Include exact address of office building(s) in English. Include a brief description of office administration.

- e. Provide a brief description of the office's telecommunication equipment/capabilities (such as number of phone lines, Skype, fax, copy machines, access to internet and emails, and organizational website if any).
- f. Describe knowledge and experience in the area of international trade promotion including trade mission organization, trade show participation and governor-led missions.
- g. Describe knowledge of and contact with international trade associations, chambers of commerce, government agencies and other business groups. A developed network with trade development organizations would be beneficial.
- h. Provide information on Principal Officer's or Contractor's formal education in business, international trade or related fields.
- i. Describe knowledge and experience with US and target market(s) business practices and country customs.
- j. Describe knowledge of both target market(s) and US local, State and national policies and regulations.
- k. Describe specialized knowledge or expertise in specific industry sectors or product specializations.
- l. List the total number of labor hours proposed for the contract fee.
- m. Provide additional information to be provided on the scope of services that may be offered above and beyond those detailed in this job description.

The MSF may evaluate the Bidder's prior performance with the MSF, and prior performance information may be a factor in the award decision.

#### 7. Methodology Used for Conducting Services

- a. Describe methodology for promoting US industry and/or marketing US company products in the target market.
- b. Describe methodology for conducting agent/distributor searches.
- c. Describe methodology for conducting product market viability studies and market research.
- d. Provide a description or document an example of two recent searches completed for any of the services listed in points 12 through 14 including organization name and time taken to complete.

8. Project Staffing – The Bidder must be able to staff a project team which possesses talent and expertise in the field of the requirements of this RFP. Identify a Project Manager and staff assigned by name and title. Include biographies, experience and any other appropriate information regarding the work team’s qualification for this initiative. Indicate staff turnover rates. Show where the project team will be physically located during the time they are engaged in the work. Indicate which of these individuals you consider key to the successful completion of the work. Indicate the amount of dedicated management time for the Bidder’s Project Manager and other key individuals. Resumes of qualifications should be supplied for proposed project personnel.

**Do not include any financials for the contemplated work within the Technical Proposal.**

Please Note: The MSF further reserves the right to interview the key personnel assigned by the Contractor to this project and to recommend reassignment of personnel deemed unsatisfactory.

9. Subcontractors – List here all subcontractors that will be engaged to accomplish the project described in this RFP. Include firm name and address, contact person and complete description of work to be subcontracted. Include descriptive information concerning subcontractor’s organization and abilities. Also, the information provided in response to A-6, above, should include detailed information about each potential subcontractor.

Please note : The MSF further reserves the right to interview the subcontractors assigned.

10. Bidder’s Authorized Expediter – Include the name and telephone number of person(s) in your organization authorized to expedite any proposed contract with the MSF.
11. List three professional references with complete contact information and a brief description of your business relationship with each.
12. Additional Information and Comments – Include any other information that is believed to be pertinent, but not specifically asked for elsewhere.

## **B) PRICE PROPOSAL**

Provide a budget estimate (outside the contract value listed above) for a State-agency- led trade mission with up to 12 delegates (including 10 companies) featuring:

- A total of 6 days in country, including travel
- Market research, match-making, agent/distributor/representative/end-user searches and 5 days of appointment setting for 10 companies
- 2 days of appointment setting for State officials
- Estimate should not include logistics, ground transportation, interpreter/ translation fees, or receptions

Provide the cost/rate/price information for all firms/persons named in your Price Proposal to demonstrate the reasonableness of your Price Proposal. Attach a schedule of all expenses covering each of the services and activities identified in your proposal.

The MSF is exempt from federal excise tax, and state and local sales taxes. The Price Proposal should not include taxes.

**THE PRICE PROPOSAL MUST BE IDENTIFIED AND SENT SEPARATELY FROM THE TECHNICAL PORTION OF YOUR PROPOSAL ACCORDING TO THE INSTRUCTIONS OF THIS RFP. Separately sealed price proposals will remain sealed until the JEC has completed evaluation of the technical proposals.**

Bidders Please Note: Rates quoted in response to this RFP are firm for the duration of the Contract; no price increase will be permitted.

**C) PROPOSAL SUBMITTAL**

Submit separately marked electronic versions of each of your Technical and Price proposals to the MSF via email to [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org) not later than **3:00 p.m. on 1/12/2016**. The MSF has no obligation to consider any proposal that is not timely received. **Proposals will not be accepted via U.S. mail or any other delivery method.**

BIDDERS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: *"RFP-CASE-159790Technical Proposal"* and *RFP-CASE-159790Price Proposal"* with Company Name, and *"message 1 of 3"* as appropriate if the bid consists of multiple emails.



**SECTION III  
RFP PROCESS AND TERMS AND CONDITIONS**

**A) PRE-BID MEETING**

A pre-bid meeting will not be held.

**B) PROPOSALS**

To be considered, Bidders must submit a complete response to this RFP, using the format provided in Section III of this RFP, by **3:00 p.m. on January 12, 2016**. No other distribution of proposals is to be made by the Bidder.

The Technical Proposal must be **signed physically or electronically** by an official of the Bidder authorized to bind the Bidder to its provisions. The proposal must include a statement as to the period during which it remains valid; this period must be at least ninety (90) days from January 12, 2016. The rates quoted in the Price Proposal must remain firm for the period indicated in Section II.

**C) ECONOMY OF PREPARATION**

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

**D) SELECTION CRITERIA**

Responses to this RFP will be evaluated based upon a three-step selection process. The proposal must address the requirements described in Section II of this RFP.

The first step is an evaluation of which proposals satisfactorily meet the requirements of this RFP as stated in Section II.

1) Step I – Initial evaluation for compliance

a) *Proposal Content* – Contracts and Grants will screen the proposals for technical compliance to include but not limited to:

- Timely submission of the proposal
- Technical Proposal and Price Proposal clearly identified and sent separately
- Proposal signed physically or electronically by an official of the Bidder authorized to bind the Bidder to its provisions.
- Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Technical Proposals

- a.) During the second step of the selection process, proposals will be considered by a Joint Evaluation Committee (“JEC”) comprised of individuals selected by the MSF. Only those proposals that satisfy the requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Bidder.
- b.) *Competence, Experience and Staffing Capacity* – The proposal should indicate the ability of the Bidder to meet the requirements of this RFP, especially the time constraints, quality, and recent projects similar to that described in this RFP. The proposal should indicate the competence of the personnel whom the Bidder intends to assign to the project, including education and experience, with particular reference to experience on projects similar to that described in this RFP and qualifications of Bidder’s Project Manager and the Project Manager’s dedicated management time, as well as that of other key personnel working on this project.

		<b>Weight</b>
1.	Bidder Information	5
2.	Understanding of RFP	30
3.	Statement of Work	35
4.	Prior Experience	40
5.	Track Record of Performance	50
6.	Staffing/Capacity	20
7.	Pricing	20
<b>TOTAL</b>		<b>200</b>

- c.) During the JEC’s review, Bidders may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Bidders to clarify the proposals. The MSF will schedule these presentations, if required by the JEC.
- d.) Only those proposals receiving a score of **160 points or more** in the technical proposal evaluation will have their price evaluated to be considered for award.
- e.) Proposals receiving a score of 160 points or more in the technical proposal evaluation may be invited to schedule interviews at a site to be determined. Interviewed contractors must make their office(s) available for a site visit by MSF representatives during this time period.

1) Step III – Criteria for Satisfactory Price Proposal

- a.) Based on what is in the best interest of the MSF, the MSF will award the Contract considering value, quality, and the ability to meet the objectives of this RFP, of proposals that were approved as a result of this two-step evaluation process.

- b.) The MSF reserves the right to consider economic impact on the State when evaluating proposal pricing. This includes, but is not limited to: job creation, job retention, tax revenue implications, and other economic considerations.
- c.) The award recommendation will be made to the responsive and responsible Bidder who offers the best value to the MSF and the State of Michigan. Best value will be determined by the Bidder meeting the minimum point threshold and offering the *best proposal that meets the objectives of the RFP*.
- d.) The MSF reserves the right to award to another “best value” contractor in case the original Awardee does not accept the award.

**E) BIDDERS COSTS**

The Bidder may be eligible to cover costs incurred beginning October 1, 2015, subject to approval of the MSF’s designated representative.

**F) TAXES**

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

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

**G) CONFLICT OF INTEREST**

The Bidder must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from the award of the Contract or the services provided under the Contract.

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

1. Giving or offering a gratuity, kickback, money, gift, or anything of value to a MSF official, officer, or employee with the intent of receiving a contract from the MSF or favorable treatment under a contract;
2. Having or acquiring at any point during the RFP process or during the term of the Contract, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Bidder’s performance of its duties and responsibilities to the MSF under the Contract or otherwise create the appearance of

3. impropriety with respect to the award or performance of the Contract; or
4. Currently in possession of or accepting during the RFP process or the term of the Contract anything of value based on an understanding that the actions of the Bidder or its affiliates or Interests on behalf of the MSF will be influenced.

**H) BREACH OF CONTRACT**

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

**I) DISCLOSURES**

Except as otherwise disclosed in an exhibit to Bidder's proposal, there is no criminal litigation, convictions, investigations or proceedings involving the Bidder (and each subcontractor, if subcontractors will be used to provide the goods/services requested under this RFP) or any of the Bidder's officers or directors or any litigation or proceedings under the Sarbanes-Oxley Act or the Foreign Corrupt Practices Act. In addition, Bidders must disclose in the exhibit requested under this Section of the RFP any civil litigation, arbitration or proceeding to which the Bidder (or, to the extent Bidder is aware, any subcontractor) is a party and which involves: (1) disputes that might reasonably be expected to adversely affect the viability or financial stability of the Bidder (or subcontractor); or (2) a claim or written allegation of fraud or breach of contract against Bidder (or, to the extent Bidder is aware, subcontractor), by a governmental or public entity arising out of their business dealings with governmental or public entities. Details of any settlements which Bidder is prevented from disclosing under the terms of the settlement may be annotated as such. Bidders must also disclose any investigations by the Internal Revenue Service or any other federal or state taxing body or court.

**J) FALSE INFORMATION**

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

**K) DISCLOSURE**

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

**L) PRICES HELD FIRM**

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in Bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted. IN THE EVENT THAT PROPOSED CHANGES ARE NOT ACCEPTABLE TO THE MSF, THE CONTRACT SHALL BE TERMINATED AND THE MODIFIED CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING.

**M) BEST AND FINAL OFFER**

At any time during the evaluation process, the JEC may request a Best and Final Offer (BAFO) from any Bidder. This will be the final opportunity for a Bidder to provide a revised proposal. The scope of the changes allowed in the BAFO will be published as part of the issuance of the BAFO request.

**Bidders are cautioned to propose the best possible offer at the outset of the process, as there is no guarantee that any Bidder will be allowed an opportunity to engage in Pricing Negotiations or requested to submit a Best and Final Offer.**

**N) CLARIFICATION/CHANGES IN THE RFP**

Changes made to the RFP as the result of responses made to qualifying questions or concerns will be posted on Applicants are encouraged to regularly check this site for changes or other information related to the RFP.

**O) ELECTRONIC BID RECEIPT**

ELECTRONIC VERSIONS OF EACH OF YOUR TECHNICAL AND PRICE PROPOSALS SENT SEPARATELY MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO [contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org), ON OR BEFORE **3:00 p.m. on January 12, 2016**. Bidders are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

**P) RESERVATION OF MSF DISCRETION**

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

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

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

**Q) JURISDICTION**

Any legal actions concerning this RFP shall be brought in the Michigan Court of Claims or, as appropriate, Ingham County Circuit Court in Ingham County Michigan. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF that are otherwise available.

**R) ADDITIONAL CERTIFICATION**

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit a bid on a request for proposal, with a public entity.

Bidders must include the following certification in the technical proposal:

“Bidder certifies that it is not an Iran-linked business as defined in MCL 129.312.”

Failure to submit this certification will result in disqualification from consideration.

**SECTION IV  
CONTRACTUAL TERMS AND CONDITIONS**

**H) CONTRACT TERMS AND CONDITIONS**

- 1) The Contract – The proposal selected will be subject to the terms and conditions of the MSF's Professional Services Contract (the "Contract") upon execution of the Contract by the MSF and Bidder. The standard terms and conditions of the Contract are attached to this RFP as Attachment A.
- 2) Term of Work – It is estimated that the activities in the proposed Contract will cover the period 2/1/2016 through 9/30/2018.
- 3) Modification of Service – The MSF reserves the right to modify the requested services during the course of the Contract. Such modifications must be made in writing and may include the addition or deletion of tasks or any other modifications deemed necessary. Any changes in pricing proposed by the bidder resulting from the requested changes are subject to acceptance by the MSF. Changes may be increases or decreases.

In the event changes are not acceptable to the MSF, the Contract shall be subject to competitive bidding based upon the new specifications.

- 4) Subcontracting – The MSF reserves the right to approve any subcontractors for the Contract and to require the bidder, upon award of the Contract, to replace subcontractors that the MSF finds to be unacceptable.
- 5) Award of Contract – The MSF reserves the right to award all or any part of this RFP and, based on what is in the best interest of the MSF, the MSF will award the Contract considering price, value and quality of the bids.

**B) CONTRACTOR RESPONSIBILITIES**

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

**C) ACCEPTANCE OF PROPOSAL CONTENT**

If awarded a Contract, the contents of this RFP will become contractual obligations. The following constitute the complete and exclusive statement of the agreement between the parties as it relates to this transaction:

- 1) This RFP (including subsequent written clarification provided in response to questions raised by

- 2) email ) and any Addenda thereto; and
- 3) Final Executed Contract

In the event of any discrepancies between the above documents, the final executed Contract shall control. Failure of the successful Bidder to accept these obligations may result in cancellation of the award.

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

##### 1) Project Control

- a) The selected Bidder (the “Contractor”) will carry out this project under the direction and control of the Business Support Unit of the MSF.
- b) The MSF will appoint a Contract Manager for this project. Although there will be continuous liaison with the Contractor team, the Contract Manager will meet with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c) The Contractor will submit brief written monthly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated which should be brought to the attention of the Contract Manager and notification of any significant deviation from previously agreed upon work plans.
- d) Within five (5) working days of the execution of the Contract, the Contractor will submit a work plan to the Contract Manager for final approval. This work plan must be in agreement with Section III-A of this RFP as proposed by the Bidder and accepted by the MSF for contract, and must include the following:
  - (i) The Contractor's project organizational structure.
  - (ii) The Contractor's staffing table with names and titles of personnel assigned to the project. This must be in agreement with staffing of the accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the MSF.
  - (iii) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
  - (iv) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

*(remainder of page intentionally left blank)*



**ATTACHMENT A**  
**PROFESSIONAL SERVICES CONTRACT**  
**TERMS AND CONDITIONS**

CASE - XXXXX

**MICHIGAN STRATEGIC FUND**  
**PROFESSIONAL SERVICES CONTRACT**

The Michigan Strategic Fund (the "MSF") enters into a binding agreement for professional services (the "Agreement") with [CONTRACTOR] (the "Contractor"). The MSF and Contractor shall sometimes be referred in this Agreement individually as a "Party" or collectively as "Parties".

**Contractor:**       Name  
                          Address  
                          Address

**I. NATURE OF SERVICES**

Contractor shall provide trade promotion services to Michigan-based companies seeking export sales in the following target markets: Mexico, China, Canada, Brazil, Germany and/or the United Kingdom (to cover European region).

**II. PERFORMANCE SCHEDULE**

Starting Date: February 1, 2016

Ending Date: December 31, 2018

The term of this Agreement (the "Term") shall begin on the Starting Date and end on the Ending Date, unless terminated earlier, as permitted under Section V(J) of this Agreement.

**III. COMPENSATION INFORMATION**

- A) The MSF agrees to pay Contractor an amount not to exceed \$XXX during the Term. This amount includes all embedded expenses.
- B) Payment under this Agreement shall be made by the MSF to Contractor upon receipt and approval by the Contract Manager of Contractor's billing statement(s) stating that the work for which payment is requested has been appropriately performed. Contractor shall provide Contractor's billing statement(s) to Contract Manager or at Contract Manager's direction on a monthly basis. Contract Manager shall provide Contractor with appropriate submission instructions of Contractor's billing statement(s).
- C) All billing statement(s) must reflect actual work done. The specific details of billing statement(s) and payments will be agreed upon between the Contract Manager and the

Contractor after the Agreement has been signed and accepted by both the Contractor and the MSF.

- D) Public Act 533 of 2004 requires that payments under this Agreement be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Grant Payment Express website ([www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us)).
- E) Changes in the budget will be allowed only upon prior review and written approval by the Contract Manager.
- F) Contractor's billing statement(s) may be subject to a final audit prior to the release of final payment.

#### **IV. MSF CONTRACT MANAGER**

The Michigan Economic Development Corporation (the "MEDC") provides administrative services to the MSF. Contractor should communicate with the following MEDC representative or designee regarding this Agreement:

[Name] (the "Contract Manager")  
Michigan Economic Development Corporation  
300 North Washington Square  
Lansing, Michigan 48913  
[xxx@michigan.org](mailto:xxx@michigan.org)

#### **V. TERMS AND CONDITIONS**

##### **A) Contractor Duties**

Contractor agrees to undertake, perform, and complete the services described in Exhibit A, which is incorporated herein by reference. In the event of any inconsistency between the provisions of Exhibit A and this Agreement, the provisions of this Agreement shall control.

##### **B) Independent Contractor**

Contractor will act as an independent contractor under this Agreement, and neither Contractor nor any employee or agent or contract personnel of Contractor is, or shall be deemed to be, an employee of the MSF due to this Agreement and the relationship between Contractor and MSF. In its capacity as an independent contractor, Contractor agrees to and represents the following:

- 1) Contractor will provide the services under this Agreement free from the direction or control of the MSF or the MEDC as to means, manners, and methods of performance;

- 2) Contractor has the right and does fully intend to perform services for third parties during the Term;
- 3) Contractor acknowledges that any work product developed by Contractor in performance of this Agreement shall be the sole property of the MSF and the MSF shall have the right to copyright or otherwise protect its rights in and ownership of the work product;
- 4) The services required by this Agreement shall be performed by Contractor, or Contractor's employees or contract personnel, and the MSF or the MEDC shall not hire, supervise, or pay any assistants to help Contractor;
- 5) Neither Contractor nor Contractor's employees or contract personnel shall receive any training from the MSF or the MEDC in the professional skills necessary to perform the services required by this Agreement;
- 6) Neither Contractor nor Contractor's employees or contract personnel shall be required by the MSF or the MEDC to devote full time to the performance of the services required by this Agreement; and
- 7) Contractor does not receive the majority of its annual compensation from the MSF or the MEDC.

The Parties acknowledge and agree that the MSF is entering into this Agreement with reliance on the representations made by Contractor relative to its independent contractor status.

**C) Permits and Licenses**

Contractor declares that Contractor has complied with all federal, state and local laws requiring any business permits, certificates or licenses required to carry out the services to be performed under this Agreement, and Contractor will maintain those permits, certificates and/or licenses throughout the Term.

**D) Materials**

Contractor will furnish all materials, equipment and supplies used to provide the services required by this Agreement.

**E) State and Federal Taxes**

The MSF and the MEDC will not:

- 1) Withhold FICA (Social Security and Medicare taxes) from Contractor's payments or make FICA payments on Contractor's behalf; or

- 2) Make state or federal unemployment compensation contributions on Contractor's behalf, or withhold state, federal or local income tax from Contractor's payments.

Contractor shall pay all taxes incurred while performing services under this Agreement, including, but not limited to all applicable income taxes. If requested by the MSF or the MEDC, Contractor shall provide proof that such payments have been made.

F) **Fringe Benefits**

Contractor understands that neither Contractor nor Contractor's employees or contract personnel are eligible to participate in any employee pension, health, vacation pay, sick pay, or other fringe benefit plan of the MSF or the MEDC.

G) **Workers' Compensation**

The MSF or the MEDC shall not obtain workers' compensation insurance on behalf of Contractor or Contractor's employees. If Contractor hires employees to perform any work under this Agreement, Contractor shall cover them with workers' compensation insurance and shall maintain such insurance during the Term. The MSF or the MEDC may, in its discretion, require Contractor to provide evidence of such coverage.

H) **Unemployment Compensation**

The MSF or the MEDC shall make no state or federal unemployment compensation payments on behalf of Contractor or Contractor's employees or personnel. Contractor will not be entitled to these benefits in connection with work performed under this Agreement. If Contractor files a petition for and receives unemployment compensation, the total amount of unemployment compensation awarded to and received by Contractor shall be deducted from and be an offset against the amount of compensation due and payable to Contractor by the MSF under this Agreement.

I) **Access to Records**

During the Term, and for seven (7) years after the Ending Date, Contractor shall maintain reasonable records, including evidence that the requested services actually were performed and the identity of all individuals paid for such services, and shall allow access to those records by the MSF, the MEDC or their authorized representative at any time during this period.

J) **Termination**

Either Party may terminate its obligations under this Agreement by giving the other Party thirty (30) calendar days prior written notice of such termination.

The MSF may immediately terminate this Agreement upon written notice to Contractor if

Contractor materially breaches its obligations under this Agreement or engages in any conduct which the MSF, in its sole discretion, determines has or could have an adverse impact on the State of Michigan's (the "State") or the MSF's reputation or interests. In addition, the MSF may immediately terminate this Agreement upon written notice to Contractor, without further liability to the MSF or the State, its departments, agencies, and employees, if Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense relating to a State, public, or private contract or subcontract; or convicted of a criminal offense including, but not limited to, any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which, in the sole discretion of the MSF, reflects on Contractor's business integrity.

Contractor acknowledges that MSF's performance of its payment obligation is dependent upon the continued approval of funding and/or the MSF's continued receipt of State funding. In the event that the State Legislature, the State Government or any State official, public body corporate, commission, authority, body or employees, including the MSF: (a) takes any action which fails to provide, terminates or reduces the funding that is related to the source of funding for this Agreement; or (b) takes any action that is unrelated to the source of funding for this Agreement, but affects the MSF's ability to perform obligations under this Agreement, the MSF may terminate this Agreement by providing thirty (30) calendar days notice prior to the effective date of cancellation. In the event, however, that the action of the State Legislature, the State of Michigan or MSF results in an immediate absence or termination of funding, this Agreement may be terminated effective immediately upon delivery of notice to the Contractor. In the event of immediate termination of funding, the MSF will make payment through the effective date of termination for any undisputed services rendered and expenses incurred.

The MSF shall have no obligation to Contractor for any fees or other payments incurred in connection with this Agreement after the effective date of termination. Upon termination, all work product prepared or produced by Contractor pursuant to this Agreement shall be immediately delivered to the MSF. Payment for any undisputed services rendered and expenses incurred through the effective date of termination will then promptly be made by the MSF.

**K) MEDC and MSF Employees**

Contractor will not hire any employee of the MEDC or MSF to perform any services covered by this Agreement without prior written approval from the Chief Executive Officer of the MEDC or President of the MSF.

**L) Confidential Information**

Except as required by law, Contractor shall not use or disclose, either before, during or after

the Term, any proprietary or confidential information, including, but not limited to, applications, business bids, business plans, economic development analyses, computer programs, databases and all materials furnished to Contractor by the MSF or the MEDC (collectively, "Confidential Information") without the prior written consent of the MSF or the MEDC, except to the extent necessary to perform services on the MSF or MEDC's behalf. Confidential Information does not include information obtained by Contractor from third party sources; that is already in the possession of, or is independently developed by, Contractor; that becomes publicly available other than through breach of this Paragraph; or, is released with the prior written consent of the governmental entity or entities that provided the Confidential Information to Contractor. Contractor acknowledges that all information provided by the MSF or the MEDC in connection with Contractor's duties under this Agreement shall be treated as Confidential Information unless otherwise stated in this subsection.

**M) Conflict of Interest**

Except as has been disclosed to the MSF or the MEDC, Contractor affirms that neither the Contractor, nor its Affiliates or their employees has, shall have, or shall acquire any contractual, financial business or other interest, direct or indirect, that would conflict in any manner with Contractor's performance of its obligations under this Agreement or otherwise create the appearance of impropriety with respect to this Agreement.

Contractor further affirms that neither Contractor nor any affiliates or their employees has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or its affiliates or either's employees on behalf of the MSF or the MEDC would be influenced. Contractor shall not attempt to influence any MEDC or MSF employee by the direct or indirect offer of anything of value. Contractor also affirms that neither Contractor, nor its Affiliates or their employees has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or its Affiliate, any fee, commission, percentage, brokerage fee, gift or any other consideration contingent upon or resulting from the execution of this Agreement.

In the event of change in either the interests or services under this Agreement, Contractor will inform the MSF or the MEDC regarding possible conflicts of interest which may arise as a result of such change. Contractor agrees that conflicts of interest shall be resolved to the MSF's or the MEDC's satisfaction or the MSF may terminate this Agreement. As used in this Paragraph, "conflict of interest" shall include, but not be limited to, conflicts of interest that are defined under the laws of the State of Michigan.

**N) Representations of Contractor**

Contractor affirms to the best of its knowledge that it or its owners:

- 1) Do not have any criminal convictions.

- 2) Are not subjects of any pending criminal investigation.
- 3) Are not subjects of any past, present or pending investigations by the Internal Revenue Service or any other federal or state taxing body or court.
- 4) Are not subjects of any past, pending or present litigation regarding its conduct.
- 5) Are not in material default or breach of any contract or agreement that it may have with the State of Michigan, the MSF or any other public body. Contractor further represents and warrants that it has not been a party to any contract with the State, the MSF or other public body that was terminated within the previous five (5) years due to the Contractor's failure to perform or otherwise breached an obligation of such contract.

**O) State of Michigan Competitors**

Any information or knowledge Contractor gains during the course of this Agreement concerning the economic development efforts of the State of Michigan, the MSF, the MEDC or the business conditions or business community in Michigan shall not be disclosed to any public or private party, sovereign authority or foreign government, during the Term and for a period of two (2) years after the later of the Ending Date, the effective date of termination of this Agreement or so long as any information remains confidential pursuant to any contract, law, treaty, resolution or other enforceable promise.

**P) Irreparable Injury**

Contractor acknowledges that if it breaches any of its obligations under Paragraphs L and O above, it will cause damages of an irreparable and continuing nature to the MSF, for which money damages alone will not provide adequate relief. Therefore, in addition to all appropriate monetary damages, the MSF is entitled to obtain injunctive relief, including, but not limited to, a temporary restraining order to prohibit the Contractor's continuing breach. The MSF shall have the right to obtain such relief without having to post any bond or other surety.

**Q) Indemnification and Contractor Liability Insurance**

Contractor shall indemnify, defend, and hold harmless the MSF, its Board and its employees, and the MEDC, its Executive Committee, its Corporate Board of Directors, and its employees (the "Indemnified Parties") from any and all liability arising out of or in any way related to Contractor's performance under this Agreement, including any liability resulting from any acts of Contractor's employees or agents.

Contractor shall purchase and maintain such insurance to protect the Indemnified Parties from claims that might arise out of or as a result of Contractor's operations. Contractor will provide and maintain its own errors and omissions liability insurance for Contractor's indemnification obligation under this Agreement. The insurance shall be written for not less than One Million Dollars (\$1,000,000) of coverage, but Contractor's indemnification obligation

is not limited to this amount.

**R) Total Agreement**

This Agreement, together with Exhibit A, contains the entire agreement between the Parties superseding any prior or concurrent agreements as to the services being provided, and no oral or written terms or conditions which are not contained in this Agreement shall be binding. This Agreement may not be changed except by written agreement signed by the Parties.

**S) Assignment/Transfer/Subcontracting**

Contractor shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the MSF. Contractor agrees that any of Contractor's future successors or subcontractors will be bound by the provisions of this Agreement, unless the MSF otherwise agrees in a specific written consent. The MSF reserves the right to approve subcontractors for this Agreement and to require Contractor to replace subcontractors who are found to be unacceptable to the MSF or the MEDC.

**T) Non-Discrimination and Unfair Labor Practices**

In connection with this Agreement, Contractor shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101 *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101 *et seq.*, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment with respect to his or her hire, tenure, terms, conditions, privileges of employment, or any matter directly or indirectly related to employment because of his or her race, religion, color, national origin, age, gender, height, weight, marital status, or physical or mental disability unrelated to the individual's ability to perform the duties of a particular job or position. Contractor further agrees that every subcontract entered into in connection with this Agreement will contain a provision requiring nondiscrimination in employment, as required in this Agreement, binding upon each subcontractor.

Pursuant to 1980 PA 278 (the "Act"), MCL 423.321 *et seq.*, the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled by the United States National Labor Relations Board. Contractor, in relation to this Agreement, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears on this register. Pursuant to section 4 of the Act, the MSF may void this Agreement if, after the Starting Date, the name of the Contractor as an employer or the name of the subcontractor, manufacturer or supplier of Contractor appears on the register.

A breach of this Paragraph constitutes a material breach of this Agreement.

**U) Jurisdiction**



The laws of the State of Michigan shall govern this Agreement. The Parties shall make a good faith effort to resolve any controversies that arise regarding this Agreement. If a controversy cannot be resolved, the Parties agree that any legal actions concerning this Agreement shall be brought in the Ingham County Circuit Court in Ingham County, Michigan, USA. By signing this Agreement, Contractor acknowledges that it is subject to the jurisdiction of this court and agrees to service by first class or express delivery wherever Contractor resides, in or outside of the United States.

V) **Compliance with Laws**

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the services under this Agreement.

W) **No Partnership or Agency Relationship**

This Agreement does not create a partnership relationship. Further, neither Contractor nor Contractor's employees or other representatives shall hold themselves out to third parties as an agent or representative of the State of Michigan, the MSF or the MEDC, nor shall they have any authority to take any action or enter into any agreement on behalf of the State of Michigan, the MSF or the MEDC.

X) **No Third Party Beneficiaries**

There are no expressed or implied third party beneficiaries to this Agreement.

Y) **Counterparts**

This Agreement may be executed in one or more counterparts and by facsimile, each of which shall constitute an original, and all of which together shall constitute one and the same instrument.

Z) **Reimbursement**

If this Agreement is terminated as a result of the misuse of funds as reasonably determined by the MSF, MSF shall have no further obligation to make any payments to Contractor. Furthermore, Contractor shall reimburse MSF for payments which were expended for purposes other than those described in this Agreement, as well as any funds which were previously disbursed under this Agreement but not yet expended by Contractor.

AA) **Survival**

The terms and conditions of sections III, V(B), V(E), V(F), V(G), V(H), V(I), V(L), V(O), V(P), V(Q), V(S), V(U), V(W), V(X) and V(Z) shall survive termination of this Agreement.

**BB) Publicity**

At the request and expense of the MSF or the MEDC, the Contractor will cooperate with the MSF or the MEDC to promote the Scope of Work through one or more of the placement of a sign, plaque, media coverage or other public presentation at the project or other location acceptable to the Parties.

**CC) Extensions**

The MSF, in its sole discretion, may extend this Agreement for up to an additional two (2) years and may allocate additional funding for continuation of services throughout the Term and upon exercise of any option to extend, as applicable.

*(remainder of page intentionally left blank)*

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

**CONTRACTOR ACCEPTANCE:**

CONTRACTOR

Dated: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signer  
Title

**MSF ACCEPTANCE:**

Michigan Strategic Fund

Dated: \_\_\_\_\_

\_\_\_\_\_  
Mark Morante  
MSF Fund Manager

**ATTACHMENT B**

**INDEPENDENT PRICE DETERMINATION AND  
PRICES HELD FIRM CERTIFICATION**

**INDEPENDENT PRICE DETERMINATION**

By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

1. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Bidder or with any competitor; and
2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
3. No attempt has been made or will be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

Each person signing the proposal certifies that she/he:

- A) Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and will not participate) in any action contrary to 1, 2, and 3 above; or
- B) Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to 1, 2, and 3 above.

A proposal will not be considered for award if this Attachment B has been altered so as to delete or modify 1 or 3, above. If 2, above, has been modified or deleted, the proposal will not be considered for award unless the Bidder provides, with this Attachment B, a signed statement which sets forth, in detail, the circumstances of the disclosure and the MSF determines that such disclosure was not made for the purpose of restricting competition.

**PRICES HELD FIRM**

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted.

Signed \_\_\_\_\_

Date \_\_\_\_\_

**MEMORANDUM**

**Date:** December 15, 2015

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

**From:** Marcia Gebarowski, Senior Development Finance Manager 

**Subject:** Challenge Manufacturing Company, LLC (“Company” or “Applicant”)  
Amendment to the Michigan Business Development Program Performance-based Grant

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**REQUEST:**

This is a request to reduce the base employment and value of BDP to the Company’s grant agreement.

**Background**

On May 27, 2014, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of \$2,500,000 for the Company to create 450 new jobs in the City of Pontiac. This project was the second MBDP incentive for the Company. The Company also received a \$1 million MBDP grant on March 11, 2013 to create 180 new jobs at their existing Kentwood facility in west Michigan.

After completing their first MBDP grant for the project in Kentwood, the Company was expected to have a statewide employment base of 1,852. At the time of application for their second project in the City of Pontiac, the Company’s statewide base employment was set at 2,024, an all-time high for the company as a result of exceeding their job creation goal for their Kentwood project.

Subsequent to MSF approval of their second project, Challenge planned a temporary shut-down at one of their Kentwood plants aligned with a GM shutdown for retooling. Upon re-opening, due to the low unemployment in the region, not all employees returned as they had found other employment during the down time, resulting in a drop in total employment for the Company. Shortly after, Challenge was faced with having to further reduce their workforce as a result of GM reducing Cadillac production in Lansing.

Challenge has continued to fall short on their required employment levels primarily because of the low unemployment rate in Kentwood and surrounding area. The Company is required to maintain 180 Qualified New Jobs, and after two cure periods, the Company remained at 133 total Qualified New Jobs at the end of their second cure period on September 15, 2015. This reduction resulted in a repayment event of \$262,000 back to the MSF. Staff is recommending that this repayment be forgiven, and in lieu of this repayment, the award under grant #2 be reduced by \$262,000.

A reduction of the Company's base employment to their second MBDP grant for the Pontiac project will ensure they are eligible to collect their grant disbursements specific to the Pontiac project only if they meet newly revised performance milestones. The amendment to their base employment resulted in a revision to the Company's disbursement schedule in their term sheet which now requires a higher number of performance metrics in order for the Company to receive their full award. The disbursement milestones now are no longer front-loaded, making it a more conservative approach in disbursement of funds.

The Pontiac facility will be equipped to provide a completely different product than what is produced in their west Michigan facilities. A reduction to their base employment for the Pontiac project does not impact their west Michigan facilities and there is minimal risk of employees in west Michigan transferring to Pontiac based on distance between these facilities.

**Recommendation**

MEDC Staff recommends the following (collectively, "Recommendation"):

- a) Terminate the Company's Grant Case-40794 (Challenge Mfg. Company / Kentwood project); and
- b) Amend the Base Employment for Case-99589 Agreement (Challenge Manufacturing Company, LLC / Pontiac project) from 2,024 to 1,805; and
- c) Reduce the grant amount for Case-99589 from \$2,500,000 to \$2,238,000; and
- d) Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.

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

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

Date: 12/7/2015

1. **Company Name:** Challenge Mfg. Company, LLC ("Company" or "Applicant")
  
2. **Company Address:** 3079 Three Mile Road NW  
Walker, Michigan 49534
  
3. **Project Address ("Project"):** 2100 S. Opdyke Road  
Pontiac, Michigan 48341
  
4. **MBDP Incentive Type:** Performance Based Grant
  
5. **Maximum Amount of MBDP Incentive:** Up to \$2,238,000 ("MBDP Incentive Award")
  
6. **Base Employment Level** 1,805 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 negotiated statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
  
7. **Total Qualified New Job Creation:** 450 The minimum number of total Qualified New Jobs the Company and Challenge Mfg. Holdings, Inc., or any combination (The Company Group) shall be required to create at the project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified  
*(above Base Employment Level)*

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

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award 7/22/2014

8. **Company Investment:** \$50,000,000 in land costs, building new construction, machinery and equipment, furniture and fixtures, computers, other personal property, or any combination thereof, for the Project.

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

- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: resolution of concurrence related to a brownfield workplan or approval of a property tax abatement related to the Project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

10. **Pre-Closing Requirement:** In addition to all other requirements to execute the final Agreement, the Company must agree to terminate their MBDP Grant Agreement CASE – 99589.

11. **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 by the Company Group 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 \$550,000 Upon demonstrated creation of 50100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2016.
- b. **Disbursement Milestone 2:** Up to \$850,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2017.



- |                              |                 |  |
|------------------------------|-----------------|--|
| c. Disbursement Milestone 3: | Up to \$410,000 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 325 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2017   |
| d. Disbursement Milestone 4: | Up to \$350,000 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.                       |
| e. Disbursement Milestone 5: | Up to \$78,000  | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 450 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2018. |

**12. Term of Agreement:** Execution of Agreement to June 30, 2020.

**13. Repayment Provisions:**

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

**14. 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.

**15. Public Announcements:**

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

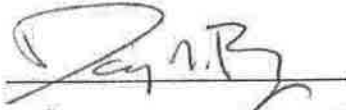
Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by December 8, 2015, the MEDC may not be able to proceed with any recommendation to the MSF.

**Acknowledged as received by:**

Challenge Mfg Company, LLC  
Corporation

By:



Printed Name:

DOUGLAS N. BRADLEY

Its:

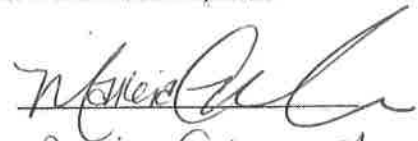
VP - HUMAN RESOURCES

Dated:

12/7/15

Michigan Economic Development

By:



Printed Name:

Marcia Gubarowski

Its:

Senr Dev + Finance Mgr

Dated:

12/11/15

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2015-**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
CHALLENGE MFG. COMPANY, 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**, the MSF Board approved a \$1,000,000 Michigan Business Development Program Performance based grant on March 11, 2013 for the Company to expand at their facilities in Ottawa County and Kent County, Michigan. The total investment for this project at both site totals \$10,3 00,000 and a total job creation of 180 employees. (the “Project 1”);

**WHEREAS**, the MSF Board approved a \$2,500,000 Michigan Business Development Program Performance based grant on July 22, 2014 for the construction of a new manufacturing facility in the City of Pontiac, Oakland County Michigan. The total investment for this project at both site totals \$50,000,000 and a total job creation of 450 employees. (the “Project 2”);

**WHEREAS**, the Company failed to maintain their Required Qualified New Jobs under Project #1 and faced a repayment event according to their grant agreement; and

**WHEREAS**, Challenge Mfg. Company, LLC (“Company”) has requested an amendment to lower their statewide base from 2,024 to 1,805, to extend certain disbursement milestones, and reduce the grant amount from \$2,500,000 to \$2,238,000 (“Amendment Request”);

**WHEREAS**, the Company agrees to terminate the grant agreement for Project #1 as part of the Amendment Request;

**WHEREAS**, the MEDC recommends that the MSF approve the Company’s Amendment Request, subject to 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 Award Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

**MEMORANDUM**



**Date:** December 15, 2015

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

**From:** Marcia Gebarowski, Senior Development Finance Manager

**Subject:** *Invenergy Thermal Development, LLC (“Company” or “Applicant”)*  
*MSF Incentive Performance-based Grant Request*

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**Summary**

This is a request to transfer \$500,000 from the MBD Program for a performance-based grant to Invenergy under MCL 125.2088b(2)(c) of the MSF statute. This request will offset a portion of the Company’s risk of investment into the project, in the event the project does not move forward.

**Background**

Invenergy became involved in the state-wide energy related discussions regarding the Upper Peninsula in 2014 as it worked with Cliffs to develop an on-site cogeneration facility to power Cliff’s mining operations. In light of the impending closure of the Marquette, WI Presque Isle Power Plant (PIPP) both Cliffs and the State were motivated to find a generation solution that would cost less than the proposed set of transmission upgrades recommended by Midcontinent Independent System Operator, Inc. (MISO). The MISO solution is estimated to cost over \$500 million.

The Invenergy solution involves an agreement to build a UP cogeneration facility and to retire the PIPP. In order to ensure that the UP Cogen project can be built in time to replace PIPP and forestall the MISO solution, Invenergy has entered MISO’s Definitive Planning Phase for related studies and paid a deposit for potential upgrade costs.

Invenergy has agreed to proceed with the initial development of the UP Cogen Project despite not having a definitive energy supply contract with Cliffs. The MEDC support will help offset a portion of their deposit in the event that the UP Cogen Project does not proceed.

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

**Recommendation**

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

- a) Approval of the Award Request as outlined in the attached term sheet (collectively, “Term Sheet Proposal”);
- b) Closing the Incentive Proposal, subject to available funding at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all transaction documents; and

- c) Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.



**MICHIGAN STRATEGIC FUND  
MSF Incentive – Summary of Terms**

The following is a summary of the highlights of the project and basic terms (“Summary of Terms”) for which the Company desires support from the Michigan Strategic Fund (“MSF”). This document is for discussion purposes only and should not be considered a commitment of any sort. While this is operated and funded through the MSF, recommendation for approval of this incentive award (“Incentive”) is presented by the Michigan Economic Development Corporation (“MEDC”) to the MSF.

Date: December 7, 2015

1. **Company (“Company” or “Applicant”):** Invenergy Thermal Development LLC
2. **Company Address:** One South Wacker Drive, Ste. 1800  
Chicago, Illinois 60606
3. **Project Description (“Project”):** The Company is interested in developing, permitting, financing, building, owning and operating a combined heat and power cogeneration facility to supply process steam and power of up to 280 MW at the Cliffs Natural Resources Mining Complex in Palmer, Michigan.
4. **MISO Payment (“Required Investment”):** In order to ensure the Project can be built on a timely basis, the Company entered the Midcontinent Independent System Operator’s (“MISO”) Definitive Planning Phase (“DPP”), paying \$1,385,745 (“Required Investment”) for interconnection related studies and potential upgrade costs associated with the DPP related to the Project. The payment consists of a \$360,000 deposit and a \$1,025,745 milestone payment.
5. **MSF Incentive Type:** Grant
6. **Maximum Amount of Grant Incentive:** Up to \$500,000
7. **Agreement:** Upon approval of the MSF Board, the Parties shall negotiate and finalize in good faith a form of agreement which shall reflect customary provisions in addition to the terms and conditions set forth herein (the “Final Agreement”). The term of the Agreement shall commence upon execution and shall expire on December 31, 2016 unless otherwise extended by the parties (“Term”).

**8. Required Investment Obligation:**

The parties agree that the \$1,385,745 Required Investment is required to be invested by the Company on the Project to provide the basis of any Incentive.

**9. Progress Milestones & Disbursement Request:** The final terms and conditions of progress milestones related to the Project shall be included in the Final Agreement, including that before any disbursement is made to the Company, the Company must demonstrate timely completion of each of "Disbursement Milestones" agreed-to by the parties, as required, and otherwise be in full compliance with all terms and conditions of the Final Agreement. The Disbursement Milestones shall include the Company's verification to the satisfaction of the MSF that:

- a. the Required Investment cannot be refunded by MISO, and;
- b. the certain term sheet between the Company and the Cleveland-Cliffs Iron Company, dated January 5, 2015, has expired without a formal agreement.

**10. Repayment Provisions:**

Some repayment and penalty provisions are required by law. The repayment and penalty terms and conditions will be effective through the Term of the Agreement shall be defined in the Final Agreement, and may include any or all of the following: a penalty, reduction of all or a portion of the Incentive, repayment of any portion of any disbursement of the Incentive, or ineligibility of the Applicant and its sponsors for any support or economic assistance from the MSF, as the case may be, if the Applicant fails to comply with the Final Agreement, any reporting requirements defined in the Final Agreement, or otherwise violates the MSF Act.

**11. Reporting Requirements:**

Periodic reporting will be required with this program. The detailed information needed from the Company on an annual basis will be included in the Final Agreement, but may include such Project reporting as: amount of proposed Incentive, amount of actual Incentive received by Company; amount of proposed and actual investment made by Company for Project, and any other information or data necessary for the MSF to satisfy its reporting requirement pursuant to MCL 125.2009. Additionally, other reporting items such as patents, copyrights, trademarks, licensing agreements, and products commercialized may be required to be reported on as well.

**12. Public Announcements:**

Neither the Company nor MSF shall make, or cause, any announcement of the proposed Incentive parameters outlined in this letter before the date of approval by the MSF of the Incentive, and unless authorized and coordinated in advance amongst the MEDC.


This Summary of Terms is an outline of the structure of the proposed Incentive and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in the Final Agreement for the Incentive contemplated hereby. It should not in any way be viewed as a commitment by or an obligation of the MEDC, the MSF or any other entity to extend financial accommodations to the Applicant and is subject to, among other things, the approval of the request under MEDC's internal approval process and by the MSF Board. Any final Incentive is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required by the MSF or MEDC; (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, the results of which must be satisfactory to the MEDC, the MSF, and as




applicable, the Chief Compliance Officer; (v) approval of award by the MSF; and (vi) execution of the Final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

The Applicant cannot assign this Summary of Terms without the prior written consent of the MEDC. If the Company is interested in the MEDC pursuing a recommendation to the MSF Board for a possible Incentive for the Company along the above parameters, please sign and date this Summary of Terms. If the MEDC does not receive the signed Summary of Terms from the Company by December 9, 2015, the MEDC may not be able to proceed with any recommendation to the MSF.

**Invenergy Thermal Development LLC**

By:   
Its: Vice President  
Dated: 12/11/15

**Michigan Economic Development Corporation**

By:   
Its: Sup. Dev't Mgr  
Dated: 12/12/15



**MICHIGAN STRATEGIC FUND  
RESOLUTION 2015-**

**APPROVAL OF AN INCENTIVE GRANT TO INVENERGY THERMANL  
DEVELOPMENT, LLC.**

**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, including through the development of known sources of energy in Michigan;

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

**WHEREAS**, pursuant to MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF act shall be expended or invested for activities authorized under the act, as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

**WHEREAS**, pursuant to MCL 125.2007(c), the MSF has, among other things, the power to make grants;

**WHEREAS**, pursuant to, 2015 PA 84, Article VIII, Part 1 Section 109, Subsection 3, the legislature appropriated funds for business attraction and community revitalization;

**WHEREAS**, by resolution 2015-124, The MSF Board allocated the annual appropriation from the 21<sup>st</sup> Century Job Fund to the CRP and BDP;

**WHEREAS**, Invenergy Thermal Development, LLC (“Grantee”) is interested in developing, permitting, financing, building, owning and operating a combined heat and power cogeneration facility to supply process steam and power of up to 280 MW at the Cliffs Natural Resources Mining Complex in Palmer, MI (“Project”);

**WHEREAS**, the Grantee has requested a performance based grant award from the MSF under MCL 125.2088b(2)(c) for the Project in an amount not to exceed up to \$500,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

**WHEREAS**, the Award Request will offset a portion of the Grantee’s risk of investment into the Project, in the event that the Project ultimately fails;

**WHEREAS**, the MEDC has recommended that the MSF approve the Award 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 final documentation for the Award Request 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 90 days (“Award Recommendation”);

**NOW THEREFORE, BE IT RESOLVED**, the MSF Board approves the Award Recommendation from the funds appropriated in 2015 PA 84 of 2015, Article VIII, Part 1 Section 109, Subsection 3, for business attraction and community revitalization; and

**BE IT FURTHER RESOLVED**, the MSF Board approves the transfer of MBD Program Funds in the amount of the Award Request to be used for the Project under MCL. 125.2088b(2)(c); and

**BE IT FURTHER RESOLVED**, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate the above approved Award Recommendation.

**ADOPTED**

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

**MEMORANDUM**



**Date:** December 15, 2015  
**To:** Michigan Strategic Fund Board  
**From:** Marcia Gebarowski, Senior Development Finance Manager  
**Subject:** *MSF Designated Renaissance Zone  
Project Title – Sakthi Automotive campus expansion  
City of Detroit*

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**SUMMARY**

This is a request to approve an MSF Designated Renaissance Zone for fifteen (15) years in the city of Detroit for the Sakthi Automotive campus expansion project. At the April 28, 2015 board meeting, the MSF approved the project for a \$3.5 million BDP grant, which will create 350 Qualified New Jobs and invest \$31.8 million in the city of Detroit. The renaissance zone designation was part of the project description at the time of BDP approval, making this request the final piece to the completion of this project.

**COMPANY BACKGROUND**

The Sakthi Group is a \$1.2 billion industrial conglomerate and one of the fastest growing business groups in South India. The Sakthi Group has a strong market presence in a number of markets with a host of group companies operating under its umbrella, including sugars, industrial alcohol, dairy, transportation and IT Services. Sakthi Automotive is one of the Sakthi Group's vertical operations which produces automotive components. They are a major supplier of critical components to auto OEM's, including steering knuckles, brake drums, brake discs, hubs, brake calipers and carriers. Sakthi Automotive started their first project in North America in 2013 when they acquired the former Arvin Meritor building in the city of Detroit and currently employ around 200 at the facility.

**PROJECT BACKGROUND**

Sakthi Automotive has been awarded new business with plans to produce lightweight aluminum castings that will support major initiatives of their customers to reduce the mass of vehicles, increase fuel efficiency, and reduce emissions. Over time, these casting operations are expected to evolve to machine castings which are currently made at facilities overseas to over 90% of castings being made and machined in Detroit.

Through a 50% owned limited liability company, Sakthi has acquired numerous parcels of land surrounding their headquarters along Fort Street with intention of creating a campus to house the planned growth over the next 3-5 years. The Company's acquisition of the buildings at 100-150 American Way will be used to expand their machining operations to support this new business and approximately 1.5 acres of vacant land for future expansion.

Sakthi also acquired the former Southwestern High School property (between 6401 W. Fort headquarters and 150 American Way) to construct a 180,000 square foot aluminum casting and machining facility on the southerly portion of the site. A portion of the existing school building is expected to be renovated into a technical training center and employee wellness center for the growing Sakthi campus.

Sakthi received competing incentive offers from Georgia, Ohio, and South Carolina which included free land, low-interest construction loans, job creation tax credits and training grants. Incentives offered by these states, coupled with lower operating costs including lower property taxes, presented favorable options to locate the new castings operations.

The Renaissance Zone footprint would be 37.604 acres located near 6401 W. Fort Street and 150 American Way in the City of Detroit.

### **PROJECT DESCRIPTION**

The City of Detroit has made application on behalf of Sakthi Automotive Group USA for an MSF Designated Renaissance Zone for a 15 year designation. The request is for 37.604 acres currently. The MSF Designated Renaissance Zone would become effective on January 1, 2016, and end on December 31, 2028 for property parcels 18000388-402, 18000326-35, 18000403-10, 18007810-22, 18008745-64, 18000415-6, 18000387, 18000411-4, and related personal property parcels.

A portion of the land proposed to be located in the new zone is currently located in the Southwest Delray subzone of the City of Detroit renaissance zone. The subzone is set to expire December 31, 2016. Sakthi will enter into an agreement to terminate the current subzone upon the effective date of the proposed new renaissance zone.

### **PROJECT EVALUATION**

#### **Job Creation**

313 by 2018 and 333 overall

#### **Private Investment**

\$33 Million by December 2018

#### **Number of Acres**

37.604 acres

#### **Tax Information**

It is estimated that an average of \$168,942 will be abated annually in property taxes.

#### **Period of Designation**

15 year designation

### **ADDITIONAL INFORMATION**

#### **Development Agreement**

A development agreement will be entered into between Sakthi America Corporation, Sakthi Automotive Group USA, Inc., North American Commerce Center, LLC, and the Michigan Strategic Fund.

#### **Legislative Information**

Senator: Coleman Young II - State Senate District 1

Representative: Stephanie Chang - State House District 6

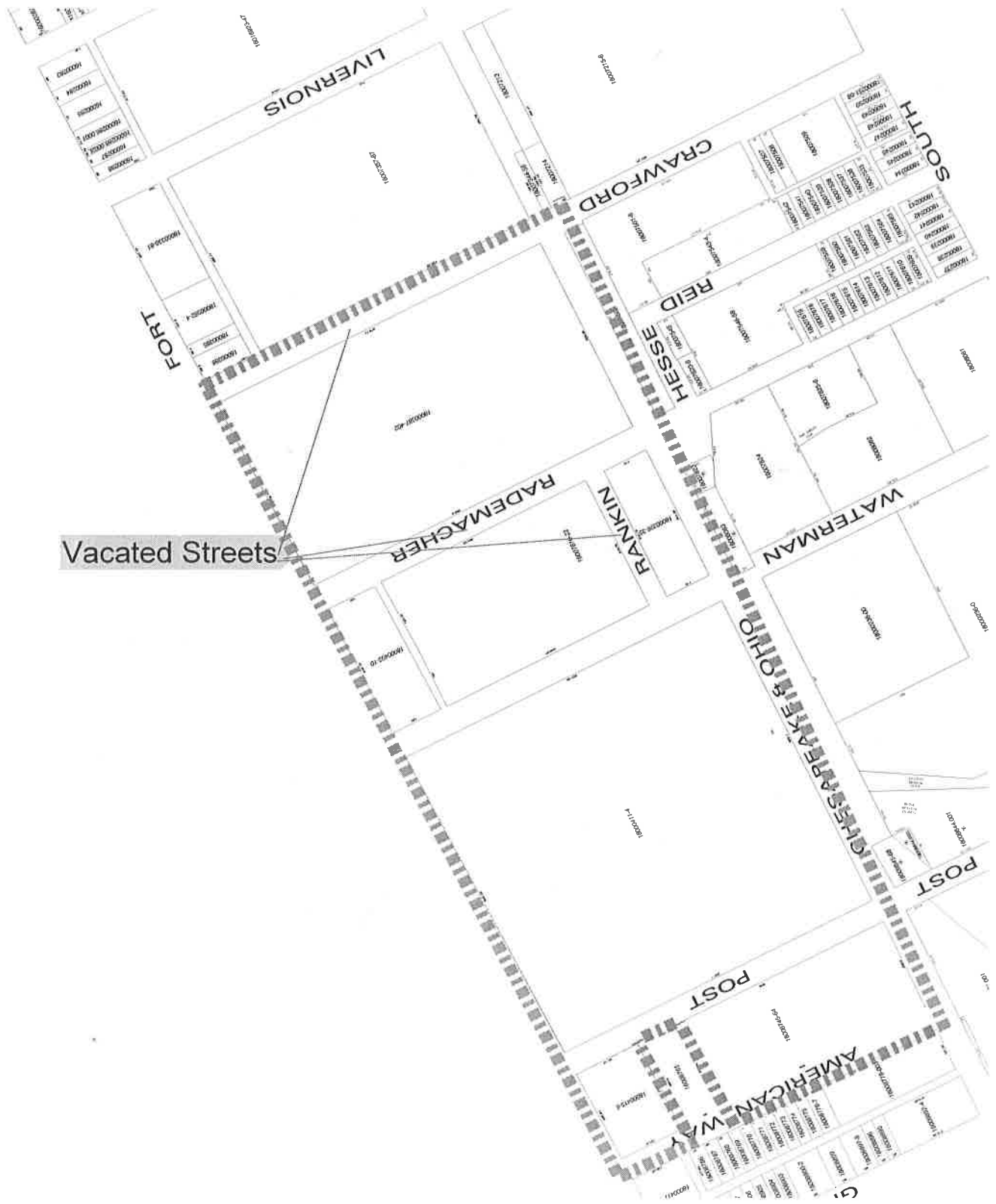
### **RECOMMENDATION**

Sakthi Automotive Group USA, Inc.

MEDC Staff recommends the following:

- 1) Approval of the requested renaissance zone for 15 years and;
  - 2) Execution of a Development Agreement between Sakthi and the MSF by December 31, 2015 which incorporates the terms and conditions set forth in the resolution (collectively, the "Request").
- MEDC Staff further recommends that the MSF Fund Manager be authorized to execute all documents necessary to effectuate the Request.

# Proposed Renaissance Zone Boundary



**0MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2015-**

**MSF DESIGNATED RENAISSANCE ZONE  
SAKTHI AMERICA CORPORATION, SAKTHI AUTOMOTIVE GROUP USA,  
INC., AND NORTH AMERICAN COMMERCE CENTER, LLC**

**WHEREAS**, Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to twenty-seven (27) renaissance zones (a “Renaissance Zone”) in one or more city, village, or township if consented to by the local unit of government in which the proposed renaissance zone will be located;

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

**WHEREAS**, the MEDC received an application from the City of Detroit (the “Application”) for a renaissance zone designation for Sakthi Automotive Group USA, Inc., Sakthi America Corporation, and North American Commerce Center, LLC (collectively, the “Company”) under Section 8a(2) of the Act;

**WHEREAS**, the Company plans to expand its operations by purchasing and reusing vacant space near its existing facilities in the City of Detroit; and

**WHEREAS**, the MEDC recommends that the MSF Board approve the Application for designation of a Renaissance Zone for property parcels 18000388-402, 18000326-35, 18000403-10, 18007810-22, 18008745-64, 18000415-6, 18000387, and 18000411-4 in the City of Detroit, as described in the Application, together comprising 37.604 acres, for a period of fifteen (15) years, effective January 1, 2016 (except for property tax purposes, effective December 31, 2015), and subject to the following conditions:

1. Termination of the Southwest/Delray subzone of the City of Detroit’s geographic Renaissance Zone as it relates to the Company;
2. On or before December 31, 2015, a development agreement is entered into between the Company and the MSF that incorporates the terms described in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves designation of a Renaissance Zone for property parcels 18000388-402, 18000326-35, 18000403-10, 18007810-22, 18008745-64, 18000415-6, 18000387, and 18000411-4 in the City of Detroit, as described in the Application, together comprising 37.604 acres, for a period of fifteen (15) years, effective January 1, 2016, (except for property tax purposes, effective December 31, 2015), and subject to the following conditions:

1. Termination of the Southwest/Delray subzone of the City of Detroit’s geographic Renaissance Zone as it related to the Company;



2. On or before December 31, 2015, a development agreement is entered into between the Company and the MSF that incorporates the terms described in this Resolution.

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate the final terms and conditions of and to execute the development agreement and any other related documents necessary to effectuate the terms of this Resolution on behalf of the MSF.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015



## MEMORANDUM

**Date:** December 15, 2015

**To:** Michigan Strategic Fund Board

**From:** Daniel Leonard, Community Assistance Specialist  
Jennifer Schwanky, Brownfield and MCRP Program Analyst  
Larry Roggenbuck, Program Specialist, Community Development Block Grant  
Christine Whitz, Manager, Community Development Block Grant Program

**Subject:** Charlevoix County Brownfield Redevelopment Authority, City of Boyne City  
Community Incentive Program — Act 381 Work Plan Approval

**Dilworth Hotel Building Rehabilitation Project  
Community Development Block Grant Program  
City of Boyne City, Charlevoix County**

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### **Request**

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the County of Charlevoix Brownfield Redevelopment Authority is seeking approval of local and school tax capture for Michigan Strategic Fund (MSF) eligible activities in the amount of \$253,884.

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.

Additionally, the City of Boyne City is requesting \$1,000,000 in Community Development Block Grant (CDBG) funds for blight clearance and job creation associated with the Dilworth Hotel Building Rehabilitation Project.

Approximately 30 permanent full-time jobs are anticipated to be created by the commercial portion of the project at an average hourly wage of \$10, the minimum hourly wage for these jobs being \$8.15. The total private investment for CDBG purposes will be approximately \$6.9 million, with overall capital investment totaling \$9.8 million.

### **Background**

This significant historic building has been considered by past development teams, but ultimately never taken on due to the significant construction costs. Given the renovation costs, which exceed more than twice the appraised value of the site itself, the financial support for this project is primarily being addressed through the leverage of the applicant's private equity. To date, the applicant has secured the site from private means as well as will contribute additional cash equity in the form of approximately \$500,000. Of the \$7.8 million in total project costs, the project has secured roughly \$6.3 million in debt leveraging the equity of the building, business and historic tax credits associated with the work necessary to stabilize the structure.

Without the assistance of the MSF, the financial viability of this project would be severely compromised and not possible to complete, let alone become a sustained business within the community.

The 103 year old Dilworth Hotel opened in 1912 and has been listed on the National Register of Historic Places since the mid-1980s. The three-story, 26-room hotel is located on one of the most prominent lots in the heart of downtown Boyne City. At approximately 28,000 square feet, the building has seen a series of operators over the years unsuccessfully run the hotel and restaurant. The building has sat vacant for more than five years and is in danger of physical deterioration beyond repair. The property is currently owned by Bob Grove, the owner of Tall Pines, LLC, which is a single-use entity solely responsible for the redevelopment of this historic asset within downtown Boyne City. Mr. Grove's professional background is comprised of industrial manufacturing of copper and more specifically, the operation of his company Nu-Core. Nu-Core, based in nearby Charlevoix, manufactures large-scale ultra-high powered electrical bus systems and specialty copper components servicing steel, fiberglass, chlorine, chemical and other electrical energy industrial processes worldwide. Mr. Grove is working with a local operator, Hotel Investment Services, on this project to address the specific needs of both this unique historic structure as well as the market trends within northern Michigan. Hotel Investment Services currently manages 22 hotels, of which the majority are located within the State of Michigan.

The building played an active role in Boyne City's history and is a historic asset for the community. The goal of this project is to return the Dilworth Hotel to its historic use as a hotel and restaurant. The restoration of the Dilworth will be a tremendous economic boost for Boyne City. It will serve as a catalyst for the downtown, increase pedestrian traffic, vastly improve the entry into downtown, and will provide needed hotel accommodations. Specifically, the rehabilitation will include exterior renovations, such as site improvements, landscaping, masonry and brick restoration, windows and doors, porch, site utilities, roofing and thermal/moisture protection. Complimenting interior renovations include fire suppression, elevator updates, demolition, new HVAC, plumbing, electrical, safety/security systems, finish carpentry/millwork, interior doors and windows hardware, finish work/drywall, flooring, painting, and supplemental equipment, furnishings and fixtures in guest rooms, restaurant, pub, lobby furnishings, and veranda furnishings and fixtures. The entirety of the project will be subject to historically correct restoration efforts.

Prior to construction, it is necessary to alleviate Brownfield conditions with the removal of lead and asbestos abatement, as well as significant select interior demolition. These activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment and protect human health and the environment.

#### **Other State and Local Assistance to the Project**

Locally, the project will benefit from the reimbursement of DDA TIF revenues for façade improvements, fire suppression, and barrier free access in the amount of at least \$700,000. The subject property also anticipates historic tax credits in the amount of \$1,340,928 to assist with renovation efforts tied to the development plan of the new Dilworth Hotel project.

Act 381 Key Statutory Criteria are addressed in **Appendix A**. CDBG program specific requirements and screening guidelines are addressed in **Appendix B**. Project area map, including photos, are provided in **Appendix C**.

**Recommendation**

The MEDC recommends:

- a) Approval of the request by County of Charlevoix Brownfield Redevelopment Authority to capture local and school taxes for the MSF eligible activities totaling \$253,884. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$253,884.
- b) A CDBG grant agreement in the amount of \$1,000,000 to be authorized for the City of Boyne City for the Dilworth Hotel building rehabilitation project.

## APPENDIX A – 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 redevelopment of the Dilworth Hotel will restore and reactivate a historic resource in downtown Boyne City which has been inoperable for many years. This asset will bring both a new service industry to the City, additional new jobs, and increased taxable value.

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

This project is expected to create approximately 30 new, full-time jobs within the community with an expected average hourly wage of \$10.

**c) Area of High Unemployment:**

The County of Charlevoix's unadjusted jobless rate was 4.1% in September 2015.

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

The project is not qualifying as a facility and the level of contamination is unknown.

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

This redevelopment project will reactivate a currently vacant and historic property to accommodate a 26 room hotel and its accompanying restaurant, bar and banquet facility.

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

The Brownfield TIF is needed to financially alleviate the cost burden associated with the required lead and asbestos abatement, and select demolition efforts.

**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 Work Plan is financially and economically sound.

**i) Other Factors Considered:**

No additional factors need to be considered for this project.

**Property Eligibility**

The project is located within the boundaries of the City of Boyne City, which is a Qualified Local Governmental Unit, and has been deemed functionally obsolete as verified by a level 3 Assessor on April 11, 2011.

The property is the subject of a Brownfield Plan, duly approved by the County of Charlevoix on May 7, 2015 and concurred with by the City of Boyne City on May 26, 2015.

**Tax Capture Breakdown**

There are 24 non-homestead mills available for capture, with school millage equaling 24 mills (100%). The local millage equals 27.0109 mills, which will all be captured by the local DDA. These captured mills will be contributed directly back to the project via local support. Tax increment capture will begin in 2016 and is estimated to continue for 4 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (100%)	\$	253,884
Local tax capture (0%)	\$	0
<b>TOTAL</b>	<b>\$</b>	<b>253,884</b>

**Cost of MSF Eligible Activities**

Demolition	\$	155,000
Lead or Asbestos Abatement	+	33,000
Sub-Total	\$	188,000
Contingency (15%)	+	28,200
Sub-Total	\$	216,200
Interest (5%)	+	27,684
Sub-Total	\$	243,884
Brownfield/Work Plan Preparation	+	10,000
<b>TOTAL</b>	<b>\$</b>	<b>253,884</b>

## **APPENDIX B – CDBG Programmatic Requirements & Screening Guidelines**

### **Program Requirements**

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

- **National Objective(s):**

This project qualifies for CBDG funding as the project activities are expected to result in the creation of thirty (30) full time positions over the next two years. The business has agreed that at least 16 of the 30 positions will be held by low to moderate income persons. The project meets a national objective by providing benefit to at least 51 percent low and moderate income persons. The CDBG cost per job is \$15,000, with a minimum wage of \$8.15 per hour.

This entire project qualifies for CBDG funding as the project meets the definition of blight as defined in the Brownfield Redevelopment Financing Act 381 of 1996, MCL 125.2652 (e)(i-iv) and (vii). The project meets a national objective by eliminating or preventing slums and blight on a spot basis.

- **Eligible Activity:**

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

### **Screening Guidelines:**

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

- **Economic Impact:**

The economic impact of this project was evaluated. It was determined that the project is:

- Located in a highly visible location
- Located in a DDA or other like districts

The Community has:

- Local organizational capacity to successfully complete this project
- A full-time downtown development professional or community staff member able to administer the project
- Adopted a downtown development plan
- Engaged with the RRC program and is nearly complete with their certification
- Been designated as a MainStreet Community; and

The revitalization of this building and its new usage will facilitate a market need of downtown Boyne City with the hotel operations as well as banquet space for patrons of the community.

- **Minimum Local Participation:**

The City of Boyne City will make an anticipated contribution of at least \$700,000 which is roughly ten percent (10%) of the total clearance-rehabilitation costs. The funds will be provided by the City's Local Building Redevelopment Incentives Program from their DDA.

- **Minimum Leverage Ratio:**

The private leverage contribution, to be provided by Tall Pines Partners, LLC equals \$6,876,787, which results in a leverage ratio of approximately 6.9:1 of the CDBG grant.

- **Financial Viability and Background Check:**

The business receiving the benefit from this project has completed a background check with no concerns and has been determined to be financially viable.

The MEDC staff has concluded that the project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.



**APPENDIX C – Map of Project Area**



**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2015- \_\_\_\_\_**

**APPROVAL OF CITY OF BOYNE CITY DILWORTH HOTEL BUILDING REHABILITATION  
PROJECT**

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

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

**WHEREAS**, The CDBG program has policies, criteria, and parameters that are enumerated in the 2015 Program Guidelines, as amended (the "Criteria"). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the Criteria and the MSF, by Resolution 2015-039, authorized and approved the 2015 Application Guide which includes guidelines for job creation grants;

**WHEREAS**, pursuant to SFCR 10.1-1, 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 or decisions approved under the CDBG program;

**WHEREAS**, the City of Boyne City (the "Community") has submitted a complete application for approval requesting funding to be used to fund the Dilworth Hotel Building Rehabilitation Project (the "Project");

**WHEREAS**, the CDBG program staff reviewed the proposed Project in light of the Criteria, Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, will eliminate specific conditions of blight or physical decay on a spot basis not located in a designated slum or blighted area, may create jobs where at least 51% of the newly created jobs will be held by persons of low and moderate income; and

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

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF authorizes a grant to the Community not to exceed \$1,000,000 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$1,000,000 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds;

**BE IT FURTHER RESOLVED**, the MSF Fund Manager, in coordination with MEDC staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution; and

**BE IT FURTHER RESOLVED**, if the Community fails to execute and return the grant agreement to staff within 180 days of the date this Resolution is adopted, this Resolution shall be of no further force and effect and shall be void.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2015-**

**APPROVAL OF A BROWNFIELD WORK PLAN  
COUNTY OF CHARLEVOIX BROWNFIELD REDEVELOPMENT AUTHORITY  
DILWORTH HOTEL**

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

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

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

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

**WHEREAS**, the County of Charlevoix Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 300 Water Street within the City of Boyne City, known as Dilworth Hotel (the “Project”);

**WHEREAS**, the City of Boyne City 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**, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 100% to 0% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition, and lead and asbestos abatement as presented in the revised Work Plan dated October 30, 2015. 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 \$253,884 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$27,684 in interest, 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 \$253,884.

**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 County 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 the MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$27,684 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2014



## MEMORANDUM

**Date:** December 15, 2015

**To:** Michigan Strategic Fund Board

**From:** Ryan Kilpatrick, Community Assistance Team Specialist  
Mary Kramer, Brownfield and MCRP Program Specialist  
Julius L. Edwards, Capital Access

**Subject:** City of Grand Rapids Brownfield Redevelopment Authority  
Request for Approval of an Act 381 Work Plan  
Offsite Lake Drive, L.L.C. - Request for Approval Michigan Community  
Revitalization Program Other Economic Assistance – Performance Based  
Loan Participation

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### Request

The proposed project will be undertaken by Bazzani Associates on behalf of Offsite Lake Drive, L.L.C. The project will redevelop approximately one acre of property located at 1415 Lake Drive SE in the City of Grand Rapids. The project is located in a traditional commercial center and within a Corridor Improvement District and qualifies for a Michigan Community Revitalization Program (MCRP) award and an Act 381 Work Plan because it is functionally obsolete and a historic resource.

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 \$1,648,060.

Offsite Lake Drive, L.L.C. is requesting approval of a MCRP incentive in the amount of \$1,773,700 in the form of an Other Economic Assistance – Performance Based Loan Participation.

The subject parcel was originally designed by architect George S. Kingsley, in 1926, as a five-story storage building, commonly referred to as the Kingsley Building. Due to the building's original design as primarily storage space, the building has very few window openings, poorly spaced interior support columns, and low ceilings on the second floor. To prepare the property for residential use the building requires heavy investment in now income producing development such as creating spaces in the walls for windows, development of a central atrium on each floor for circulation purposes, the addition of two new elevators and shafts, new stairwells, and new HVAC and electrical systems. The development team made several attempts to obtain Federal Historic Tax Credits for the upper stories of the project. These credits could have helped to fill a significant portion of the financing gap. However, due to the need to create adequate window openings for residential occupancy, the Secretary of the Interior could not approve the physical alteration of the building's exterior for this land use and award the tax credits. Without the

Federal Historic Tax Credits, this project requires gap financing to support the initial costs of rehabilitation of the structure.

Offsite Lake Drive has obtained senior financing from Lake Michigan Credit Union (LMCU) in the amount of \$8,535,000 (includes financing for Phase 1/1<sup>st</sup> floor), or just under 66% of the total project costs. The loan is less than traditional loan-to-value advance rates of between 70-80%, but this loan amount is limited by the cash flow generated by the development. It is anticipated that the owners of the project will be contributing over \$2,270,000 in equity (approximately 17.5% of total project costs) to the project and deferring “Developer Fees” of 200,000. The remaining gap would be filled by the proposed MCRP Loan Participation in the amount of \$1,773,700. The MSF Share of the loan would bare an interest rate of 1.5% per annum, with a “Success/Exit” fee of \$134,000 due at closing. The interest earned and the fee on the MSF loan will generate approximately a 3% return for the MSF over the term of the loan. CRP detailed structure is provided in **Appendix A**.

For the requested brownfield work plan, 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 infeasible.

The Applicant anticipates that the project will result in total Phase Two capital investment in the amount of \$11,341,938, along with the creation of approximately two permanent full-time equivalent jobs with an average hourly wage of \$17.50.

### **Background**

The Kingsley Building rehabilitation project will include a significant overhaul of the building’s interior and exterior. As much of the historic façade will be preserved as possible, while also creating new window openings across all facades, to accommodate adequate flow of light and air into the building. The project will result in 41 new residential units on floors three through five ranging from 650 square feet to 1,050 square feet in size. The second floor of the structure will be working suites and storage, which may be leased by the residential occupants as a live-work option within the same building. Additionally, the project will include construction of a multilevel parking deck and conversion of the existing basement to parking.

In 2011, this developer was awarded a MBT mini credit in the amount of \$181,250 that was specific to Phase One of this project which included only the ground floor of this structure. At that time, the development team was only able to secure financing sources adequate to repurpose the ground floor of the structure. In 2014, the developer completed the ground floor retail spaces and obtained a certification of completion to collect the credit. This MBT credit award has been factored in to the overall financial review of the current request for CRP and work plan support.

As part of the brownfield eligible expenses to be incurred, asbestos abatement will be necessary prior to demolition activities in order to protect human health. Demolition activities will be necessary to create adequate window openings and reconfigure the floor layout to accommodate residential use. Site preparation activities will include excavation, grading and land balancing to accommodate the basement

and two level parking deck. A private parking ramp and urban stormwater management system will be constructed as part of the infrastructure improvements. Additionally, infrastructure improvements will be made in the public right-of-way in connection with the project and will include curbs, gutters and sidewalk improvements.

As noted above, Offsite Lake Drive, L.L.C. has received a mini MBT credit in 2011 in the amount of \$181,250 for the purpose of rehabilitating only the ground floor of the Kingsley Building for retail use. The sponsoring development team is Bazzani Associates which has been the lead development team on several projects across the State. This includes a project known as Wesener LLC in Owosso, Michigan which received a CRP award of \$560,000 and a MBT credit valued at \$384,000 in 2014 for the rehabilitation of a three story structure in downtown Owosso.

**Appendix B** addresses the programmatic requirements and **Appendix C** 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 \$1,648,060. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,110,811.
- b) A MCRP Other Economic Assistance – Performance Based Loan Participation in the amount of \$1,773,700 for Offsite Lake Drive, L.L.C.



## **APPENDIX A**

### **FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION**

The project is seeking Michigan Strategic Fund (MSF) participation in coordination with Lake Michigan Credit Union as the senior lender. The Lender, along with the Borrower, has requested the MSF participate in up to \$1,773,700 in a \$10,308,700 construction to permanent loan facility. The above financing from LMCU includes financing for both the Phase 1 (1<sup>st</sup> floor) and Phase 2 renovations. The MSF would be pari passu in terms of payments on its share of the loan, but would allow the collateral to apply first to the Lender's share in an event of liquidation. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis. Below outlines a summary of the development sources and investment for both Phases and the proposed structure of the loan participation.

#### **SUMMARY OF DEVELOPMENT SOURCES:**

Lake Michigan Credit Union Share	\$	8,535,000	66.0%
MCRP Share	\$	1,773,700	13.7%
MBT Credit – Phase One	\$	163,125	1.3%
Deferred Developer Fees	\$	200,000	1.5%
Developer Equity	\$	<u>2,270,113</u>	<u>17.5%</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>12,941,938</u></b>	<b><u>100.0%</u></b>

#### **LOAN FACILITY**

<b>MSF Facility</b>	MCRP Loan Participation and Servicing Agreement Under "Other Economic Assistance"
<b>Borrower:</b>	Offsite Lake Drive, L.L.C.
<b>Lender:</b>	Lake Michigan Credit Union
<b>Total Loan Amount:</b>	Currently estimated at \$10,308,700
<b>Lender Share:</b>	Currently estimated at \$8,535,000
<b>MSF Share:</b>	Up to the lesser of 25% of "Eligible Investment" or \$1,773,700
<b>Term:</b>	To match that of the Lender, not to exceed 60 months.
<b>Amortization:</b>	To match that of the Lender not to exceed 240 months.
<b>Interest Rate:</b>	On the MSF share anticipated to be 1.50% per annum.

- Repayment Terms:** Up to 24 months of monthly interest only payments on the MSF Share, followed by monthly principal and interest payments.
- Collateral:** To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
- Guarantee:** To match that of the Lender, currently anticipated to be the unlimited unsecured personal guarantees of the members of Offsite Lake Drive, L.L.C. The MSF Share of guarantee(s) will be subordinated to the Lender.
- MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the loan. The Lender may charge the borrower for this fee. Additionally, the MSF will be charging a \$134,000 "Exit Fee" due at loan maturity.
- Funding:** The MSF will fund up to \$1,773,700 to be disbursed following closing of the Loan and other performance criteria.
- Other Conditions:** The MSF's investment will be contingent upon the following:
- A minimum owner equity contribution of \$2,270,000 to the project.

## **APPENDIX B – 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 May 29, 2015.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on September 8, 2015.

### **MCRP Program and its Guidelines**

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. The total eligible investment for this project is estimated to be \$7,094,954.

### **Source of Information**

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

As required under the MCRP, the following statutory criteria is being considered by the MSF:

**A. The importance of the project to the community in which it is located:**

The project is located in the Uptown Corridor Improvement District and will add significant residential density to the traditional neighborhood business district. This project will also reactivate the upper floors of a structure which has been vacant and underutilized for decades. Additional density is expected to further support efforts to build a strong base of local retailers and restaurateurs.

**B. If the project will act as a catalyst for additional revitalization of the community in which it is located:**

The Kingsley Building Phase One Project has connected the commercial district at Lake Drive and Wealthy Street to the commercial section at Lake Drive and Robinson Road. The addition of the 41 housing units and office spaces will enhance the commercial district's success while providing a healthy place for the residents to live, work and play.

**C. The amount of local community and financial support for the project:**

The City of Grand Rapids has approved an Obsolete Property Rehabilitation Act tax abatement in the estimated amount of \$965,892. The City and the local Corridor Improvement Authority have

also approved participation in the reimbursement of brownfield eligible expenses. The anticipated local capture amount is estimated to be \$545,268.

**D. The applicant's financial need for a community revitalization incentive:**

A significant portion of the construction costs for development is related to either low to non-income producing uses, which creates a gap in traditional financing available for the project. Offsite Lake Drive has obtained senior financing from Lake Michigan Credit Union in the amount of \$8,535,000 (includes financing for Phase 1/1<sup>st</sup> floor), or just under 66% of the total project cost. The loan is less than traditional loan-to-value advance rates of between 70-80%, but this loan amount is limited by the cash flow generated by the development. It is anticipated that the owners of the project will be contributing over \$2,270,000 in equity (approximately 17.5% of total project costs) to the project and deferring "Developer Fees" of 200,000. The remaining gap would be filled by the proposed MCRP Loan Participation in the amount of \$1,773,700.

**E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:**

The project will result in the reuse of an approximately 73,000 square foot, long vacant building that is listed on the National Register of Historic Places.

**F. Creation of jobs:**

The project is anticipated to create two full time positions with an average hourly rate of \$17.50.

**G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:**

It is anticipated that the project financing will include \$2,270,000 in owner equity and \$8,535,000 in senior financing from Lake Michigan Credit Union.

**H. Whether the project is financially and economically sound:**

Following construction completion, it is anticipated that the project will generate sufficient cash flow to operate with a debt service coverage ratio of greater than 1.15 to 1.00. Additionally, the project will be supported financially by its ownership team, which is personally guarantying 100% of the debt associated with the project.

**I. Whether the project increases the density of the area:**

The project will add 41 residential units on an approximately one acre site. This is a significant increase in density over the existing status of the site and the surrounding neighborhood.

**J. Whether the project promotes mixed-use development and walkable communities:**

Phase One of this project resulted in the reactivation of more than 17,000 square feet of ground floor retail space on two street frontages in a traditional business district. This project will add significant residential density to further support the existing retail and the vitality of the surrounding business district. The project also includes construction of a two story parking deck on an existing surface parking lot. This construction will add to the established street wall along two street frontages and will fill a significant gap in the urban fabric of the neighborhood.

**K. Whether the project converts abandoned public buildings to private use:**

The building is not publicly owned.

**L. Whether the project promotes sustainable development:**

This revitalization project will adopt the 2030 Challenge to ultimately achieve carbon neutrality (net zero) through the reduction of fossil fuel uses. In addition, the property will be pursuing LEED Gold certification including green roof, photovoltaics, and a high performance thermal envelope.

**M. Whether the project involves the rehabilitation of a historic resource:**

The Kingsley Building is an adaptive re-use of a historic storage facility originally constructed for the Grand Rapids Storage and Van Company. This property is listed on the National Historic Register of Historic Places due to the fame of its original architect, George S. Kingsley, who designed iconic storage buildings throughout the United States.

**N. Whether the project addresses area-wide redevelopment:**

This project will increase residential density in the area and further support local services, amenities and may have the effect of encouraging additional growth on vacant urban land in the district.

**O. Whether the project addresses underserved markets of commerce:**

The project does not address an underserved market of commerce.

**P. The level and extent of environmental contamination:**

The property is not contaminated and was deemed functionally obsolete. The existing building contains asbestos that requires abatement during demolition activities.

**Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):**

The original intended purpose and use of this building was for the storage of goods and not residential occupancy. As a result, additional window openings will need to be created to accommodate residential units.

**R. Whether the project will compete with or affect existing Michigan businesses within the same industry:**

The project is not expected to create undue competition with other Michigan businesses.

**S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:**

There are no additional criteria specific to this project.

**Brownfield Act 381 Program Additional Project Information:**

**A. Reuse of functionally obsolete buildings and/or redevelopment of blighted property:**

This project includes the reuse of a functionally obsolete building in a traditional business district. The structure has been vacant on the upper stories for several decades.

**B. Cost gap that exists between the property and a similar greenfield property:**

The Brownfield Tax Increment Financing is needed to remove asbestos, undertake demolition and site preparation activities and to construct a multi-level parking deck and urban stormwater management system needed for this urban site. Given current market rates, the condition of the existing building and the costs associated with construction, these items could not be financially supported by the projected revenue from the project.

**C. Whether project will create a new brownfield property in the State:**

No new Brownfields will be created by this project.

**Tax Capture Breakdown**

There are 47.7179 non-homestead mills available for capture during years 2016 thru 2021 and 46.7379 non-homestead mills available for capture during years 2022 thru 2031, with school millage equaling 24 mills and local millage equaling the difference. Tax increment capture will begin in 2016 and is estimated to continue for 16 years. The school and local tax capture rates below are a blended ratio of capture for the entire 16 year period with the school millage equal to 67.40% and local millage equal to 32.60%. This blended rate is based on OPRA periods for floor 1/Phase 1 of the project during years 2016 thru 2021, a separate OPRA for floors 2-5/Phase 2 during years 2016 thru 2025 and 100% tax rates for the remaining years of the project. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(67.40%)	\$	1,110,811
Local tax capture	(32.60%)	\$	537,250
<b>TOTAL</b>		<b>\$</b>	<b>1,648,060</b>

**Cost of MSF Eligible Activities**

Demolition	\$	147,100
Asbestos Abatement		17,000
Infrastructure Improvements		1,207,000
Site Preparation	+	53,300
Sub-Total	\$	1,424,400
Contingency (15%)	+	213,660
Sub-Total	\$	1,638,060
Brownfield/Work Plan Preparation	+	10,000
<b>TOTAL</b>	<b>\$</b>	<b>1,648,060</b>

**APPENDIX C – Project Map and Renderings**



**AECOM**

**KINGSLEY BUILDING - WEST ELEVATION**



AECOM

KINGSLEY BUILDING - NORTH ELEVATION





**MICHIGAN STRATEGIC FUND  
RESOLUTION 2015-**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
OTHER ECONOMIC ASSISTANCE – PERFORMANCE BASED LOAN  
PARTICIPATION AWARD TO  
OFFSITE LAKE DRIVE, L.L.C.  
(KINGSLEY BUILDING PROJECT)**

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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 2090-1(3), 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**, Lake Michigan Credit Union (“Lender”) will be providing financing to Offsite Lake Drive, L.L.C. and or related entities (“Proposed Borrower”) of up to \$10,308,700 toward the construction activities and infrastructure improvements to real property (“Project”);

**WHEREAS**, the Lender and the Proposed Borrower have requested an Other Economic Assistance Performance Based Loan Participation award from the MSF under the MCRP for the Project in an amount not to exceed up to \$1,773,700 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

**WHEREAS**, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet and Guidelines, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents for the Award Request 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 90 days (“MCRP Award Recommendation”);

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

**ADOPTED**

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015

## **Exhibit A**

### **LOAN FACILITY**

<b>MSF Facility</b>	MCRP Loan Participation and Servicing Agreement Under "Other Economic Assistance"
<b>Borrower:</b>	Offsite Lake Drive, L.L.C.
<b>Lender:</b>	Lake Michigan Credit Union
<b>Total Loan Amount:</b>	Currently estimated at \$10,308,700
<b>Lender Share:</b>	Currently estimated at \$8,535,000
<b>MSF Share:</b>	Up to the lesser of 25% of "Eligible Investment" or \$1,773,700
<b>Term:</b>	To match that of the Lender, not to exceed 60 months.
<b>Amortization:</b>	To match that of the Lender not to exceed 240 months.
<b>Interest Rate:</b>	On the MSF share anticipated to be 1.50% per annum.
<b>Repayment Terms:</b>	Up to 24 months of monthly interest only payments on the MSF Share, followed by monthly principal and interest payments.
<b>Collateral:</b>	To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
<b>Guarantee:</b>	To match that of the Lender, currently anticipated to be the unlimited unsecured personal guarantees of the members of Offsite Lake Drive, L.L.C. The MSF Share of guarantee(s) will be subordinated to the Lender.
<b>MSF Fees:</b>	The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the loan. The Lender may charge the borrower for this fee. Additionally, the MSF will be charging a \$134,000 "Exit Fee" due at loan maturity.
<b>Funding:</b>	The MSF will fund up to \$1,773,700 to be disbursed following closing of the Loan and other performance criteria.
<b>Other Conditions:</b>	The MSF's investment will be contingent upon the following: <ul style="list-style-type: none"><li>- A minimum owner equity contribution of \$2,270,000 to the project.</li></ul>

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2015-**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY  
KINGSLEY BUILDING PROJECT**

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

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

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

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

**WHEREAS**, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 1415 Lake Drive SE within the City of Grand Rapids, known as the Kingsley Building 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) 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**, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 67.40% to 32.60% blended ratio currently existing between school and local taxes for non-homestead properties with separate Obsolete Property Rehabilitation Act tax abatements on floor one of the building and floors two thru five of the building, to reimburse the cost of site preparation, demolition, asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated December 2, 2015. 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 \$1,638,060 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 \$1,110,811.

**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  
December 15, 2015



## MEMORANDUM

Date: December 15, 2015  
To: MSF Board  
From: David Lorenz, Vice President Travel Michigan  
Subject: Detroit Tigers Partnerships

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### **BACKGROUND**

Pure Michigan has partnered with the Detroit Tigers since 2012, with a focus on attracting new visitors to Michigan by brand integration within Comerica Park targeting fans at the game, and out-of-state television viewers.

More than 2,718,000 fans attended a game at Comerica Park last year, with more than 27,000,000 television viewers. Additionally, more than 300 visiting media come to Comerica Park each year to cover teams competing against the Tigers. In 2015, the media equivalency of the partnership was assessed at \$4,415,724 by Repucom.

### **SPONSORSHIP BACKGROUND**

The intent is to enter into a three-year sponsorship agreement with the Detroit Tigers, at \$325,000 per year. MEDC/Pure Michigan is entitled to the following benefits during the regular season:

- **Dugout Railings** – Every other position on the upper and lower railings in the Tigers and visiting team dugouts (existing positions).
- **Dugout Benches** – Eight (8) positions along each dugout bench (existing positions)
- **TigerVision advertising** which includes a minimum of ten (10) :30 spots (between innings), and thirty (30) :15 banner ads (during innings) at all regular season home games.
  - TigerVision is aired on over 300 TV monitors throughout Comerica Park including suites, concourses, and club spaces from the time the gates are open to the finish of the game.
- **Scoreboard Advertising** – one (1) :30 Pure Michigan spot to air on the scoreboard each pre-game, and a bonus spot to air when available during the game (i.e. pitching change, etc.)
- **Social Media** – Commitment to explore a social media element involving
- **Public Relations** opportunities including travel messaging and pre-game interviews
- **Pure Michigan game**

The 2016 season runs from April 4 to October 2.

### **RECOMMENDATION**

The MEDC recommends the MSF approve up to \$325,000 for each year of the three-year partnership between Pure Michigan and the Detroit Tigers.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2015-**

**DETROIT TIGERS PARTNERSHIP**

**WHEREAS**, Public Act 489 of 2000, MCL 12.251 to 12.260, (the “Act”) 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 from the Trust Fund 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 Act requires a competitive process for awarding all program dollars under Section 88b;

**WHEREAS**, the MSF desires to attract new visitors to Michigan by brand integration within Comerica Park targeting fans attending the Detroit Tigers game and out-of-state television viewers through a three-year sponsorship of advertising, social media promotion, and public relations activities;

**WHEREAS**, as an alternative competitive process, the MSF has considered whether any other vendors can meet the qualifications of a Major League Baseball ballpark with a Major League Baseball professional team located in Michigan, and has determined that the Detroit Tigers is uniquely capable of meeting those guidelines and offers one-of-a-kind value to the MSF and the State of Michigan; and

**WHEREAS**, the MEDC recommends that the MSF enter into an agreement with the Detroit Tigers for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of October 1, 2015 to September 30, 2018.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF authorize the execution of a sponsorship agreement with the Detroit Tigers for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of October 1, 2015 to September 30, 2018, and allocates \$325,000 per year of the agreement contingent upon continued appropriation from the State of Michigan for tourism marketing and promotion purposes.

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to execute the sponsorship agreement consistent with the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015



## MEMORANDUM

Date: December 15, 2015  
To: MSF Board  
From: David Lorenz, Vice President Travel Michigan  
Subject: Pure Michigan 400 2016 Sponsorship

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### **BACKGROUND**

Pure Michigan has partnered with Michigan International Speedway to sponsor the Pure Michigan 400 since 2011, with a focus on attracting new visitors to Michigan and showcasing Michigan's leisure travel assets from car culture and outdoor recreation to destinations like MIS.

Each year nearly 385,000 people visit MIS, generating an economic impact of more than \$414 million. Nearly 60 percent of the guests on race weekends come from outside Michigan. The race sponsorship has been an effective way to bring the Pure Michigan message to an additional 75 million NASCAR fans nationwide, with further brand exposure resulting from working with nationally recognized grand marshals, including Desmond Howard, Kid Rock, Carter Oosterhouse and Olympic gold medalists Charlie White and Meryl Davis.

Michigan International Speedway in Brooklyn, Michigan, a town of about 1,200, is one of only 23 facilities in the world to hold such an event. The racetrack seats more than 72,000 people in its grandstands, with tens of thousands of others in the infield, suites and campgrounds.

### **SPONSORSHIP BACKGROUND**

In October 2014, MSF and MIS entered into a sponsorship agreement for the August 16, 2015 Sprint Cup race at MIS, with the option to extend the contract for two additional one-year periods.

As the title sponsor of the August Sprint Cup race, MEDC/Pure Michigan is entitled to benefits that include, but are not limited to:

- On site signage including one (1) highway billboard, five (5) grandstand billboards, six (6) trackside billboards and three (3) backstretch billboards.
- Pit road wall signage.
- Title event turf logo.
- Title event logo on media backdrops, pre-race stage backdrop, starter stand wrap and victory lane backdrop.



- One (1) full-page color advertisement in the Official Souvenir Event program; one (1) full page advertisement in the Guest Guide; and one (1) full-page advertisement in the Inside Track Newsletter.
- Title event logo on tickets, credentials and passes.
- Use of Pit Road Suite throughout both June and August race weekends, with opportunities to host.
- VIP experiences including pace car rides, garage tours, attendance and introductions at drivers meeting, and victory lane photo op.

In 2015, the total rights fee paid to MIS as title sponsor was \$675,000 with total broadcast and PR exposure from the race, and efforts leading up to the race, valued at \$23,003,736 for an estimated Return on Investment of \$34.08 for the sponsorship.

The 2016 race will be held to on Sunday, August 28.

### **RECOMMENDATION**

The MEDC recommends the MSF approve \$700,000 for Fiscal Year 2016 and \$725,000 for Fiscal Year 2017 in order to execute the two one-year extensions of the title sponsorship agreement for the Pure Michigan 400.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2015-**

**PURE MICHIGAN 400 SPONSORSHIP**

**WHEREAS**, Public Act 489 of 2000, MCL 12.251 to 12.260, (the “Act”) 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 from the Trust Fund 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 Act requires a competitive process for awarding all program dollars under Section 88b;

**WHEREAS**, the MSF desires to attract new visitors to Michigan and showcasing Michigan’s leisure travel assets from car culture and outdoor recreation through brand integration with a NASCAR event and out-of-state television viewers through a two-year sponsorship of advertising, social media promotion, and public relations activities;

**WHEREAS**, as an alternative competitive process, the MSF has considered whether any other vendors can meet the qualifications of a raceway that can seat more than 70,000 people with a NASCAR sponsored Sprint Cup race titled Pure Michigan 400 located in Michigan, and has determined that the Michigan International Speedway is uniquely capable of meeting those guidelines and offers one-of-a-kind value to the MSF and the State of Michigan; and

**WHEREAS**, the MEDC recommends that the MSF enter into an agreement with Michigan International Speedway for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of October 1, 2015 to September 30, 2017.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF authorize the execution of a sponsorship agreement with Michigan International Speedway for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of October 1, 2015 to September 30, 2017, and allocates \$700,000 for Fiscal Year 2016 and \$750,000 for Fiscal Year 2017 contingent upon continued appropriation from the State of Michigan for tourism marketing and promotion purposes.

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to execute the sponsorship agreement consistent with the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 15, 2015