

MICHIGAN STRATEGIC FUND BOARD MEETING

December 19, 2012

1:30 p.m.

Michigan Economic Development Corporation

Lake Michigan Conference Room

300 N. Washington Square

Lansing, Michigan

REVISED AGENDA

Call to Order

A. Adoption of Proposed MSF Meeting Minutes – November 28, 2012 [Action Item]

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

Communication [Information – Ellen Graham]

B. 21st Century Jobs Fund Program

1. Lakeshore Advantage Allocation [Action Item – Martin Dober]

2. Michigan Business Development Program

a. Sakthi Automotive Group USA, Incorporated [Action Item – Marcia Gebarowski]

b. La-Z Boy Incorporated [MBDP/CDBG/Renaissance Zone] [Action Item – Marcia Gebarowski]

c. Canal Street Brewing Company, LLC [Action Item – Stacy Bowerman]

C. IDRB – Erwin Quarder, Inc. - Bond Inducement – Cascade Charter Township, Kent County [Action Item – Diane Cranmer]

D. Brownfield Act 381 - City of Port Huron [Action Item – Dan Wells]

E. Michigan NextEnergy Authority (MNEA) [Jessica Gomez]

1. Overview of the MNEA Program [Information Item]

2. Adaptive Materials, Inc. [Action Item]

3. Robert Bosch Battery Systems, LLC [Action Item]

4. Field & Field PC [Action Item]

5. Gardner Management Company [Action Item]

6. LG Chem Power, Inc. [Action Item]

7. Limo-Reid, Inc. [Action Item]

F. Tool & Die Recovery Zone [Action Item – Amy Lux]

1. Proper Group International – Time Extension – City of Warren, Lapeer County

2. Krieger Craftsman – Adding Land – City of Walker, Kent County

3. Hi-Tech Tool Industries – Time Extension – City of Sterling Heights, Macomb County

4. Baker Aerospace Tooling and Machining – Adding Land – Township of Macomb, Macomb County

5. Fori Automation – Adding Land and Time Extension – Shelby Township, Macomb County

6. Tri-Mation – Relocation – Village of Mattawan, VanBuren County

7. Steel Craft Technologies – Adding Second Location – City of Grand Rapids, Kent County

8. Hot Stamp Tooling Systems – Add to Existing Recovery Zone – City of Grand Rapids, Kent County

9. Ultimate Gaging Systems – Add to Existing Recovery Zone – City of Grand Rapids, Kent County

10. 3DM Source – Add to Existing Recovery Zone – City of Grand Rapids, Kent County

11. Concept Tooling Systems – Relocation – City of Grand Rapids, Kent County

12. Advanced Tooling Systems – Adding Second Location – City of Grand Rapids, Kent County

13. KBE Precision – Add to Existing Recovery Zone - New Baltimore, Macomb County

14. Troy Industries – Time Extension – Shelby Township, Macomb County

15. Schwab Industries, Inc. – Extend Duration – Shelby Township, Macomb County
16. Lansing Tool & Engineering, Inc. – Revocation – Lansing Township, Ingham County – Update [*Action Item – Karla Campbell*]

G. Renaissance Zones

1. MPI Amendment [*Action Item – Karla Campbell*]
2. Terex USA, Inc. [*Action Item – Amy Lux*]

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

MICHIGAN STRATEGIC FUND BOARD MEETING
November 28, 2012
PROPOSED MEETING MINUTES

A meeting of the Michigan Strategic Fund [MSF] Board was held on Wednesday, November 28, 2012 at the Michigan Economic Development Corporation [MEDC], Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan.

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

MEMBERS ABSENT: None.

CALL TO ORDER: Mr. Finney called the meeting to order at 1:30 p.m.

ADOPTION OF MSF PROPOSED MEETING MINUTES – October 24, 2012: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval of the October 24, 2012 MSF Board Proposed Meeting Minutes. Ms. Keeley seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

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

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

- The October 24, 2012 MSF Proposed meeting minutes had been changed to reflect comment by Mr. Hilfinger regarding the Credit Suisse Quarterly Update, page 3, line 13, "...if Venture Capital is currently attractive as an alternative asset classification."
- The October 24, 2012 MSF Proposed Meeting Minutes, page 13, line 6, correct the spelling of "Webasto."
- Item G.2., Harbortown Riverside Apartments Redevelopment Project would be presented by Dan Wells.
- A recusal letter had been received from Shaun Wilson for Item C.5. – Ideal Tool, Inc. and Item E.2.a – Dart Container of Michigan, LLC

Administrative

Resolution 2012-151 – Authorization of Funds for Michigan Film Office and Digital Product Assistance Program

Margaret O'Riley, Director, Film Office, provided the Board with information regarding this action item
Ms. O'Riley advised the Board that MCL 125.2029h(11) of the Michigan Strategic Fund Act permits the Michigan Strategic Fund Board to authorize the use of up to 4% of the annual appropriation for the Michigan Film and Digital Media Production Assistance Program be allocated for administration of the program. Ms. O'Riley further advised the Board that the inconsistency in the Resolution [last paragraphs "WHEREAS" and NOW, THEREFORE, BE IT RESOLVED] would be corrected to read "...up to 4%."

Recommendation: Staff recommends that the Michigan Strategic Fund authorize the expenditure of up to 4% of the annual appropriation from the Michigan Film and Digital Media Incentive Program for administrative expenses for fiscal year 2012-2013.

business should become a Renaissance Zone. All companies receiving a Renaissance Zone must appear before the MSF and also enter into an agreement with the MSF. The Renaissance Zone requires a committee be established to approve the MSF process and approve review applications. This was completed in 2011. Staff is requesting that a new Renaissance Zone Committee be established for the purpose of reviewing the Renaissance Zone applications consisting of the MSF Fund Manager, Renaissance Zone Specialist and a representative from the MEDC Business Development Team.

Recommendation: Staff recommends the following be delegated to the MSF Fund Manager:

- a. Approval of the local process for qualifying a business to receive possible Renaissance Zone benefits;
- b. Approval of the establishment of the boundaries for a qualified business to locate within the NMCD district;
- c. Re-establishment of the Renaissance Zone Committee.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-153. Mr. Lockwood seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

Tool & Die Recovery Zones

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

Resolution 2012-154 – Tower Tool & Manufacturing Company

Ms. Campbell advised the Board the MEDC had received a request from the Great Lakes Tool and Die Collaborative to allow Tower Tool & Manufacturing Company to join their existing Recovery Zone that was designated by the MSF on December 16, 2004, effective January 1, 2005. The Township of Macomb has approved the creation of a five year Recovery Zone that would begin January 1, 2013, for the Michigan Business Tax [MBT] and income tax purposes and end December 31, 2017, by resolution. The Great Lakes Tool & Die Collaborative Recovery Zone members have agreed to allow Tower Tool & Manufacturing Company to join the coalition by unanimous vote.

Recommendation: Staff recommends the MSF approval of the property for Tower Tool & Manufacturing, Inc. to be designated as a Recovery Zone and join the Great Lakes Tool & Die Collaborative.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-154. Mr. Petcoff seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

Resolution 2012-155 – KEO Cutters, LLC [aka KEO Cutters, Inc.] d/b/a Arch Global Precision

Ms. Campbell provided the Board with background information on this project. KEO Cutters, Inc. was designated with the Michigan International Tooling Alliance as a Recovery Zone by the MSF on December 15, 2010, effective January 1, 2011. MEDC has received a new resolution passed by the City of Warren requesting an MSF approved extension for an additional five years, bringing the total to ten years with a new expiration date of 2020 rather than 2015.

Recommendation: Staff recommends the transfer of the Recovery Zone and a five year extension of the Recovery Zone duration on the real property parcel #13-24-452-021 and #13-24-451-010 previously designated for KEO Cutters, Inc. to KEO Cutters, LLC.

Resolution 2012-158 – Revocation of an Existing Tool and Die Renaissance Recovery Zone Designation due to Relocation: Arbor Gage & Tooling, Inc.

Resolution 2012-159 – Relocation & Time Extension of an Existing Tool and Die Renaissance Zone Designation: Arbor Gage & Tooling, Inc.

Ms. Campbell explained Arbor Gage & Tooling, Inc. was designated with the Michigan International Tooling Alliance as a Recovery Zone by the MSF on December 15, 2010 for a five year period with an expiration date of 2015. The MEDC received notice from Arbor Gage & Tooling, Inc. requesting to relocate their current Recovery Zone designation and a request from the Company to extend the duration of its Recovery Zone designation for an additional five year period, totaling ten years, with a new expiration date of December 31, 2020. Arbor Gage & Tooling, Inc. has obtained a resolution from the City of Grand Rapids approving an additional five year period, totaling ten years, with a new expiration date of December 31, 2020 and the approval of the relocation of the Recovery Zone designation from the original property to the new property. The Michigan International Tooling Alliance members unanimously support the revocation of the original property and inclusion of the new property including the five year time extension.

Recommendation: Staff recommends that the MSF approve the revocation of the original property and the relocation of their Recovery Zone designation to the new property for Arbor Gage & Tooling, Inc. Staff further recommends the MSF approve the time extension of five years, totaling ten years with a new expiration date of December 31, 2020 and the continuation of Arbor Gage & Tooling, Inc. as a member of the Michigan International Tooling Alliance.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-158 and Resolution 2012-159. Mr. Martin seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

Renaissance Zones

Amy Lux, Program Specialist, provided the Board with information regarding these action items.

Resolution 2012-160 - Eyde Knapps Development

Ms. Lux advised the Board the MSF awarded a Subzone to George F. Eyde Limited Family Partnership and Louis J. Eyde Limited Family Partnership on May 25, 2011. The Agreement originally included a condition that a Federal Brownfield Economic Development Initiative grant [BEDI] be obtained by May 25, 2012. The Lansing Agreement has since been amended and Section 4.3(I) now conceives the obtainment of a U.S. Housing and Urban Development Section 108 Loan Guarantee [the “HUD loan”] and an interest reserve fund arrangement between the City of Lansing and the Eyde Companies. The BEDI grant was never obtained, but the City of Lansing was able to secure the HUD loan in October of 2012, after the May 25, 2012 deadline in the Agreement. Due to the importance of the property, MEDC is recommending that the Agreement be amended to bring the Eyde Companies into compliance by removing this outdated condition and due date, allowing the City and the Eyde Companies to work out the details of their agreement now that financing has been secured. The Eyde Companies have created a new entity, Eyde Knapp Development LLC, who has taken over ownership of the Knapp Building and will be managing the renovation of the project.

Recommendation: Staff recommends the MSF approve the following amendments to the Agreement effective immediately:

- 1) Section 3(d)(v) of the Agreement is deleted in its entirety;
- 2) All references to “Owner” in the Agreement now refer to the entity Eyde Knapp Development, LLC. The first paragraph to the Agreement is deleted and restated as follows:
“This Development Agreement [the “Agreement”] is by and between the Michigan Strategic Fund [“MSF”], a Michigan public body corporate and politic, Eyde Construction Company, LLC

County of Grand Traverse's request for a new Agricultural Processing Renaissance Zone for Shoreline Fruit, LLC for a 15-year designation contingent upon:

- a) On or before December 18, 2013, Shoreline Fruit, LLC shall have commenced the project as described in Grand Traverse County's application for an Agricultural Processing Renaissance Zone by having started and finalized construction of the expansion of the existing facility and started the creation of new jobs; and
- b) A development agreement is entered into among Shoreline Fruit, LLC, Cherry Country Fruitworks, LLC and the MSF that incorporates the terms described in the associated Resolution on or before December 31, 2012.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Rassel motioned approval for Resolution 2012-162 and Resolution 2012-163. Ms. Keeley seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

21st Century Jobs Fund

Resolution 2012-164 – Van Andel Institute – Funding Allocation

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

Mr. Dober advised the Board the Van Andel Institute provided documentation that in 2012 it was awarded over \$500,000 in Federal grants from the National Institutes of Health. The Van Andel Institute proposes to use the \$500,000 [allocated in Section 1034b of Public Act 200 of 2012] for Tuberous Sclerosis Complex [TSC] research. TSC is a genetic autosomal dominant multisystem disorder characterized by hamartomas in multiple organ systems, including the brain, skin, heart, kidney, and lung. The proposed research will have significant impact on TSC research in the State of Michigan, and importantly make an original contribution to advancing TSC research and patient care.

Recommendation: Staff recommends that the Board approve the \$500,000 allocation to the Van Andel Institute for a one-year agreement.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-164. Mr. Jackson seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

[Mr. Wilson recused.]

Resolution 2012-165 – Michigan Business Development Program – Dart Container of Michigan, LLC

Marcia Gebarowski, Development Finance Manager, provided the Board with information regarding this action item and introduced guests – John Alfino, Director of Facilities Engineering; and Martha Zimmerman, Manager of Marketing.

Mr. Alfino provided the Board with an overview of the project. Dart Corporation was established in 1937 as Dart Manufacturing Company to manufacture products such as plastic key cases, steel tape measures, and identification tags for the armed services. Subsequent experimentation with expandable polystyrene in the late 1950s led to a line of high quality insulated foam cups. On May 4, 2012 Dart acquired Solo Cup, Inc., which is headquartered in Illinois. The applicant plans to construct a new office building and warehouse facility as well as expand and reconfigure other buildings at the headquarters campus to integrate Solo Cup operations into Dart's operation in Michigan, make investments and create jobs related to the Corporate or Headquarter Managing Offices.

many units will have balconies or porches. This new development is on approximately one acre of property. Parking will include a 120 unit underground parking structure.

[Mr. Finney returns.]

Recommendation: Staff recommends approval of the Michigan Community Revitalization Program [MCRP] proposal as outlined in the attached term sheet; closing the MCRP proposal, subject to available funding under the MCRP at time of closing; completion of due diligence, the results of which are satisfactory to the MEDC; finalization of all MCRP transaction documents and further subject to terms and conditions that commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment for an additional 20 days.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Wilson motioned approval for Resolution 2012-167. Mr. Hodges seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

[Mr. Finney resumes Chair.]

Resolution 2012-168 – Approval of a Michigan Community Revitalization Program Loan Participation Award for Verdia Group LLC

Resolution 2012-169 – City of Marquette Brownfield Redevelopment Authority

Joe Martin, Manager, Michigan Community Revitalization and Brownfield Programs, provided the Board with background information regarding this action item and introduced guests: Bob Mahaney, Verdia Group, LLC and Carol Vining-Moore, City of Marquette Brownfield Development Authority.

Mr. Mahaney provided the Board with an overview of the project. The Borrower plans to construct approximately 150,000 square feet of space in four phases, each phase encompassing a building. Intended uses across the four phases include retail, office/professional, a regional bank headquarters, residential, restaurant and entertainment on approximately three acres of property. Two three-story commercial buildings will be constructed at the street, and in order to achieve high density urban use, a 292 stall underground parking garage is also planned that will underlay a four-story mixed use office and residential building that is set back from the street. The overall development includes the demolition of the obsolete bakery building, extensive site preparation work and infrastructure improvements, and the construction of the first commercial building and a portion of the parking garage. Tenants will include a bank establishing a new regional headquarters, an Illinois-based architectural firm opening its first Michigan office, and Veridea Group, whose growth requires new facilities. Ms. Vining-Moore thanked the Board and staff for their consideration of this project and introduced local community members.

Recommendation: Staff recommends:

- Approval of local and school tax capture for the Act 381 eligible activities;
- Approval of an MCRP loan participation, subordinated to lead lender on collateral totaling \$1,857,151 and \$357,151 of the participated balance forgiven at the time of purchase.
- Closing the MCRP proposal is subject to available funding under the MCRP at time of closing; completion of due diligence, finalization of all MCRP transaction documents; and further subject to terms and conditions that commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment for an additional 30 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Morris asked if there was a timeline for the phases. Mr. Mahaney responded three years, but they are currently working within year two. Mr. Hilfinger asked if a lease had been secured for the anchor tenant. Mr. Mahaney said they are in current negotiations for the lease. There being no further questions, Mr. Finney advised the

two-story brick building located at 411 Houseman will be redeveloped to host retail on the first floor and residential apartments on the second floor and feature an outdoor seating area, conference room, and three store fronts. The single story on 833 Michigan will feature 11,000 square feet of medical office space.

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

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Ms. Keeley motioned approval for Resolution 2012-171. Mr. Hilfinger seconded the motion.** The motion carried.

Resolution 2012-172 – Harbortown Riverside Apartments Redevelopment Project

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

Mr. Wells explained to the Board the project will construct an 180,000 square foot, five-story, riverfront residential apartment building within the existing Harbortown complex on approximately 4.6 acres. The property will be redeveloped by Harbortown Riverside, LLC who currently owns and manages residential property on the Detroit riverfront. The residential apartment building will include approximately 135 to 145 rental units, and will include a mix of 1 bedroom, 2 bedroom and 3 bedroom apartments. The majority of the apartments will be 2 bedroom units of approximately 1,200 square feet. All units will have a contemporary flair with high end finishes throughout. All units will offer balconies with views of the Detroit River. The building will be approximately 65 feet tall with adequate surface parking for residents. The project will also include a community building which will house a meeting room, exercise room, and restrooms for use by the Harbortown Riverside tenants. The area will also be occupied by an outdoor swimming pool and two additional parking lots for residents.

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

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Rassel motioned approval for Resolution 2012-172. Mr. Martin seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 recused; 0 absent.

Private Activity Bonds

Resolution 2012-173 - Evangelical Homes of Michigan [EHM] – Bond Authorizing

Diane Cranmer, IDRB Specialist, provided the Board with information regarding this action item and introduced Craig Hammond, Dickinson Wright PLLC.

Mr. Hammond provided the Board with an overview of the project. The MSF previously issued its \$14,800,000 Variable Rate Demand Limited Obligation Revenue Bonds, Series 2008 to finance the following capital expenditures at the facilities owned and operated by EHM:

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

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

- i) Costs of renovating, furnishing and equipping the renovation or expansion of various facilities owned and/or operated by EHM, including its Saline skilled nursing facility to

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Petcoff motioned approval for Resolution 2012-174. Mr. Wilson seconded the motion.** The motion carried – 11 ayes; 0 nays; 0 absent; 0 recused. Ellen Graham, MEDC, took a Roll Call Vote:

ROLL CALL:

AYES: Michael Finney, Steve Hilfinger, Paul Hodges, Mike Jackson, Sabrina Keeley, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, William Morris, Jim Petcoff, Richard Rassel, Shaun Wilson

Nays: None

Recused: None

[Ms. Keeley leaves the meeting.]

CDBG

Resolution 2012-175 - CDBG Application Guide Update

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

Ms. Stuart explained the U.S. Department of Housing and Urban Development [HUD] allocates Community Development Block Grant [CDBG] funding to the State of Michigan, through the MSF, for further distribution to eligible Units of General Local Government to carry out State approved activities. The State's responsibilities include ensuring the State's and their Grantee's compliance with the statute, HUD regulation and the Consolidated Plan. On March 28, 2012, the MSF approved the 2012 Consolidated Plan for the CDBG Program. On June 27, 2012, the MSF approved an Application Guide for potential applicants based on the requirements within the Consolidated Plan, Federal regulations and policies developed by staff to ensure consistency with grantees. Over the past few months, staff has identified areas that need to be updated within the guide to assure the best use of the program funds. The updates are based on conversations with grantees and internal staff working with the program.

Recommendation: Staff recommends MSF approval of the Amended Application Guide and Policies for Program Year 2012.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Lockwood motioned approval for Resolution 2012-175. Mr. Martin seconded the motion. The motion carried – 10 ayes; 0 nays; 0 recused; 0 absent.

Meeting adjourned at 2:52 p.m.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 21, 2012

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

Dear Ms. Graham:

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

Sincerely,

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

Andy Dillon
State Treasurer

cc: Andrew Dillon



November 27, 2012

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

Dear Ms. Graham:

This is to advise that I am recusing myself from voting and will leave the meeting room during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Wednesday, November 28, 2012:

- Ideal Tool, Inc.
- Dart Container of Michigan

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

Sincerely,

A handwritten signature in black ink that reads "Shaun W. Wilson". The signature is written in a cursive style.

Shaun Wilson
Vice President & Director of Client &
Community Relations
PNC Financial Services Group

The PNC Financial Services Group

755 West Big Beaver Road Suite 2500 Troy Michigan 48084

MEMORANDUM

Date: December 19, 2012
To: MSF Board Members
From: Martin Dober, Senior Vice President, Entrepreneurship & Innovation
Subject: Allocation of \$2,500,000 to Lakeshore Advantage

BACKGROUND

As authorized by the Michigan General Government Appropriations Act (“Act”), the Michigan Strategic Fund (“MSF”) since 2008 approved three allocations to Lakeshore Advantage for the Michigan State University (MSU) Bioeconomy Institute in Holland for a total amount of \$7,848,338. The allocations were: in fiscal year 2008, authorized by PA 127 of 2007, Section 1027(1), for the amount \$3,423,338, in fiscal year 2010, authorized by PA 128 of 2009, Section 1027, for the amount of \$1,425,000 (the Legislature originally appropriated \$3,000,000, however, only \$1,425,000 was available), and in fiscal year 2011, authorized by PA 191 of 2010, Section 1027 for the amount of \$3,000,000.

The reasons for the allocations were a result of the following. In March 2005, Pfizer announced the sale and closure of its 500 employee, 46 acre Holland Township site. Following initial conversations between Lakeshore Advantage, and Pfizer, a dialogue regarding a possible property donation commenced with Michigan State University. In December 2007, the MSU Board of Trustees voted to accept approximately six acres of the site for the purpose of creating the MSU Bioeconomy Institute. On March 14, 2009, Lakeshore Advantage and Michigan State University officially completed Phase I of the retention of Pfizer Assets and launched the MSU Bioeconomy Institute.

In winter 2010, Michigan State University applied for Phase II funding for the Bioeconomy Institute from the MSF through Lakeshore Advantage, Inc. Key accomplishments included:

- Two new incubator tenants (Single Source Procurement and Venntis LLC) signed leases in 2010.
- BoroPharm, Inc. executed a second successful pilot plant production run – the MSU Bioeconomy Institute’s first “return customer” for pilot plant services.
- Re-installed two of the Hastelloy reactors and newly qualified one for reactions down to -105° C, in an effort to be responsive to BoroPharm’s and other pilot plant customers’ anticipated needs for low temperatures and hydrogen fluoride resistance.
- Launched the search for the Bioeconomy Institute Research Director, and successfully recruited an R&D Director with eighteen years of current industrial experience on top of an earlier, tenured academic post.
- Launched a widely publicized, open competition for subsidized pilot plant services;
- Hosted a regional conference on the Bioeconomy in April 2010, and conducted an academic year colloquium series.
- Offered formal lease to Mead Johnson Nutrition, a Bristol-Myers Squibb spin-off, under which the firm’s analytical chemistry group (34 jobs) would be housed as an anchor tenant.

- Implemented a week-long plant production training program attended by Michigan undergraduates, graduate students, and currently employed workers in the chemical industry.
- Received federal funding from an award under the 2011 “i6 Green Challenge” competition administered by the Economic Development Administration. It was one of only six successful proposals in the nation, and was the only winner in the Great Lakes region.

CURRENT SITUATION

Lakeshore Advantage is requesting Part III funding for the MSU Bioeconomy Institute for the following purposes:

- Q1 -- R&D Director’s laboratory installed
Continue 2011-12 academic year colloquium series
Advertise i6 Green “pilot plant utilization grant” competition
Perform at least one “established firm” pilot plant run
Perform at least two small / start-up firm pilot plant runs
Commence other i6 Green activities / 1st of eight quarters
- Q2 -- Evaluate proposals & award i6 Green pilot plant usage grant(s)
Host 3rd Annual “Green Chemistry / Good Chemistry” Conference
Complete 2011-12 academic year colloquium series
Recruit at least five summer interns for on-site work
Conduct 2nd Annual “From Lab to Plant” Week-long Training
Annual total of “established firm” pilot plant runs = 2 or more
Annual total of start-up/small firm pilot plant runs = 4 or more
Annual total of new incubator tenants = 1 or more
Continue other i6 Green activities / 2nd of eight quarters
- Q3 -- Begin new (2012-2013) academic year colloquium series
Annual total of new Federal grant submissions = one or more
Recruit anchor tenant or transfer recruiting to real estate agent
Annual total of “established firm” pilot plant runs = 3 or more
Annual total of start-up/small firm pilot plant runs = 6 or more
Re-issue updated i6 Green “pilot plant utilization grant” RFP
Continue other i6 Green activities / 3rd of eight quarters
- Q4 -- Continue new (2012-2013) academic year colloquium series
Evaluate proposals & award i6 Green pilot plant usage grant(s)
Annual total of “established firm” pilot plant runs = 4 or more
Annual total of start-up/small firm pilot plant runs = 8 or more
Annual total of new incubator tenants = 2 or more
Annual total of new Federal grant submissions = 2 or more
Continue other i6 Green activities / 4th of eight quarters

RECOMMENDATION

MEDC Staff recommends that the MSF Board approve a new grant to Lakeshore Advantage in the amount of \$2,500,000 for 2 years, using \$1,500,000 in unutilized funds remaining from the 2008 Business Plan Competition Program, and \$1,000,000 in unutilized funds from the Retention of Pfizer Assets Program. The grant would be administered under a new agreement extending the existing purchase order with Lakeshore Advantage.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

ALLOCATION TO LAKESHORE ADVANTAGE

WHEREAS, in accordance with MCL 125.2088j(3)(j), the MSF shall make a \$90,000,000 commitment for life sciences technology;

WHEREAS, at its May 8, 2007 meeting, the Michigan Strategic Fund Board (“MSF Board”) committed \$12 million to the retention of Pfizer assets toward the advancement of life sciences technology (the “Retention of Pfizer Assets”);

WHEREAS, at its December 19, 2007 meeting, the MSF Board allocated \$30 million to the Strategic Economic Investment and Commercialization (“SEIC”) Board for the funding of competitive edge technology grants and loans under MCL 125.2088k (the “Business Plan Competition”);

WHEREAS, of the \$12 million allocated to the Retention of Pfizer Assets, there remains a balance of \$1.0 million in unutilized funds and of the \$30 million allocated to the Business Plan Competition, there remains a balance of \$1.5 million in unutilized funds;

WHEREAS, it is the desire of the MSF to allocate the balance of \$1.5 million under the Business Plan Competition to the Retention of Pfizer Assets (the “Allocation to Retention of Pfizer Assets”);

WHEREAS, by Resolution 2007-079, Resolution 2007-146, and Resolution 2010-061, the MSF Board awarded funds to Lakeshore Advantage for the establishment and operation a leading bioeconomy research center;

WHEREAS, it is the desire of the MSF Board to continue the next phase of establishing a leading bioeconomy research center by allocating additional funding in the amount of \$2.5 million to Lakeshore Advantage for the retention of Pfizer assets toward the advancement of life sciences technology (the “Lakeshore Advantage Grant”); and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF and recommends that the MSF approve the Allocation to Retention of Pfizer Assets and the Lakeshore Advantage Grant;

WHEREAS, the MSF desires to approve the Allocation to Retention of Pfizer Assets and the Lakeshore Advantage Grant.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Allocation to Retention of Pfizer Assets and the Lakeshore Advantage Grant; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to take all steps necessary to effectuate the Allocation to Retention of Pfizer Assets and to negotiate and execute all final documents on the MSF's behalf for the Lakeshore Advantage Grant.

Ayes:

Nays:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012

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

From: Marcia Gebarowski – Senior Development Finance Manager

Subject: Re-approval For:
Sakthi Automotive Group USA Incorporated. (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP” or “Program”)

COMPANY NAME

Sakthi Automotive Group USA, Inc.
86 Executive Drive
Troy, Michigan 48083

BACKGROUND

On May 23, 2012, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of \$1,500,000 for the Company. The MBDP approval required that an Agreement be entered into within 90 days of the date of the approval, and may be extended for an additional 30 days with approval from the MSF Fund Manager.

Due administrative limitations, all parties have been unable to enter into the Agreement within the allowable 120 days. The Company needed additional time to satisfy the legal due diligence requirements required to close on the grant.

Additionally, the Company was not able to meet the requirements as set forth in Milestone 1 by the original deadline of August 31, 2012. The sale of the building was delayed due to ongoing negotiations between the Company and the buildings current tenant related to a non-compete clause in the tenants current lease agreement. The first milestone in the original terms sheet required the Company to close on the sale off the building by August 31,2012. The lease agreement with the building tenant and the Company has been worked out and the sale is expected to be finalized early 2013. The amended terms sheet, as attached, addresses this issue and is as revised.

RECOMMENDATION

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

- a) Re-approval of the MBDP Proposal as outlined in the updated term sheet attached to the amendment Resolution (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:

Michigan Economic Development Corporation

- a. Commitment will remain valid until January 30, 2013 memo with approval for MSF Fund Manager to extend the commitment an additional 30 days.

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF AN EXTENSION TO FINALIZE A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO SAKTHI AUTOMOTIVE GROUP USA, INC.

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

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

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

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

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

WHEREAS, on May 23, 2012, by Resolution 2012-53, the MSF approved a performance based MBDP grant award to Sakthi Automotive Group USA, Inc. ("Company") of up to \$1.5 million ("Grant ") along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A ("Term Sheet");

WHEREAS, Resolution 2012-53 approved the MSF commitment to the Company in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents by September 23, 2012 (including any extension to time granted by the MSF Fund Manager) ("Time Period"), or Resolution 2012-53 would have no effect;

WHEREAS, the Company has advised that it is in the process of reviewing for approval the draft of the Transaction Documents for the Grant;

WHEREAS, the MEDC recommends that the MSF extend the Time Period to finalize the Transaction Documents for the Grant until January 30, 2013, or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended through February 28, 2013 (collectively, "Time Period Extension").

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Time Period Extension.

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager to negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

BE IT FURTHER RESOLVED, except as provided by this Resolution, Resolution 2012-53 remains in full force and effect.

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



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

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

Date: 11/26/2012

- 1. **Company Name:** Sakthi Automotive Group USA, Inc. ("Company" or "Applicant")
- 2. **Company Address:** 86 Executive Drive
Troy, Michigan 48083
- 3. **Project Address ("Project"):** 6401 West Fort Street
if different than above Detroit, Michigan
- 4. **BDP Incentive Type:** Performance Based Grant
- 5. **Maximum Amount of BDP Incentive:** Up to \$1,500,000 ("BDP Incentive Award")
- 6. **Base Employment Level** 2 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final BDP Incentive Award agreement ("Agreement") between the MSF and the Company.
- 7. **Total Qualified New Job Creation:** 170 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the BDP Incentive Award. Each Qualified New Job must be performed for
(above Base Employment Level)

consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the BDP Incentive Award, and the effects of short term layoffs, furloughs, or similar gaps in employment on the required minimum hours per week, shall be included in the final Agreement.

a. **Start Date for Measurement of Creation of Qualified New Jobs:** May 23, 2012

8. **Company Investment:** Up to \$18.6 million including purchase of a building, building renovations and purchase of machinery and equipment.

9. **Qualified Investment:** \$1,000,000 The total minimum amount of the required Company Investment in Michigan related to the project, which at a minimum must include the following: machinery and equipment related to the project at the project site no later than June 30, 2013. ("Qualified Investment"). The final terms and conditions of the Qualified Investment shall be included in the final Agreement.

10. **Municipality supporting the Project:** City of Detroit

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: property tax abatement related to the project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. **Disbursement Milestone 1:** Up to \$600,000 Upon demonstrated creation of 7 Qualified New Jobs above the Base Employment Level, acquisition of building located at 6401 W. Fort St, Detroit MI by Company,

demonstrated satisfactory completion of the background check process, and verification of final approval of municipality support by no later than 8/30/2013.

- | | | |
|-------------------------------------|-----------------|--|
| b. Disbursement Milestone 2: | Up to \$200,000 | Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 3 additional Qualified New Jobs above the Base Employment Level, upon demonstrated completion of an additional \$1,000,000 of the Qualified Investment by no later than 12/31/2013. |
| c. Disbursement Milestone 3: | Up to \$300,000 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 40 additional Qualified New Jobs above the Base Employment Level, by no later than 06/30/2014. |
| d. Disbursement Milestone 4: | Up to \$400,000 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, Milestone 3, and upon demonstrated creation of 120 additional Qualified New Jobs above the Base Employment Level, by no later than 04/01/2015. |

12. Term of Agreement: Execution of Agreement to April 1, 2017.

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 or operations for the Project out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

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; the educational attainment of the employees hired; the number of new patents, copyrights, or trademarks applied for and issued to the Company; the number of licensing agreements by the Company and the number of such licensing agreements entered into by the Company with Michigan based firms; and any products commercialized by the Company.

15. Public Announcements:

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

Any final BDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the BDP (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 BDP 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 November 27, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Sakthi Automotive Group USA, Inc.

By: 

Its: Lalit Kumar

Dated: 11/26/2012

Acknowledged as received by:

Michigan Economic Development Corporation

By: 

Its: Devt Finance Mgr

Dated: 11/26/12



MEMORANDUM

DATE: December 19, 2012

TO: Michigan Strategic Fund ("MSF") Board Members

FROM: Marcia Gebarowski, Senior Development Finance Manager

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

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

MBDP PROGRAM AND ITS GUIDELINES

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

SOURCE OF INFORMATION

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

HISTORY OF THE APPLICANT

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

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

Michigan Economic Development Corporation

PROJECT DESCRIPTION

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

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

MBDP INCENTIVE OPPORTUNITY

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

MSF DESIGNATED RENAISSANCE ZONE INCENTIVE OPPORTUNITY

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

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

RECOMMENDATIONS

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

MBDP:

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

MSF Designated RZ:

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

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



MEMORANDUM

Date: December 19, 2012

To: Michigan Strategic Fund Board Members

From: Marcia Gebarowski, Development Finance Manager
Deborah Stuart, Community Development Incentives Director

Subject: Community Development Block Grant Program
La-Z Boy, Incorporated Infrastructure Improvement Project
County of Monroe

BACKGROUND

The County of Monroe is requesting \$700,000 in Community Development Block Grant (CDBG) funds for infrastructure improvements for the La-Z Boy world headquarters project in the City of Monroe, Monroe County.

The following provides a summary of the proposed improvements for the project:

- La-Z Boy, Incorporated: 501 Steward Road, Monroe:
La-Z Boy proposes to build a new world headquarters which will be located in 150,000-200,000 square feet of new office space. CDBG eligible activities include infrastructure improvements including installation of water and sewer lines, road right of way expansion along Stewart Road, right of way improvements along Sylvan Drive and electrical line burial and relocation. Private eligible activities include property acquisition, new building construction, and the purchase of machinery and equipment related to the project.

BUSINESS BACKGROUND:

Headquartered in the City of Monroe, La-Z-Boy has been one of the world's leading residential furniture producers for 85 years. The company manufactures a full line of comfortable products for the living room and family room, including the company's world-famous recliners, reclining sofas and love seats, sleep sofas, modular furniture and leather upholstery, as well as stationary sofas, love seats and chairs. La-Z Boy plans to purchase approximately 127 acres of land, construct a new 150,000-200,000 square foot headquarters building and create 35 new jobs. The CDBG funds will be used for infrastructure improvements required to complete the project as planned.

NATIONAL OBJECTIVE

This project qualifies for CBDG funding as the project activities are expected to result in the creation of 35 full time positions over the next two years. The company has agreed that at least 18 of the 35 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 \$20,000, with an average wage of \$13.51 per hour.

ELIGIBLE ACTIVITY

This project involves eligible activities identified in Section 105(a)(2) of Title I of the Housing and Community Development Act of 1974, as amended.

SCREENING GUIDELINES

The project was evaluated utilizing the CDBG guidelines. The proposed project is located in the City of Monroe, an entitlement community as defined by the Department of Housing and Urban Development (HUD). It has been determined that the project will have significant benefit to residents of the County, as well as the City of Monroe, the County of Monroe shall apply for the funds on behalf of the project and commit a cash match of \$35,000 towards the project. The City of Monroe is also making a meaningful contribution to the project of \$60,000 that includes \$25,000 from their annual CDBG allocation. It has also 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 will result in increased spending through local suppliers to support the larger operations, a large number of temporary construction-related jobs created to build the new campus, increasing the daytime population and adding value to the local economy.

Minimum Local Participation:

The City of Monroe will make a contribution of \$60,000 from their annual CDBG allocation and the County of Monroe shall commit a cash match of \$35,000 towards the project. This equals \$95,000 which is eleven percent (11%) of the total infrastructure cost. The City of Monroe, with the support from Monroe County, has also approved a nine year Renaissance Zone for the project site, abating all property taxes during that time. The MSF will also consider a recommendation for a \$3 million Michigan Business Development Program performance based grant for La-Z Boy, Inc. as well.

Minimum Leverage Ratio: The private match contribution is noted in Attachment A and equals \$40,500,000 which results in a leverage ratio of 58:1 of the CDBG grant and will be provided by La-Z Boy, Incorporated.

Financial Viability and Background Check:

The business receiving the benefits from this project have completed a background check with no concerns and have been determined to be financially viable.

PROJECT BUDGET

See Attachment A.

RECOMMENDATION

After reviewing the proposal, MEDC staff has concluded that the project meets the minimum program requirements to be eligible under the CDBG program. Therefore, staff, recommends that a grant agreement, in the amount of \$700,000, be authorized for the County of Monroe.

PROJECT BUDGET
MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

1. Applicant: County of Monroe		2. Project Title: La-Z-Boy, Incorporated Infrastructure Improvement Project					
3. Project Cost Elements		4. Project Funding Sources (Identify all other funding sources)					
Activities	CDBG	Private	UGLG	City of Monroe	Local CDBG	TEDF	TOTAL
Engineering/Architecture	\$0	\$0	\$35,000	\$35,000	\$0	\$0	\$70,000
Property/Easement Acquisition	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$3,500,000
Building Expansion or Construction	\$0	\$32,500,000	\$0	\$0	\$0	\$0	\$32,500,000
Machinery and Equipment Acquisition	\$0	\$4,500,000	\$0	\$0	\$0	\$0	\$4,500,000
Road Improvement (TEDF funded)	\$0	\$0	\$0	\$0	\$0	\$1,200,000	\$1,200,000
Water, Sewer, Road, and Electrical Line Burial/Relocation	\$700,000	\$0	\$0	\$0	\$25,000	\$0	\$725,000
TOTAL	\$700,000	\$40,500,000	\$35,000	\$35,000	\$25,000	\$1,200,000	\$42,495,000

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

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

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

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

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

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

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

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

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



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

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

Date: 10/3/2012

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

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

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award
- 8. **Company Investment:** Up to \$51,500,000 in land acquisition, building construction, furniture/fixtures/equipment, computers, building demolition, or any combination thereof, for the Project.
- 9. **Municipality supporting the Project:** City of Monroe
 - a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: an MSF designated Renaissance Zone. The final terms and conditions demonstrating this support shall be included in the final Agreement.
- 10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
 - a. **Disbursement Milestone 1:** Up to \$600,000 Company has maintained the Base Employment Level, demonstrated acquisition of the land at the project site, and verification of final approval of municipality support by no later than June 30, 2013
 - b. **Disbursement Milestone 2:** Up to \$900,000 Upon completion of Disbursement Milestone 1, and upon demonstration that the building is enclosed by no later than June 30, 2014
 - c. **Disbursement Milestone 3:** Up to \$900,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and upon demonstration of a certificate of occupancy at the Project Site and demonstrated creation of 35 Qualified New Jobs above the Base Employment Level, by no later than December 31, 2014.

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

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

12. Repayment Provisions:

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

13. Reporting Requirements:

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

14. Public Announcements:

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

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

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

La-Z Boy, Incorporated

By: 

Its: CEO & SVP

Dated: 10/3/12

Acknowledged as received by:

Michigan Economic Development Corporation

By: 

Its: Development Finance Mgr

Dated: 10/3/12

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

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

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

WHEREAS, with the repeal of the Michigan Business Tax, companies that receive a Renaissance Zone designation after December 31, 2011, will only receive the renaissance zone benefits on real and personal property taxes unless the companies have an existing certificated credit as defined in MCL 208.1107;

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

WHEREAS, the MEDC received an application from the City of Monroe and Frenchtown Charter Township (the "Application") for a renaissance zone designation within their respective jurisdictions under Section 8a(2) of the Act;

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

WHEREAS, the MEDC recommends that the MSF Board approve the Application for the designation of a Renaissance Zone for property parcel 58-07-063-001-01 and 58-07-063-001-10 in Frenchtown Charter Township and a specified portion of property parcel 58-55-69-01501-000 in the City of Monroe, described in the Application, together comprising 128.5 acres for a period of nine (9) years, provided that:

1. On or before December 31, 2012, a development agreement is finalized between the Michigan Strategic Fund, the City of Monroe, La-Z-Boy, Incorporated, Frenchtown Charter Township, and the property owners, Monroe Bank and Trust, Incorporated and Sisters, Servants of the Immaculate Heart of Mary, Monroe, Michigan, Incorporated, that incorporates the terms described in this Resolution; and
2. On or before December 19, 2014, La-Z-Boy, Incorporated shall have commenced the project outlined in the City of Monroe's application for a MSF Designated Renaissance Zone by having started construction of the new facility.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board designates a Renaissance Zone in the City of Monroe, as described in the Application, for property parcel 58-07-063-001-01 and 58-07-063-001-10 in Frenchtown Charter Township and a specified portion of property parcel 58-55-69-01501-000 in the City of Monroe, described in the Application, together comprising 128.5 acres for a period of nine (9) years. The Renaissance Zone designation shall begin on December 31, 2013, for property tax purposes, and January 1, 2014 for income tax purposes, provided that:

1. On or before December 31, 2012, a development agreement is finalized between the Michigan Strategic Fund, the City of Monroe, La-Z-Boy, Incorporated, Frenchtown Charter Township, and the property owners, Monroe Bank and Trust, Incorporated and Sisters, Servants of the Immaculate Heart of Mary, Monroe, Michigan, Incorporated, that incorporates the terms described in this Resolution; and
2. On or before December 19, 2014, La-Z-Boy, Incorporated shall have commenced the project outlined in the City of Monroe's application for a MSF Designated Renaissance Zone by having started construction of the new facility.

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF COUNTY OF MONROE 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 which are enumerated in the 2012 Program Guidelines, as amended (the "Criteria") and the 2012 Application Guide (the "Guide"). The MSF by Resolution 2012-28 authorized and approved the Consolidated Plan and the Criteria, and by Resolution 2012-67 authorized and approved the Guide which included guidelines for grants;

WHEREAS, the County of Monroe (the "Community") has submitted a complete application for approval requesting funding to be used to fund the La-Z Boy, Incorporated Infrastructure Improvement 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 create jobs and 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 \$700,000 for the payment or reimbursement of costs associated with the Project. The MSF allocates \$700,000 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, staff is directed to negotiate the terms of a grant agreement for the Project consistent with this Resolution. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the proposed Project; and

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

Ayes:

Nayes:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

DATE: December 6, 2012

TO: Michigan Strategic Fund (“MSF”) Incentive Subcommittee

FROM: Stacy Bowerman, Development Finance Manager

SUBJECT: Approval of Michigan Business Development Request for \$2,000,000 Performance-based Grant to:

Canal Street Brewing Co., LLC (“Applicant” or “Company”)
d/b/a Founders Brewing Company
235 Grandville Avenue
Grand Rapids, Michigan 49503
www.foundersbrewing.com

MBDP PROGRAM AND ITS GUIDELINES

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

SOURCE OF INFORMATION

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

HISTORY OF THE APPLICANT

The Applicant began operations in 1997 in Grand Rapids, Michigan, with a sparse tap room and small production facility. In 2007, the Applicant relocated to its current facility to support customer demand. Over the past five years, the Applicant has increased its production by 15 times and has a network of 62 distributors across 23 states. Today the Applicant has the opportunity to capitalize on increasing demand of its current customer base beyond what its current facility and equipment will allow. The Applicant also plans to add distributors in new markets over the next five years.

The Applicant received a Brownfield Michigan Business Tax Credit in the amount of \$483,000 in 2010 for an expansion at its Grand Rapids facility.

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PROJECT DESCRIPTION

The Applicant plans to expand its existing Grand Rapids facility to support its continued growth, make investments and create jobs related to its beer production. Once complete, the Applicant will have capacity to produce four times its current capacity.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Grand Rapids. The City of Grand Rapids has offered a “staff, financial, or economic commitment to the project” in the form of property tax abatement under Public Act 198 of 1974 for a period of 12 years. The estimated value of \$300,000.
- c) The Applicant has demonstrated a need for the funding based on its ability to finance the up-front investment required to keep pace with consumer demand. In addition, without incentive assistance the Applicant would not be able to expand into new markets, both nationally and internationally.
- d) The Applicant plans to create 52 Qualified New Jobs above a statewide base employment level of 44.
- e) The project meets the program guidelines as follows: the proposed project is not a retail or retention project; involves a shovel ready project with near term job creation with the support of the MSF; is located in a distressed community; and has a net positive return to Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 52 Qualified New Jobs and a Qualified Investment of \$19.5 million of the total capital investment of up to \$26 million in the City of Grand Rapids. The requested incentive amount from the MSF is \$2 million in the form of a performance-based grant. Please see below for more information on the recommended action.

RECOMMENDATIONS

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

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

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
CANAL STREET BREWING CO., LLC (D/B/A FOUNDERS BREWING COMPANY)**

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

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

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

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

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

WHEREAS, Canal Street Brewing Co., LLC (d/b/a Founders Brewing Company) (“Company”) has requested a performance based MBDP grant of up to \$2 million (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager to negotiate final milestone performance terms from that contained in the Term Sheet, and additional and other terms so long as the additional and other terms are not otherwise materially adverse to the MSF, to accommodate final signing of the Transaction Documents.

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012

EXHIBIT A



**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: 11/19/2012

- 1. Company Name:** Canal Street Brewing Co., LLC
d/b/a Founders Brewing Company ("Company" or "Applicant")
- 2. Company Address:** 235 Grandville Avenue
Grand Rapids, Michigan 49503 ("Project")
- 3. MBDP Incentive Type:** Performance Based Grant
- 4. Maximum Amount of MBDP Incentive:** Up to \$2,000,000 ("MBDP Incentive Award")
- 5. Base Employment Level** 44 The number of jobs (not including retail) currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
- 6. Total Qualified New Job Creation:** 52 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. Qualified New Jobs must not be retail jobs. The
(above Base Employment Level)

EXHIBIT A

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:** October 9, 2012
7. **Company Investment:** \$26,000,000 for new construction and machinery and equipment, *or any combination thereof, for the Project.*
8. **Qualified Investment:** \$19,500,000 The total minimum amount of the required Company Investment in Michigan related to the project, which at a minimum must include the following: new construction, building renovations and machinery and equipment related to the Project. ("Qualified Investment"). The final terms and conditions of the Qualified Investment shall be included in the final Agreement.
9. **Municipality supporting the Project:** City of Grand Rapids
- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: a property tax abatement for real and personal property related to the project. The final terms and conditions demonstrating this support shall be included in the final Agreement.
10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must have maintained the amount of the required Qualified Investment and otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
- a. **Disbursement Milestone 1:** Up to \$2,000,000 Upon demonstrated support that the Company has maintained the Base Employment Level, verification that the Company has closed on financing for the initial phase of the Project of at least \$3,900,000 and verification of final approval of municipality support by no later than March 31, 2013.

EXHIBIT A

- | | | |
|-----------------|-----|---|
| b. Milestone 2: | \$0 | Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 30 Qualified New Jobs above the Base Employment Level, by no later than December 31, 2014. |
| c. Milestone 3: | \$0 | Upon completion of Disbursement Milestone 1 and Milestone 2, and upon demonstrated creation of 22 additional Qualified New Jobs above the Base Employment Level and completion of the Qualified Investment, by no later than December 31, 2015. |

11. Term of Agreement: Execution of Agreement to December 31, 2017. Provided however, certain terms of the Agreement may be effective through a different end date including the revenue participation terms and conditions (discussed below) which shall be effective through the date the MSF has received repayment of all of the disbursements made to the Company by the MSF (plus any applicable interest, fees and costs if such payments are not made in a timely made).

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be defined in the final Agreement, and shall include terms and conditions to repay the MSF. Such terms will include repayment to the MSF under at least the following parameters:

- a. **Revenue Participation:** The final Agreement will include revenue participation terms and conditions which will require the Company to make annual payments to the MSF beginning June 30, 2016 and continue each June 30 through June 30, 2023. The revenue participation terms will require payments equal to one-half of one percent (.5%) of the Company's annual gross revenues, as such gross revenues are indicated on the Company's audited financial statements. The annual payment to the MSF shall not exceed \$300,000 for years 2016 through 2020 and \$350,000 for years 2021 through 2023; in each case, plus interest, fees and costs if such payments are not timely made.
- b. **Other Repayment Terms:** In addition to revenue participation terms, the final repayment provisions will also require repayment of some, or up to all, of the disbursements made by the MSF (plus any applicable interest, plus fees and costs if such payments are not timely made), including if the Company moves 25 percent, or more, of its employees out of Michigan, if, through December 31, 2017 the Company fails to maintain the Base Employment Level in Michigan, and if the Company fails to create and maintain the Qualified New Jobs incented by this Award.

Under the repayment provisions, it is possible that the Company may pay more than the full amount of the disbursements made to the Company by the MSF, provided however, the Company shall not be required to pay more than up to 127.5% of the total MSF grant disbursements made, plus any applicable interest, costs and fees.

13. Reporting Requirements:

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

EXHIBIT A

new jobs created as a result of the Project; the educational attainment of the employees hired; the number of new patents, copyrights, or trademarks applied for and issued to the Company; the number of licensing agreements by the Company and the number of such licensing agreements entered into by the Company with Michigan based firms; and any products commercialized by the Company.

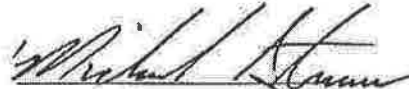
14. Public Announcements:

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

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory 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.

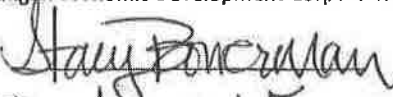
If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by November 26, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Canal Street Brewing Co. LLC d/b/a Founders Brewing Company

By:  Printed Name: Michael Stevens
Its: President / CEO
Dated: 11-21-12

Acknowledged as received by:

Michigan Economic Development Corporation

By:  Printed Name: Stacy Bowerman
Its: Development Finance Manager
Dated: 11/27/12



MEMORANDUM

Date: December 19, 2012
To: MSF Board Members
From: Diane Cranmer, Private Activity Bond Specialist
Subject: Private Activity Bond – Bond Inducement - Erwin Quarder, Inc. - \$1,000,000 New and \$1,000,000 Refinancing
Cascade Charter Township, Kent County

COMPANY BACKGROUND

Erwin Quarder, Inc. (“Company”) reports that it is a Delaware corporation founded in 1998 in Grand Rapids, by its parent, Erwin Quarder Systemtechnik GmbH, a private family-owned German company. The Company advises that it is a manufacturer of custom injection molded plastic components for the automotive and medical industry. The company reports that it also manufactures plastic injection molds, provides tooling services, and develops automation techniques and combines diverse molding technologies. The Company reports that approximately 97 percent of its business is derived from the automotive market and 3% from the medical markets. In its application, the Company advises it currently employs 80 full-time employees and 6 temporary employees.

PROJECT DESCRIPTION

The project includes the acquisition and installation of new manufacturing equipment. The equipment is projected to consist of injection molding machines and related equipment to be located at 5101 Kraft Avenue SE, Grand Rapids, Kent County. It is expected that additional personnel will be needed after the purchase of the equipment to meet the Company’s customer’s needs.

The project also includes the refinancing of the remaining balance of the MSF Bonds issued in 2009 for the purpose of refunding the entire outstanding principal amount of prior MSF bonds issued in 2006.

The refinancing is being undertaken primarily for the purpose of taking advantage of the low interest rate market and decreasing debt service payments, freeing cash flow to continue to grow the Company.

ADDITIONAL INFORMATION

Bond Counsel

Dykema Gossett PLLC

Proposed Placement of the Bond Issue

The bond will be a private placement directly to GE Government Finance, Inc.

RECOMMENDATION

After reviewing the Private Activity Bond application for Erwin Quarder, Inc., staff recommends the adoption of an Inducement Resolution in the amount of \$1,000,000 New and \$1,000,000 Refinancing for this project.

Michigan Economic Development Corporation

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MEMORANDUM

Date: December 19, 2012

To: Michigan Strategic Fund

From: Nate Scramlin, MEDC – Community Assistance Team Specialist
Dan Wells, MEDC – Community Development Specialist

Subject: Act 381 Work Plan Approval
City of Port Huron Brownfield Redevelopment Authority
500 Thomas Edison Parkway Project
City of Port Huron, County of St. Clair

APPLICANT

City of Port Huron Brownfield Redevelopment Authority

Contact: Kim Harmer, Planning Director

ACT 381 WORK PLAN REQUEST

The City of Port Huron Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (hereinafter Work Plan) request for the approval of local and school tax capture for MSF eligible activities in the amount of \$2,230,000.

PROJECT DESCRIPTION

This project will redevelop the Thomas Edison Inn site, which includes the development of a county-owned and operated convention center, redevelopment of the Thomas Edison Inn, expansion of the adjoining restaurant and the construction of the Baker College Culinary Institute. The project is located on approximately 12.5 acres of property at and around 500 Thomas Edison Parkway in the City of Port Huron. The property is made up of multiple parcels that are owned by the developer and hotel owner, JB Real Estate Development, LLC, and St. Clair County, the end owner and operator of the proposed Convention Center. Eligible activities include upgraded water mains and sanitary sewer lines as well as road rehabilitation within right-of-ways adjacent to the property. Selective demolition of portions of the buildings will be undertaken as will selective site demolition that includes removing abandoned utilities and old parking lots.

Approximately 100 permanent full-time jobs are anticipated to be created by the hotel, convention center, and culinary institute portions of the project. Wages are expected to range from \$25,000 for hotel staff to \$37,000 for Baker College staff. The total private capital investment will be approximately \$14.3 million.

QUALIFYING CRITERIA

The project is located within the boundaries of the City of Port Huron, which is a Qualified Local Governmental Unit, and has been deemed functionally obsolete as verified by a level III assessor. The property is the subject of a Brownfield Plan, duly approved by the City of Port Huron on September 26, 2012.

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KEY STATUTORY CRITERIA

a) Overall Benefit to the Public:

This project will create 100 new jobs and retain another 100. The City of Port Huron posted a staggering unemployment rate of 15.8% in October 2012, and is in great need of new employment opportunities. The overall redevelopment creates a true “destination” in the City of Port Huron and will increase visitorship within the City. The spin off and local spending by these visitors will help feed local businesses throughout St. Clair County. The Culinary Institute in particular will attract young talent to the City of Port Huron with approximately 200 students expected. This demographic of young professionals will help support “cool” local businesses and help attract other young urbanites to the area. In addition to the employment and social benefits, the City of Port Huron estimates that \$68,000 in added income tax revenue will be generated for the City during the construction period which will help fund City services.

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

This project is expected to create 100 new, full-time jobs and retain approximately 100 full-time jobs. Wages are expected to range from \$25,000 for hotel staff to \$37,000 for Baker College staff.

c) Area of High Unemployment:

The City of Port Huron’s unadjusted unemployment rate was 15.8% in October 2012. This compares to the statewide seasonally adjusted average of 9.1% in October 2012.

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 project results in extensive renovation and updating of a vacant and functionally obsolete hotel that may otherwise fall into further disrepair and require complete demolition.

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

No alternative Greenfield site was considered for this project.

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

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

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

i) Other Factors Considered:

No additional factors need to be considered for this project.

OTHER STATE AND LOCAL ASSISTANCE

St. Clair County has bonded for \$9 million to pay for the construction of the Convention Center. The local taxes on the hotel/restaurant site will be collected by the City of Port Huron’s Tax Increment Financing Authority, and utilized by the County to pay back a portion of the debt service associated with the Convention Center bond.

TAX CAPTURE BREAKDOWN

There are 55.4166 non-homestead mills available for capture. Note that the project lies within the Peerless Tax Increment Finance district that collects 27.987 mills in City, County, College and DDA taxes. These mills are dedicated to the project via an executed agreement between the City and County to use them to pay for the bond debt incurred by the County to pay for the Convention Center, and are considered a contribution to the project. There are 27.4296 non-homestead mills available for Brownfield eligible activity capture, of which the school millage equals 24 mills (87.49%), and local millage equals 3.4296 mills (12.51%) The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture (87.49%)	\$1,951,027
Local tax capture (12.51%)	\$ 278,973
TOTAL	\$2,230,000

COST OF MSF ELIGIBLE ACTIVITIES

Demolition	\$ 350,000
Infrastructure Improvements	+1,875,000
Sub-Total	\$2,225,000
Brownfield/Work Plan Preparation	3,000
Review Cost	+ 2,000
TOTAL	\$2,230,000

RECOMMENDATION

The MEDC recommends approval of local and school tax capture for the MSF eligible activities totaling \$2,230,000 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,951,027.

**RESOLUTION 2012-
MICHIGAN STRATEGIC FUND**

**City of Port Huron Brownfield Redevelopment Authority
500 Thomas Edison Parkway Project
City of Port Huron**

At the meeting of the Michigan Strategic Fund (“MSF”) held on December 19, 2012, in Lansing, Michigan.

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

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

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

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

WHEREAS, the City of Port Huron Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at and around 500 Thomas Edison Parkway within the City of Port Huron, known as 500 Thomas Edison Parkway Project (the “Project”);

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

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

WHEREAS, the Michigan Economic Development Corporation (“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 87.49% to 12.51% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition and infrastructure improvements as presented in the revised Work Plan dated November 19, 2012. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$2,225,000 for the principal activity costs of non-environmental activities and a maximum of \$5,000 for Brownfield/Work Plan preparation and MSF review costs, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,951,027.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City of Port Huron 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:

December 19, 2012
Lansing, Michigan



MEMORANDUM

DATE: December 19, 2012

TO: Michigan Strategic Fund ("MSF") Board Members

FROM: Jessica Gomez, NextEnergy Program Administration

SUBJECT: Overview of the Michigan NextEnergy Program

The Michigan NextEnergy Authority (MNEA) was created to promote the development of alternative energy technology and to provide tax incentives for business activities and property related to the research, development, and manufacturing of those technologies. The program was created in 2002 and is scheduled to sunset as of January 1, 2013.

The MSF has now assumed the duties and powers of the MNEA Board through Executive Order 2012-09. As such, the MSF is responsible for certifying taxpayers and property as eligible for tax credits against the Michigan Business Tax (MBT) and/or exemptions from the General Property Tax Act. The MBT tax credit has ended due to the replacement of the MBT by the Corporate Income Tax (CIT). However, the personal property tax exemption is in its final eligible year. Only new personal property can be certified as exempt.

Companies who are engaged solely in the research, development, or manufacturing of alternative energy technology have previously been certified by the MNEA as an Alternative Energy Technology Business (AETB). For AETBs, all personal property that has not been previously taxed or exempted under another law may be certified by the MSF.

Companies who are not engaged solely in the research, development, or manufacturing of alternative energy technology but own an alternative energy system may have that system exempted from personal property taxes.

Companies are submitting lists of personal property they would like to have exempted. After the Board certifies the property as exempt, the local assessor has the sole discretion as to whether or not the property is in fact personal property and has not previously been on the tax rolls. Furthermore, the local municipality and/or the local school district may then opt-out of exempting the property. This is very different than any of our other incentive programs because the local approval comes after the state approval.

The MEDC is not pursuing extension of this legislation as it has not been as successful as hoped.

**Michigan Strategic Fund
Alternative Energy Technology Business Personal Property Exemption
2012**

Applicant Name: Adaptive Materials, Inc.

Contact Name: Melissa Peoples

Property Location: 5500 South State Street
Ann Arbor, MI 48108

Local Taxing Unit: Pittsfield Township

Local School District: Saline

Original Cost of Personal Property: \$1,604,498

Business Activity:

Develops advanced fuel cell technology for providing portable power for transportation, military, and consumer markets. The cells are powered by readily available fuels such as propane.

Basis for Certification:

Adaptive Materials has been previously certified as an Alternative Energy Technology Business and has certified that it continues to be engaged solely in the research, development and manufacturing of advanced fuel cells, which qualifies as an alternative energy technology.

Michigan Strategic Fund

Michigan NextEnergy Authority Resolution

Adaptive Materials, Inc.

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 Michigan NextEnergy Authority (MNEA) to the Michigan Strategic Fund (MSF);

WHEREAS, Adaptive Materials, Inc. (the "Company"), is a business entity located at 5500 South State Road, Ann Arbor, Michigan 48108;

WHEREAS, on December 16, 2003, the Company was certified as an Alternative Energy Technology Business under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, an officer of the Company has certified in writing that the Company continues to be engaged solely in the research, development or manufacturing of the alternative energy technology, described as the process of generating and putting into usable form the energy generated by an alternative energy system;

WHEREAS, the alternative energy technology is related to the alternative energy system known as a fuel cell energy system;

WHEREAS, all personal property of an Alternative Energy Technology Business that has not previously been subject to collection of taxes, and has not previously been exempted from taxes, under the general property tax act is eligible for certification;

WHEREAS, the Company has provided a list of such property acquired in calendar year 2012 valued at \$1,604,498, which is attached to this resolution; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF certifies that Adaptive Materials, Inc.'s personal property as listed on the attached schedule is Alternative Energy Personal Property and is exempt from taxes levied before January 1, 2013, provided that the local Assessor determines that the property listed:

- 1) is properly classified as personal rather than real property;
- 2) has not been previously subject to taxation under the general property tax act, and
- 3) has not previously been exempted from taxes under the general property tax act.

BE IT FURTHER RESOLVED, that notice of these certifications will be forwarded to the Company, the secretary of the local school district, and the treasurer and assessor of the local tax collecting unit in which the Company and the Alternative Energy Personal Property are located.

Ayes:

Nays:

Recused:

December 19, 2012
Lansing, Michigan

**Michigan Strategic Fund
Alternative Energy Technology Business Personal Property Exemption
2012**

Applicant Name: Robert Bosch Battery Systems, LLC

Contact Name: Deborah Joyner

Property Location: 3740 Lapeer Road South
Lake Orion, MI 48359

Local Taxing Unit: Lake Orion

Local School District: Lake Orion

Original Cost of Personal Property: \$1,066,681

Business Activity:

Cobasys, LLC was certified as an Alternative Energy Technology Business in 2005. The name of the company has changed to Robert Bosch Battery Systems, LLC. The nature of the business and the FEIN are still the same.

They are a leading developer of advanced energy storage solutions for transportation and stationary applications. The company develops solutions utilizing a number of different storage chemistries and technologies.

Basis for Certification:

The Company has been previously certified as an Alternative Energy Technology Business and has certified that it continues to be engaged solely in the research, development and manufacturing of advanced battery cells, which qualifies as an alternative energy technology.

Michigan Strategic Fund

Michigan NextEnergy Authority Resolution

Robert Bosch Battery Systems, LLC

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 Michigan NextEnergy Authority (MNEA) to the Michigan Strategic Fund (MSF);

WHEREAS, Robert Bosch Battery Systems, LLC (the "Company"), is a business entity located at 3740 Lapeer Road South, Lake Orion, Michigan 48359;

WHEREAS, on December 20, 2005, the Company formerly known as Cobasys, LLC was certified as an Alternative Energy Technology Business under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, an officer of the Company has certified in writing that the Company continues to be engaged solely in the research, development or manufacturing of the alternative energy technology described as the process of generating and putting into usable form the energy generated by an alternative energy system;

WHEREAS, the alternative energy technology is related to the alternative energy system known as a battery cell energy system;

WHEREAS, all personal property of an Alternative Energy Technology Business that has not previously been subject to collection of taxes, and has not previously been exempted from taxes, under the general property tax act is eligible for certification;

WHEREAS, the Company has provided a list of such property acquired in calendar year 2012, valued at \$1,066,681 which is attached to this resolution; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF certifies that Robert Bosch Battery Systems, LLC's personal property as listed on the attached schedule is Alternative Energy Personal Property and is exempt from taxes levied before January 1, 2013, provided that the local Assessor determines that the property listed:

- 1) is properly classified as personal rather than real property;
- 2) has not been previously subject to taxation under the general property tax act; and
- 3) has not previously been exempted from taxes under the general property tax act.

BE IT FURTHER RESOLVED, that notice of these certifications will be forwarded to the Company, the secretary of the local school district, and the treasurer and assessor of the local tax collecting unit in which the Company and the Alternative Energy Personal Property are located.

Ayes:

Nays:

Recused:

December 19, 2012
Lansing, Michigan

**Michigan Strategic Fund
Alternative Energy Personal Property Tax Exemption
2012**

Applicant Name: Field & Field, P.C.

Contact Name: Samuel T. Field

Property Location: 248 West Michigan Avenue
Kalamazoo, MI 49007

Local Taxing Unit: Kalamazoo

Local School District: Kalamazoo Public Schools

Original Cost of Personal Property: \$10,500

Business Activity:

Field & Field, P.C. is a law firm that has purchased and installed a photovoltaic electric generation system to their facility.

Basis for Certification:

The company has purchased a 3.0 kW DC STC photovoltaic electric generation system which qualifies as an alternative energy system. They are generating and putting into a usable form energy generated from an alternative energy system which qualifies as an alternative energy technology.

Michigan Strategic Fund

Michigan NextEnergy Authority Resolution

Field & Field P.C.

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 Michigan NextEnergy Authority (MNEA) to the Michigan Strategic Fund (MSF);

WHEREAS, Field & Field P.C. (the "Company"), is a business entity located at 248 West Michigan Avenue, Kalamazoo, Michigan, 49007;

WHEREAS, the Company has applied for certification of personal property as Alternative Energy Personal Property under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, the authority shall certify property defined as an Alternative Energy System under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, the Company's Alternative Energy Personal Property is related to the generation of electricity using a photovoltaic energy system which is a defined Alternative Energy System under 2002 PA 593;

WHEREAS, personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology or which is qualified as an Alternative Energy System, that has not previously been subject to collection of taxes, and has not previously been exempted from taxes, under the general property tax act, is eligible for certification;

WHEREAS, the Company has provided a list of such property or properties to be purchased in calendar year 2012 valued at \$10,500 that is attached to this resolution; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF certifies that Field & Field P.C.'s property as listed on the attached schedule is certified as Alternative Energy Personal Property and is exempt from taxes levied before January 1, 2013, provided that the local Assessor determines that the property listed:

- 1) is properly classified as personal rather than real property;
- 2) has not been previously subject to taxation under the general property tax act; and
- 3) has not previously been exempted from taxes under the general property tax act.

BE IT FURTHER RESOLVED that notice of these certifications will be forwarded to the Company, the secretary of the local school district, and the treasurer and assessor of the local tax collecting unit in which the Company and the Alternative Energy Personal Property are located.

Ayes:

Nays:

Recused:

December 19, 2012

Lansing, Michigan

**Michigan Strategic Fund
Alternative Energy Personal Property Tax Exemption
2012**

Applicant Name: Gardner Management Company

Contact Name: Jeff A. Gardner

Property Location: 5770 Venture Park Drive
Kalamazoo, MI 49006

Local Taxing Unit: Kalamazoo

Local School District: Kalamazoo Public Schools

Original Cost of Personal Property: \$50,408

Business Activity:

Gardner Management Company is a Residential Property Management Company that has purchased and installed a photovoltaic electric generation system to their facility.

Basis for Certification:

The company has purchased an 18.33 kW DC STC photovoltaic electric generation system which qualifies as an alternative energy system. They are generating and putting into a usable form energy generated from an alternative energy system which qualifies as an alternative energy technology.

Michigan Strategic Fund

Michigan NextEnergy Authority Resolution

Gardner Management Company

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 Michigan NextEnergy Authority (MNEA) to the Michigan Strategic Fund (MSF);

WHEREAS, Gardner Management Company (the "Company"), is a business entity located at 5770 Venture Park Drive, Kalamazoo, Michigan, 49006;

WHEREAS, the Company has applied for certification of personal property as Alternative Energy Personal Property under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, the authority shall certify property defined as an Alternative Energy System under the Michigan NextEnergy Authority Act, 2002, PA 593;

WHEREAS, the Company's Alternative Energy Personal Property is related to the generation of electricity using a photovoltaic energy system which is a defined Alternative Energy System under 2002, PA 593;

WHEREAS, personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology or which is qualified as an Alternative Energy System, that has not previously been subject to collection of taxes, and has not previously been exempted from taxes, under the general property tax act, is eligible for certification;

WHEREAS, the Company has provided a list of such property or properties to be purchased in calendar year 2012 valued at \$50,408 that is attached to this resolution; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF certifies that Gardner Management Company's property as listed on the attached schedule is certified as Alternative Energy Personal Property and is exempt from taxes levied before January 1, 2013, provided that the local Assessor determines that the property listed:

- 1) is properly classified as personal rather than real property;
- 2) has not been previously subject to taxation under the general property tax act; and
- 3) has not previously been exempted from taxes under the general property tax act.

BE IT FURTHER RESOLVED that notice of these certifications will be forwarded to the Company, the secretary of the local school district, and the treasurer and assessor of the local tax collecting unit in which the Company and the Alternative Energy Personal Property are located.

Ayes:

Nays:

Recused:

December 19, 2012
Lansing, Michigan

**Michigan Strategic Fund
Alternative Energy Technology Business Personal Property Exemption
2012**

Applicant Name: LG Chem Power, Inc.

Contact Name: Hyunju Siskosky

Property Location: 1857 Technology Drive
Troy, MI 48083

Local Taxing Unit: Troy

Local School District: Troy

Original Cost of Personal Property: \$2,715,670

Business Activity:

Researches and develops advanced lithium-ion battery technology for use in Hybrid, Electric and Plug-In Hybrid vehicles.

Basis for Certification:

LG Chem Ltd. owned Compact Power which has been previously certified as an Alternative Energy Technology Business. In 2010, LG Chem Ltd. divested Compact Power and established two separate companies – LG Chem Michigan, Inc. and LG Chem Power, Inc.

LG Chem Power, Inc. has been previously certified as an Alternative Energy Technology Business and has certified that it continues to be engaged solely in the research, development and manufacturing of battery cell energy systems, which qualifies as an alternative energy technology.

Michigan Strategic Fund

Michigan NextEnergy Authority Resolution

LG Chem Power, Inc.

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 Michigan NextEnergy Authority (MNEA) to the Michigan Strategic Fund (MSF);

WHEREAS, LG Chem Power, Inc. (the "Company"), is a business entity located at 1857 Technology Drive, Troy, Michigan 48083;

WHEREAS, on December 14, 2010, the Company was certified as an Alternative Energy Technology Business under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, an officer of the Company has certified in writing that the Company is engaged primarily in the research, development or manufacturing of the alternative energy technology described as the research, development, and manufacturing of an alternative energy vehicle system;

WHEREAS, the alternative energy technology is related to the alternative energy vehicle system known as a battery cell energy system;

WHEREAS, all personal property of an Alternative Energy Technology Business that has not previously been subject to collection of taxes, and has not previously been exempted from taxes, under the general property tax act is eligible for certification;

WHEREAS, the Company has provided a list of such property for 2012 valued at \$2,715,670 that is attached to this resolution; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF certifies that LG Chem Power, Inc.'s personal property listed on the attached schedule is certified as Alternative Energy Personal Property and is exempt from taxes levied before January 1, 2013, provided that the local Assessor determines that the property listed:

- 1) is properly classified as personal rather than real property;
- 2) has not been previously subject to taxation under the general property tax act, and
- 3) has not previously been exempted from taxes under the general property tax act.

BE IT FURTHER RESOLVED, that notice of these certifications will be forwarded to the Company, the secretary of the local school district, and the treasurer and assessor of the local tax collecting unit in which the Company and the Alternative Energy Personal Property are located.

Ayes:

Nays:

Recused:

December 19, 2012
Lansing, Michigan

Michigan Strategic Fund
Alternative Energy Technology Business Personal Property Exemption
2012

Applicant Name: Limo-Reid, Inc.

Contact Name: Jeffrey H. Strasberg

Property Location: 420 Carey Street
Deerfield, MI 49238

Local Taxing Unit: Deerfield

Local School District: Deerfield

Original Cost of Personal Property: \$2,000

Business Activity:

Researches and develops hybrid transmissions based on hydraulic energy systems for automotive and marine use.

Limo-Reid is a sister corporation of O'Brien Engineered Products, Inc.

Basis for Certification:

Limo-Reid has been previously certified as an Alternative Energy Technology Business (AETB) and has certified that it continues to be engaged solely in the research, development and manufacturing of hydraulic energy vehicle systems. Hydraulic energy systems are classified as alternative energy vehicle systems. Alternative energy vehicle systems qualify as an alternative energy technology business. Limo-Reid, Inc. is the surviving entity of the merger between Hybra-Drive Systems and Limo-Reid, Inc. in 2009. Hybra-Drive Systems was certified as an AETB on December 18, 2007.

Michigan Strategic Fund
Michigan NextEnergy Authority Resolution
Limo-Reid, Inc.

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 Michigan NextEnergy Authority (MNEA) to the Michigan Strategic Fund (MSF);

WHEREAS, Limo-Reid, Inc. (the "Company"), is a business entity located at 420 Carey Street, Deerfield, Michigan 49238;

WHEREAS, on December 18, 2007, Hybra-Drive Systems, LLC was certified as an Alternative Energy Technology Business under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, Limo-Reid, Inc. is the surviving entity of the 2009 merger between Hybra-Drive Systems, LLC and Limo-Reid, Inc;

WHEREAS, Limo-Reid, Inc. was certified as an Alternative Energy Technology Business under the Michigan NextEnergy Authority Act, 2002 PA 593 on December 15, 2009;

WHEREAS, an officer of the Company has certified in writing that the Company continues to be engaged solely in the research, development or manufacturing of the alternative energy technology described as the process of generating and putting into usable form the energy generated by an alternative energy system;

WHEREAS, the alternative energy technology is related to the research and development of alternative energy vehicle systems known as a hydraulic energy system;

WHEREAS, all personal property of an Alternative Energy Technology Business that has not previously been subject to collection of taxes, and has not previously been exempted from taxes, under the general property tax act is eligible for certification;

WHEREAS, the Company has provided a list of such property acquired, or to be acquired, in calendar year 2012 valued at \$2,000 that is attached to this resolution; and

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF certifies that Limo-Reid, Inc.'s personal property as listed on the attached schedule is Alternative Energy Personal Property and is exempt from taxes levied before January 1, 2013, provided that the local Assessor determines that the property listed:

- 1) is properly classified as personal rather than real property;
- 2) has not been previously subject to taxation under the general property tax act; and
- 3) has not previously been exempted from taxes under the general property tax act.

BE IT FURTHER RESOLVED, that notices of these certifications will be forwarded to the Company, the secretary of the local school district, and the treasurer and assessor of the local tax collecting unit in which the Company and the Alternative Energy Personal Property are located.

Ayes:

Nays:

Recused:

December 19, 2012
Lansing, Michigan



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone
Extend Duration of Existing Zone
Eastern Michigan Tool & Die Collaborative
Proper Group International, Inc.
City of Warren, Lapeer County

COMPANY BACKGROUND

Proper Group International, Inc. (the "Company") is at the forefront of the plastic molding industry, providing rapid prototype development to injection molds for the transportation industry. The Company was designated with the Eastern Michigan Tool & Die Collaborative as a Recovery Zone by the Michigan Strategic Fund (MSF) on December 15, 2010, effective January 1, 2011, for a 5-year term. Since their designation, the Company has invested more than \$4.5 million and created 18 new jobs.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received a new resolution passed by the City of Warren requesting an MSF approved extension for 5 additional years from the original 5-year Recovery Zone designation for a total of 10 years, with a new expiration date of December 31, 2020, rather than December 31, 2015.

In exchange for the additional years of recovery zone benefits, the Company has agreed to amend their existing Memorandum of Understanding with the MSF to include updated reporting requirements. The Company also plans to invest an additional \$2 million in the next two years for the purchase of additional machinery and equipment. This should result in the addition of 10 new jobs to their current workforce of 218.

RECOMMENDATION

The MEDC recommends extension of the Recovery Zone duration on the parcels of property previously designated for Proper Group International, Inc. at 13870 E. Eleven Mile Road, Warren, MI, under the condition that the Company provides a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2021 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;

Michigan Economic Development Corporation

5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**TIME EXTENSION FOR AN EXISTING TOOL AND DIE RECOVERY ZONE
Proper Group International, Inc.**

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

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

WHEREAS, the Collaborative includes Proper Group International, Inc., (the "Company"), a qualified tool and die business under the Act, located at 13870 E. Eleven Mile Road, Warren, MI on parcels numbers 13-24-101-019, 13-24-101-015, 13-24-101-014, (collectively, the "Property");

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

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program, and received a request from the Company to extend the duration of its Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2020;

WHEREAS, the City of Warren has passed a resolution consenting to the extension of the Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2020; and

WHEREAS, the MEDC fully considered the Company's request and recommends the MSF extend the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2020 on the parcels of property previously designated for Proper Group International, Inc. at 13870 E. Eleven Mile Road, Warren, Michigan.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves a time extension to the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 30, 2020 for property tax purposes and December 31, 2020 for other tax purposes on the parcels of property previously designated for Proper Group International, Inc. at 13870 E. Eleven Mile Road, Warren, Michigan;

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2021 that includes the following information:

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

2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone: Adding Contiguous Land
Michigan Tooling Group
Krieger Craftsmen, Inc.
City of Walker, Kent County

COMPANY BACKGROUND

Krieger Craftsmen, Inc. (the "Company") is in the business of designing, manufacturing, and repairing molds. The Company was designated with the Michigan Tooling Group (the "Collaborative") as a Recovery Zone by the Michigan Strategic Fund (the "MSF") on December 21, 2005, effective January 1, 2006 for a 15-year term. Since their designation, the Company has made significant growth, expanding from 20 full-time employees to 30 currently and purchasing an additional facility to increase their production capacity.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (the "MEDC") received an application from the Company requesting that land adjacent to their current facility be included in their Recovery Zone designation in order to receive the benefits for the remaining 8 years of their designation, ending December 31, 2020.

This additional land would add 3.2 acres and a new facility to the existing Recovery Zone to support their expansion. As the Renaissance Zone Act requires, the land would be used primarily for Tool and Die activities and is leased by the Company.

The City of Walker has passed a resolution supporting the expansion of the Recovery Zone boundaries and the Michigan Tooling Group Collaborative has expressed their consent and confirmed that the Company is a company with good standing in their collaborative.

With the expansion, the Company plans to purchase \$1 million in new equipment in order to outfit the new building for added production. This should result in the creation of 4 new employees to their current workforce.

RECOMMENDATION

The MEDC that the MSF Board approve addition of the contiguous parcel at 2758 Three Mile Road NW, Walker, Michigan on parcel 41-13-09-201-011 to the Company's current Recovery Zone designation under the same terms and conditions, contingent on the condition that the Company provides a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2021 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;

Michigan Economic Development Corporation

3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

MICHIGAN STRATEGIC FUND

RESOLUTION

2012-

**EXISTING COMPANY ADDING PROPERTY TO AN EXISTING TOOL & DIE
RENAISSANCE RECOVERY ZONE (“RECOVERY ZONE”): Krieger Craftsmen, Inc.**

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

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

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

WHEREAS, the Recovery Zone includes Krieger Craftsmen, Inc. (the “Company”) located at 2720 Three Mile Road NW, Walker, Michigan on parcel 41-13-09-201-008 (collectively, the “Property”);

WHEREAS, Section 8d(7) of the Act permits the MSF to modify an existing Recovery Zone to add additional property under the same terms and conditions as the existing Recovery Zone if the additional real property is contiguous to the existing qualified tool and die business property, will become qualified tool and die business property once it is brought into operation and the City of Walker (the “City”) has consented to the modification;

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

WHEREAS, the MEDC received an application and supporting documentation from the Company to add contiguous property located at 2758 Three Mile Road NW, Walker, Michigan on parcel 41-13-09-201-011 (the “Additional Property”) to the existing Recovery Zone under the same terms and conditions as the existing Recovery Zone (the “Application”);

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

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

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

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

WHEREAS, the MEDC recommends an amendment of the existing Recovery Zone to include Additional Property for the remaining eight (8) years with an expiration date of December 31, 2020.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by the Company to add the Additional Property located at 2758 Three Mile Road NW, Walker,

Michigan on parcel 41-13-09-201-011 to the existing Recovery Zone under the same terms and conditions as the existing Recovery Zone for the remaining eight (8) years, effective December 31, 2012 for property tax purposes with an end date of December 30, 2020, and beginning January 1, 2013 for other tax purposes with an expiration of December 31, 2020; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2021 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone
Extend Duration of Existing Zone
American Tooling & Manufacturing Coalition
Hi-Tech Tool Industries, Ltd., d/b/a HTI Cybernetics
City of Sterling Heights, County of Macomb

COMPANY BACKGROUND

Hi-Tech Tool Industries, Ltd. (the "Company") is in the business of designing and building unique machines, adding value to its customer's production process. The Company was designated with American Tooling & Manufacturing Coalition as a Recovery Zone by the Michigan Strategic Fund (the "MSF") on November 25, 2008, effective January 1, 2009, for a 5-year term. Since their designation, the Company has invested more than \$300,000 in equipment and operating systems. At designation, the Company had 45 employees, falling to 17 employees during the recession, and has now rebounded to a total of 44 full-time employees.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received a new resolution passed by the City of Sterling Heights requesting an MSF approved extension for 5 additional years from the original 5-year Recovery Zone designation for a total of 10 years, with a new expiration date of 2018 rather than 2013.

The Company plans to purchase land adjacent to their current facility and investing \$2.25 million on a 41,000 square foot expansion of the building. With this added capacity the Company anticipates increasing staffing by 20-25%.

RECOMMENDATION

The MEDC recommends extension of the Recovery Zone duration on the parcel of property previously designated for Hi-Tech Tool Industries, Ltd. at 6701 Center Drive, Sterling Heights, under the condition that the Company provides a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in the Development Agreement.

Michigan Economic Development Corporation

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**TIME EXTENSION FOR AN EXISTING TOOL AND DIE RECOVERY ZONE
Hi-Tech Tool Industries, Ltd., d/b/a HTI Cybernetics**

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

WHEREAS, on November 25, 2008, the MSF Board designated a Recovery Zone for the American Tooling and Manufacturing Coalition, (the "Collaborative"), beginning January 1, 2009;

WHEREAS, the Collaborative includes Hi-Tech Tool Industries, Ltd., (the "Company"), a qualified tool and die business under the Act, located at 6701 Center Drive, Sterling Heights, Michigan on parcels number 10-28-100-043-000, ("Property");

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

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program, and received a request from the Company to extend the duration of its Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2018;

WHEREAS, the City of Sterling Heights has passed a resolution consenting to the extension of the Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2018; and

WHEREAS, the MEDC fully considered the Company's request and recommends the MSF extend the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2018 on the parcels of property previously designated for Hi-Tech Tool Industries, Ltd. at 6701 Center Drive, Sterling Heights, Michigan.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves a time extension to the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 30, 2018 for property tax purposes and December 31, 2018 for other tax purposes on the parcels of property previously designated for Hi-Tech Tool Industries, Ltd. at 6701 Center Drive, Sterling Heights, Michigan;

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

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

2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012

To: Michigan Strategic Fund Board Members

From: Amy Lux, Renaissance Zone Program Specialist

Subject: Existing Tool & Die Recovery Zone - Adding Contiguous Property, Adding Second Location
Third Coast Tooling Alliance
Baker Aerospace Tooling & Machining, Inc.
Charter Township of Macomb, Macomb County

COMPANY BACKGROUND

Baker Aerospace Tooling & Machining, Inc. (the "Company") specializes in designing, machining, fabricating, welding of complex 3-dimensional prototype production parts and tooling for the aircraft, military, and the automotive industries.

The Company, as a member of the Third Coast Tooling Alliance (the "Collaborative"), was designated a recovery zone by the Michigan Strategic Fund Board (the "MSF") on December 16, 2009, effective January 1, 2010. The companies in the Third Coast Alliance were approved for various years. At that time, Company obtained a resolution from the Charter Township of Macomb (the "Township") approving a 5-year designation with an expiration date of December 31, 2014. Later on, the Township approved an additional 5-year designation, extending the term to a total of 10 years ending in December 31, 2019.

Since designation, the Company has invested over \$4.5 million in machinery and equipment that has enabled them to expand their operations. The Company has grown from 28 to 138 full time employees.

PROJECT DESCRIPTION

The Company has been successful since their designation, but the current size of the operations is limiting them in production capacity and the size of contracts they may bid on. The Michigan Economic Development Corporation (the "MEDC") received an application from the Collaborative on behalf of the Company to extend Tool and Die Recovery Zone benefits to new facilities purchased by the Company in order to expand production. The Company has requested a modification of their existing Recovery Zone to add a facility on a contiguous parcel and in addition, the Company is requesting a second Recovery Zone designation to encompass another new facility on a parcel nearby, but not contiguous, to their existing Zone.

The Collaborative has expressed support for both the boundary modification to the existing Recovery Zone and the approval of a second Recovery Zone designation for the non-contiguous real property, which will count as their 18th out of 20 possible Recovery Zone designations, according to the Renaissance Zone Act. In addition, MEDC staff has received a new resolution passed by the Township supporting the expansion of Recovery Zone benefits to the newly requested land.

With the added land, the company plans on investing an additional \$8 million investment to renovate and outfit the buildings through the next three years which is anticipated to result in 230 new full-time jobs. In addition, the Company has entered in to a Memorandum of Understanding (MOU) with the MSF, to require certain reporting requirements and other restrictions, now that the Company has grown to more than 75 employees.

In addition to the added Renaissance Zone benefits being requested, the company has accepted a Business Development Program (BDP) performance-based grant in the amount of \$800,000 related to their expansion project. The company is currently in the application process for this incentive and staff anticipates delegated approval in early January.

PROJECT EVALUATION FOR SECOND LOCATION

Staff has determined that the application and documentation meet the requirements of the Act for adding a second Recovery Zone designation because the Company:

1. Has obtained an authorizing resolution of support from the Township of Macomb where the Second Location property is located;
2. Owns or leases the property to be included in the proposed zone and the property will be used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has an appropriate NAICS code;
4. Has 75 full-time employees or more and has entered in to an MOU with the MSF; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

RECOMMENDATION

The MEDC recommends the MSF approve the following:

- An amendment of Baker Aerospace Tooling & Machining, Inc.'s existing Recovery Zone to include the real property parcel 08-20-103-010 for. for the remaining 7 years with an expiration date of December 31, 2019.
- A second Recovery Zone designation for Baker Aerospace Tooling & Machining, Inc. for real property parcel 08-20-103-006 for a term of 7 years, with an expiration date of December 31, 2019.

The MEDC's recommendation is conditioned upon the requirement that the Company provide a written report to the MSF for each of their Recovery Zone designations by January 31, 2013, and annually each January 31 thereafter through 2020 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in the MOU;

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**EXISTING COMPANY ADDING PROPERTY TO AN EXISTING TOOL & DIE
RENAISSANCE RECOVERY ZONE (“RECOVERY ZONE”):
Baker Aerospace Tooling & Machining, Inc.**

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

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

WHEREAS, on December 16, 2009, the MSF Board designated a Recovery Zone for the Third Coast Tooling Alliance (the “Collaborative”), effective January 1, 2010;

WHEREAS, the Recovery Zone includes Baker Aerospace Tooling & Machining, Inc. (the “Company”) located at 16936 Enterprise Dr., Macomb, MI on parcel 08-20-104-005 (collectively, the “Property”);

WHEREAS, Section 8d(7) of the Act permits the MSF to modify an existing Recovery Zone to add additional property under the same terms and conditions as the existing Recovery Zone if the additional real property is contiguous to the existing qualified tool and die business property, will become qualified tool and die business property once it is brought into operation and the Township of Macomb (the “Township”) has consented to the modification;

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

WHEREAS, the MEDC received an application and supporting documentation from the Company to add contiguous property at 16725 Enterprise Drive and 16931 Enterprise Drive both on parcel 08-20-103-010 (the “Additional Property”) to the existing Recovery Zone under the same terms and conditions as the existing Recovery Zone (the “Application”);

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

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

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

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

WHEREAS, the MEDC recommends an amendment of the existing Recovery Zone to include Additional Property for the remaining seven (7) years with an expiration date of December 31, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by the Company to add the Additional Property located at 16725 Enterprise Drive and 16931 Enterprise Drive both on parcel 08-20-103-010 to the existing Recovery Zone under the same terms and conditions as the existing Recovery Zone for the remaining seven (7) years, effective December 31, 2012 for property tax purposes with an end date of December 30, 2019 and beginning January 1, 2013 for other tax purposes with an expiration of December 31, 2019; and

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

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

EXISTING COMPANY ADDING ADDITIONAL LOCATION TO AN EXISTING TOOL AND DIE RENAISSANCE RECOVERY ZONE: Baker Aerospace Tooling & Machining, Inc.

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

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

WHEREAS, on December 16, 2009, the MSF Board designated a Recovery Zone for Baker Aerospace Tooling and Machining, Inc. (the "Company") with the Third Coast Tooling Alliance Tool & Die Collaborative (the "Collaborative"), beginning January 1, 2010, at their current location at 16936 Enterprise Drive, Macomb, Michigan at property parcel 08-20-104-005 for an initial 5-year term, extended for an additional 5 years by the MSF on October 26, 2011 for an expiration date of December 31, 2019;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses to the Recovery Zone with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

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

WHEREAS, the MEDC received an application and supporting materials from the Collaborative on behalf of the Company for approval to join the existing Collaborative Recovery Zone at a second location at 50271 Corporate Drive, Macomb, Michigan, on parcel number 08-20-102-006 (the "Second Location");

WHEREAS, all the qualified tool and die businesses within the Collaborative consented to the addition of the Company and its Second Location to the Collaborative Recovery Zone and the Collaborative provided written confirmation that the Company is a member in good standing;

WHEREAS, by resolution, the Township of Macomb consented to the addition of the Company and its Second Location to the Company Recovery Zone; and

WHEREAS, the MEDC fully considered the application and supporting documentation submitted by the Collaborative on behalf of the Company to add the Second Location and recommends an amendment of the existing Recovery Zone to include the Second Location for seven (7) years with an expiration date of December 31, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Collaborative's application to include the Company and its Second Location at 50271 Corporate Drive, Macomb, Michigan, on parcel number 08-20-102-006 for seven (7) years, effective December 30, 2012 for property tax purposes with an end date of December 30, 2019, and beginning January 1, 2013 for other tax purposes with an expiration of December 31, 2019; and

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

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone
Extend Duration of Existing Zone, and Addition of Parcel
Global Tooling Alliance Collaborative
Fori Automation, Inc.
Shelby Charter Township, Macomb County

COMPANY BACKGROUND

Fori Automation, Inc. (the "Company") designs and integrates state of the art automated systems, initially for the automotive and defense industry, but now primarily for the aerospace industry. The Company was designated as a Recovery Zone with the Global Tooling Alliance Collaborative by the Michigan Strategic Fund (the "MSF") on December 16, 2009, effective January 1, 2010 for a 5-year term. Since their designation, the Company has made significant growth in the aerospace industry and is currently in the process of expanding their facilities to increase production capabilities.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received an application from the Company requesting that land adjacent to their current facility be included in their Recovery Zone designation in order to support their expansion. In addition, the Company is also requesting that both their initial property designation and the adjacent parcel now being requested receive a 5-year time extension, for a total of 10 years, with a new expiration date of December 31, 2019, rather than December 31, 2014.

Shelby Charter Township has passed a resolution supporting both of these requests and the Global Tooling Alliance Collaborative has expressed their consent and confirmed that Fori Automation is a company with good standing in their collaborative.

In exchange for the time extension and addition of land to their recovery zone, as a Recovery Zone with 75 or more employees, the Company will amend their current Memorandum of Understanding with the MSF to include updated reporting requirements and other expectations. Also, with the expansion, the Company plans to invest \$350,000 to \$550,000 annually over the next five years in order to construct and outfit the new building. This should result in the creation of 48 new jobs to their current workforce of 174 by 2017.

RECOMMENDATION

The MEDC recommends both of the following:

1. the addition of the contiguous parcel located at 50755 Wing Drive, Shelby Township, on parcel number 23-07-24-126-004 to the Company's current Recovery Zone designation under the same terms and conditions; and
2. a 5-year extension of the Recovery Zone duration on the parcels of property previously designated at 50599 Wing Drive, Shelby Township, Michigan 48315 on parcel 23-07-24-

Michigan Economic Development Corporation

126-032 and for the additional property located at 50755 Wing Drive, Shelby Township, on parcel number 23-07-24-126-004.

The MEDC's recommendation is contingent on the condition that the Company provides a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2020 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Original Designation with Time Extension		
Year #	Comprises Tax Year	<u>% of Tax Exemption, Deduction, or Credit</u>
1	2010	100%
2	2011	100%
3	2012	75%
4	2013	100%
5	2014 (original end date)	100%
6	2015	100%
7	2016	100%
8	2017	75%
9	2018	50%
10	2019 (new end date)	25%
11	2020	0%

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**EXISTING COMPANY ADDING PROPERTY AND TIME EXTENSION
FOR AN EXISTING TOOL AND DIE RECOVERY ZONE:
Fori Automation, Inc.**

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

WHEREAS, on December 19, 2007 the MSF Board designated a Recovery Zone for the Global Tooling Alliance collaborative beginning January 1, 2008;

WHEREAS, Fori Automation, Inc. (the "Company"), a qualified tool and die business under the Act, located at 50599 Wing Drive, Shelby Township, Michigan 48315, on parcel 23-07-24-126-032, joined the Global Tooling Alliance collaborative by MSF Board approval on December 16, 2009;

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

WHEREAS, Section 8d(7) of the Act permits the MSF to modify an existing Recovery Zone to add additional property under the same terms and conditions as the existing Recovery Zone if the additional real property is contiguous to the existing qualified tool and die business property, will become qualified tool and die business property once it is brought into operation and the Charter Township of Shelby (the "Township") has consented to the modification;

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program, and received a request from the Company to add contiguous property located at 50755 Wing Drive, Shelby Township, Michigan on parcel number 23-07-24-126-004 (the "Additional Property") to the existing Recovery Zone and extend the duration of its Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2019;

WHEREAS, the Township has passed a resolution consenting to the inclusion of the Additional Property to the existing Recovery Zone and consenting to the extension of the Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2019;

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

WHEREAS, the MEDC fully considered the Company's request and recommends an amendment of the existing Recovery Zone to include the Additional Property located at 50755 Wing Drive, Shelby Township, Michigan on parcel number 23-07-24-126-004, under the same terms and conditions as property previously designated;

WHEREAS, the MEDC also recommends the MSF extend the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31,

2019 on the parcels of property previously designated for 50599 Wing Drive, Shelby Township, Michigan 48315 on parcel 23-07-24-126-032 and for the Additional Property located at 50755 Wing Drive, Shelby Township, MI on parcel number 23-07-24-126-004.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by the Company to add the Additional Property located at 50755 Wing Drive, Shelby Township, MI on parcel number 23-07-24-126-004 to the existing Recovery Zone, under the same terms and conditions as property previously designated;

BE IT FURTHER RESOLVED, that the MSF Board approves a time extension to the Recovery Zone duration for an five (5) year period, for a total of ten (10) years, with a new expiration date of December 30, 2019 for property tax purposes and December 31, 2019 for other tax purposes on the parcels of property previously designated for 50599 Wing Drive, Shelby Township, Michigan 48315 on parcel 23-07-24-126-032 and for the Additional Property located at 50755 Wing Drive, Shelby Township, MI on parcel number 23-07-24-126-004, effective December 31, 2012 for property tax purposes and January 1, 2013 for other tax purposes;

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

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone
Revoking Prior Location and Adding New Location
Southwest Michigan Tooling Collaborative
Tri-Mation Industries, Inc.

COMPANY BACKGROUND

Tri-Mation Industries, Inc. (the "Company") is in the business of providing jigs, fixtures, spare parts, and automation equipment to manufacturers in Michigan. The Company was designated with the Southwest Michigan Tooling Collaborative (the "Collaborative") as a Recovery Zone by the Michigan Strategic Fund (MSF) on December 21, 2005 for a 15-year period with an expiration date of December 31, 2020. The company's original designated location is in Alamo Township, Kalamazoo County.

PROJECT BACKGROUND

Since designation, the Company has made more than \$215,000 in investments and doubled their full-time employment from 7 employees in 2006 to 14 currently. The Company has been successful and has moved to a larger facility in the Village of Mattawan, Van Buren County in order to gain 20,000 square feet of additional manufacturing space.

The Michigan Economic Development Corporation (MEDC) received notice from the Company that they have moved to their new location in the Village of Mattawan, Van Buren County. The Company obtained a resolution from the Village of Mattawan approving the 8-year remainder of the Recovery Zone designation for the company's new location at 53160 North Main Street, Mattawan, MI 49071, plants #10 and 12, effective January 1, 2013, with an expiration of December 31, 2020.

The Collaborative members are supportive and in unanimous agreement of the Company moving to their new location. The Recovery Zone contact person provided written confirmation to the MEDC that the Company is a current member in good standing with their collaborative.

In turn, the MEDC notified the local government of the Township of Alamo, the site of the Company's former facility, to ensure their awareness of the relocation and the MEDC's intention to seek a revocation of the previous site.

With the continued support of the Recovery Zone designation at their new site, the Company plans to invest \$50,000 in additional equipment in 2013 and the move to the new building will double their employment capacity.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because Tri-Mation Industries, Inc.:

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1. Has obtained an authorizing resolution of support from Village of Mattawan where the company's new property is located;
2. Owns or leases the property to be included in the proposed zone and the property is used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has a NAICS code of 333514;
4. Has fewer than 75 full-time employees; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

RECOMMENDATION

The MEDC recommends MSF approval of the relocation of the Recovery Zone for Tri-Mation Industries, Inc. by revoking their former location in Alamo Township and approving a Recovery Zone for their Village of Mattawan location.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION DUE TO RELOCATION: Tri-Mation Industries, Inc.**

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

WHEREAS, on December 21, 2005, the MSF Board designated a Recovery Zone for the Southwest Michigan Tooling Collaborative (the "Collaborative"), effective January 1, 2006;

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

WHEREAS, the Collaborative included Tri-Mation Industries, Inc. (the "Company"), a qualified tool and die business under the Act, located at 8179 Neptune Drive, Kalamazoo, Michigan on parcel 39-01-13-476-050 (collectively, the "Original Property");

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

WHEREAS, the MEDC received written notification from the Company that the Company has moved from the Original Property to 53160 North Main Street, Mattawan, Michigan 49071, plants #10 and 12, on parcel 80-46-700-032-65 (the "New Property");

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for Tri-Mation, Inc. for the Original Property located at 8179 Neptune Drive, Kalamazoo, Michigan on parcel 39-01-13-476-050, effective January 1, 2012; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**RELOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Tri-Mation Industries, Inc.**

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

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

WHEREAS, on December 21, 2005, the MSF Board designated a Recovery Zone for the Southwest Michigan Tooling Collaborative (the "Collaborative"), effective January 1, 2006;

WHEREAS, the Collaborative included Tri-Mation Industries, Inc. (the "Company"), a qualified tool and die business under the Act, located at 8179 Neptune Drive, Kalamazoo, Michigan on parcel 39-01-13-476-050 (collectively, the "Original Property");

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

WHEREAS, the MEDC received an application and supporting documentation (the "Application") from the Company to relocate their current Recovery Zone designation from the Original Property to 53160 North Main Street, Mattawan, Michigan 49071, plants #10 and 12, on parcel 80-46-700-032-65 (the "New Property");

WHEREAS, by resolution, the Village of Mattawan (the "Village") consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for the remaining duration of 8 years, effective January 1, 2013, with an expiration date of December 31, 2020;

WHEREAS, the Collaborative consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for the remaining duration of 8 years, effective January 1, 2013, with an expiration date of December 31, 2020;

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by Tri-Mation Industries, Inc. for the relocation of their Recovery Zone designation from the Original Property to the New Property for the remaining duration of 8 years, effective December 31, 2012 for property tax purposes ending on December 30, 2020, and beginning January 1, 2013 for other tax purposes with an expiration date of December 31, 2020; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2021 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012

To: Michigan Strategic Fund Board Members

From: Amy Lux, Renaissance Zone Program Specialist

Subject: Existing Tool & Die Recovery Zone: Tooling System Group Collaborative
Adding a 2nd Location: City of Grand Rapids, Kent County
Steel Craft Technologies, Inc., f/k/a Tooling Systems Group Components, Inc.

COMPANY BACKGROUND

Steel Craft Technologies, Inc. (the "Company") manufactures hot rolled plate products used in large, heavy duty steel fabrications and welded assemblies, principally for the automotive, heavy construction equipment, petroleum, and military industries. The Company is a member of the Tooling Systems Group Collaborative (the "TSGC") and is currently located in their Recovery Zone at a facility in Belmont, Michigan. This addition to TSGC Recovery Zone was approved by the Michigan Strategic Fund (the "MSF") in 2008 for an 11-year term, ending in 2019.

PROJECT DESCRIPTION

The Company is considering the purchase of a new building in order to start-up a new production line, specifically, fast turnaround, high volume hot rolled steel plate cutting and burning used principally in the tool and die industry. This expansion is expected to utilize the former Ashley Capital facility in the City of Grand Rapids to create 37 new employees by the end of 2013 and is anticipated to require \$3.1 million in capital investment to renovate and equip the building for operation.

The Michigan Economic Development Corporation (the "MEDC") received an application from the TSGC on behalf of the Company requesting the approval of a second location at 1155 42nd Street SE, Grand Rapids, MI on parcel number 41-18-20-300-057 (the "Second Location"). The City of Grand Rapids passed a resolution agreeing to the designation of the Second Location in the Recovery Zone and has entered into a Memorandum of Understanding with the Company committing to certain job creation and investment milestones. The TSGC Recovery Zone members are supportive and in unanimous agreement of the Company's expansion in to the Second Location. In addition, the TSGC Recovery Zone contact person provided written confirmation to the MEDC that the Company is a member in good standing with their collaborative.

In exchange for the Recovery Zone designation, the Company has agreed to enter in to a Memorandum of Understanding with the MSF, including certain reporting requirements and other expectations.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because Steel Craft Technologies, Inc.:

1. Has obtained an authorizing resolution of support from the City of Grand Rapids where the Second Location property is located;
2. Will Own or lease the property to be included in the proposed zone and the property will be used primarily for tool and die business operations;

Michigan Economic Development Corporation

3. Is a qualified tool and die business located on the property and has an appropriate NAICS code of 333513;
4. Has 75 full-time employees or more and has entered in to an MOU with the MSF; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that fall within 333511-333515 or 332997.

RECOMMENDATION

Staff recommends MSF approval of the addition of the Second Location property to the TSGC Recovery Zone for a five (5) year recovery zone designation, effective January 1, 2013, with an expiration of December 31, 2017.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**EXISTING COMPANY ADDING ADDITIONAL LOCATION TO AN EXISTING TOOL AND
DIE RENAISSANCE RECOVERY ZONE:**

Steel Craft Technologies, Inc., f/k/a Tooling Systems Group Components, Inc.

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

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Tooling Systems Group collaborative ("TSGC"), beginning January 1, 2005 and on December 17, 2008, the MSF Board approved the addition of Steel Craft Technologies, Inc. (the "Company"), f/k/a Tooling Systems Group Components, Inc. to the TSGC Recovery Zone at their current location at 8057 Graphic Drive NE, Belmont, MI at property parcels 41-10-03-151-009, 41-55-26-003-286 and 41-55-26-990-381;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses to the Recovery Zone with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

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

WHEREAS, the MEDC received an application and supporting materials from TSGC on behalf of the Company for approval to join the existing TSGC Recovery Zone at a second location at 1155 42nd Street SE, Grand Rapids, MI on parcel number 41-18-20-300-057 (the "Second Location");

WHEREAS, all the qualified tool and die businesses within TSGC consented to the addition of the Company and its Second Location to the TSGC Recovery Zone and the TSGC provided written confirmation that the Company is a member in good standing;

WHEREAS, by resolution, the City of Grand Rapids consented to the addition of the Company and its Second Location to the TSGC Recovery Zone; and

WHEREAS, the MEDC fully considered the application and supporting documentation submitted by TSGC on behalf of the Company to add the Second Location additional location and recommends an amendment of the existing Recovery Zone to include the Second Location for five (5) years with an expiration date of December 31, 2017.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves TSGC's application to include the Company and its Second Location at 1155 42nd Street SE, Grand Rapids, MI on parcel number 41-18-20-300-057 for five (5) years, effective January 1, 2013 for income tax purposes ending December 31, 2017, and beginning December 31, 2012 for property tax purposes, with an expiration of December 30, 2017.

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Company Joining an Existing Tool & Die Recovery Zone
Tooling Systems Group
Hot Stamp Tooling Systems, LLC
City of Grand Rapids, Kent County

COMPANY BACKGROUND

Hot Stamp Tooling Systems, LLC (the "Company") is in the business of building hot form stamping die sets for the automotive industry. The Company plans to move from their current facility in Tennessee into Michigan to join the Tooling Systems Group Tool and Die Collaborative (the "Collaborative") to utilize their facility at 555 Plymouth Ave NE in City of Grand Rapids (the "Plymouth Ave Facility"). Four other members of the Collaborative have begun operations at the Plymouth Ave Facility and the Company plans to benefit from the shared expertise and equipment, and also to contribute with their own investment.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (the "MEDC") has received a request from the Tooling Systems Group Collaborative to allow Hot Stamp Tooling Systems, LLC, to join their existing Recovery Zone that was designated by the MSF on December 16, 2004, effective January 1, 2005.

The City of Grand Rapids, by resolution, approved the creation of a 5-year Recovery Zone that would begin January 1, 2013, for income tax purposes and end December 31, 2017. For both personal and real property tax purposes, the zone will begin December 31, 2012.

The Tooling Systems Group Recovery Zone members have agreed to allow the Company to join the coalition. There was a unanimous vote to accept the Company as a member.

The Act allows the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone. The company joining still must meet all the requirements in the Act.

In exchange for the Recovery Zone designation, Hot Stamp Tooling Systems, LLC projects to employ 68 individuals by the end of 2014 and to invest at least \$5 million in upfront capital investment in order to outfit the Plymouth Ave Facility for operations.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because the Company:

1. Has obtained an authorizing resolution of support from the City of Grand Rapids where the company's property is located;
2. Will own or lease the property to be included in the proposed zone and the property is used primarily for tool and die business operations;

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3. Is a qualified tool and die business located on the property and has a NAICS code of 333513;
4. Has fewer than 75 full-time employees; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

ADDITIONAL INFORMATION

Property Address

555 Plymouth Ave NE, Grand Rapids, MI 49505

Real Property Parcel Number

41-14-21-302-018

Any and all personal property situated on the real property is eligible for the benefit

RECOMMENDATION

The MEDC recommends Michigan Strategic Fund (the "MSF") approval of the property for Hot Stamp Tooling Systems, LLC to be designated as a Recovery Zone and join the Tooling Systems Group Collaborative for a 5-year term under the condition that the Company provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Year #	Comprises Tax Year	<u>% of Tax Exemption, Deduction, or Credit</u>
1	2013	100%
2	2014	100%
3	2015	75%
4	2016	50%
5	2017	25%
6	2018	0%

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**COMPANY JOINING AN EXISTING TOOL & DIE
RENAISSANCE RECOVERY ZONE: Hot Stamp Tooling Systems, LLC**

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

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Tooling Systems Group Collaborative (the "Collaborative"), effective January 1, 2005;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add 1 or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

WHEREAS, with the repeal of the Michigan Business Tax, companies that receive a Tool and Die Recovery Zone designation after December 31, 2011, will only receive the renaissance zone benefits on real and personal property taxes unless the companies have an existing certificated credit as defined in MCL 208.1107;

WHEREAS, the Collaborative now includes Hot Stamp Tooling Systems, LLC (the "Company"), a qualified tool and die business under the Act, located at 555 Plymouth Ave NE, Grand Rapids, Michigan 49505 on parcel 41-14-21-302-018 (collectively, the "Property");

WHEREAS, the Michigan Economic Development Corporation ("MEDC"), providing administrative services for the renaissance zone program, received a request from the Collaborative to allow the Company to join their existing Recovery Zone (the "Application");

WHEREAS, all the qualified tool and die businesses within the Collaborative consented to the addition of the Company to the Recovery Zone;

WHEREAS, by resolution, the City of Grand Rapids (the "City") consented to the addition of the Company to the existing Collaborative's Recovery Zone for a period of five (5) years with an expiration date of December 31, 2017; and

WHEREAS, the MEDC fully considered the Application submitted by the Collaborative and recommends the MSF Board approve the Property to be designated as a Recovery Zone and join the Collaborative.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves Hot Stamp Tooling Systems, LLC at 555 Plymouth Ave NE, Grand Rapids, Michigan 49505 on parcel 41-14-21-302-018 be designated as a Recovery Zone for a period of five (5) years, effective December 31, 2012 for property tax calculation purposes with an end date of December 30, 2017, and beginning January 1, 2013 for other tax purposes with an expiration date of December 31, 2017;

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Company Joining an Existing Tool & Die Recovery Zone
Tooling Systems Group
Ultimate Gaging Systems, Inc.
City of Grand Rapids, Kent County

COMPANY BACKGROUND

Ultimate Gaging Systems, Inc. (the "Company") is a new start-up company created in 2011 and in the business of manufacturing jigs and fixtures used to assure their customers that parts they have purchased are built to the proper specifications. The Company has joined the Tooling Systems Group Tool and Die Collaborative (the "Collaborative") to utilize their facility at 555 Plymouth Ave NE in City of Grand Rapids (the "Plymouth Ave Facility"), where they currently have 18 employees. Four other members of the Collaborative—Hot Stamp Tooling, Advanced Tooling Systems, Concept Tooling Systems, and 3DM Source—are also operating at the Plymouth Ave Facility. The Company plans to benefit from the shared expertise and equipment, and also to contribute with their own investment.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (the "MEDC") has received a request from the Tooling Systems Group Collaborative to allow Ultimate Gaging Systems, Inc., to join their existing Recovery Zone that was designated by the Michigan Strategic Fund (the "MSF") on December 16, 2004, effective January 1, 2005.

The City of Grand Rapids, by resolution, approved the creation of a 5-year Recovery Zone that would begin January 1, 2013, for income tax purposes and end December 31, 2017. For both personal and real property tax purposes, the zone would begin December 31, 2012.

The Tooling Systems Group Recovery Zone members have agreed to allow the Company to join the coalition. There was a unanimous vote to accept the Company as a member.

The Act allows the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone. The company joining still must meet all the requirements in the Act.

In exchange for the Recovery Zone designation, the Company expects to employ 12 additional individuals and to invest \$800,000 in additional milling equipment to outfit the Plymouth Ave Facility.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because the Company:

1. Has obtained an authorizing resolution of support from the City of Grand Rapids where the company's property is located;

2. Owns or leases the property to be included in the proposed zone and the property is used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has a NAICS code of 333513;
4. Has fewer than 75 full-time employees; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

ADDITIONAL INFORMATION

Property Address

555 Plymouth Ave NE, Grand Rapids, MI 49505

Real Property Parcel Number

41-14-21-302-018

Any and all personal property situated on the real property is eligible for the benefit

RECOMMENDATION

The MEDC recommends Michigan Strategic Fund (the "MSF") approval of the property for Ultimate Gaging Systems, Inc. to be designated as a Recovery Zone and join the Tooling Systems Group Collaborative for a 5-year term, under the condition that the Company provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Year #	Comprises Tax Year	<u>% of Tax Exemption, Deduction, or Credit</u>
1	2013	100%
2	2014	100%
3	2015	75%
4	2016	50%
5	2017	25%
6	2018	0%

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**COMPANY JOINING AN EXISTING TOOL & DIE
RENAISSANCE RECOVERY ZONE: Ultimate Gaging Systems, Inc.**

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

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Tooling Systems Group Collaborative (the "Collaborative"), effective January 1, 2005;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add 1 or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

WHEREAS, with the repeal of the Michigan Business Tax, companies that receive a Tool and Die Recovery Zone designation after December 31, 2011, will only receive the renaissance zone benefits on real and personal property taxes unless the companies have an existing certificated credit as defined in MCL 208.1107;

WHEREAS, the Collaborative now includes Ultimate Gaging Systems, Inc. (the "Company"), a qualified tool and die business under the Act, located at 555 Plymouth Ave NE, Grand Rapids, Michigan 49505 on parcel 41-14-21-302-018 (collectively, the "Property");

WHEREAS, the Michigan Economic Development Corporation ("MEDC"), providing administrative services for the renaissance zone program, received a request from the Collaborative to allow the Company to join their existing Recovery Zone (the "Application");

WHEREAS, all the qualified tool and die businesses within the Collaborative consented to the addition of the Company to the Recovery Zone;

WHEREAS, by resolution, the City of Grand Rapids (the "City") consented to the addition of the Company to the existing Collaborative's Recovery Zone for a period of five (5) years with an expiration date of December 31, 2017; and

WHEREAS, the MEDC fully considered the Application submitted by the Collaborative and recommends the MSF Board approve the Property to be designated as a Recovery Zone and join the Collaborative.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves Ultimate Gaging Systems, Inc. at 555 Plymouth Ave NE, Grand Rapids, Michigan 49505 on parcel 41-14-21-302-018 be designated as a Recovery Zone for a five (5) year term, effective December 31, 2012 for property tax calculation purposes with an end date of December 30, 2017, and beginning January 1, 2013 for other tax purposes with an expiration date of December 31, 2017;

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Company Joining an Existing Tool & Die Recovery Zone
Tooling Systems Group
3DM Source, Inc.
City of Grand Rapids, Kent County

COMPANY BACKGROUND

3DM Source, Inc. (the "Company") is in the business of producing intricate, highly-detailed, close-tolerance metal parts and are developing a niche market within the tool and die industry of providing machine complete hardened details for sheet metal tooling manufacturers. The Company was created internally by the Tooling Systems Group Tool and Die Collaborative (the "Collaborative") by combining departments in an effort to gain better utilization of the available equipment and improve quality and turn-around. 3DM Source, Inc. has been a member of the Collaborative for several years, but has not yet operated in a Tool and Die Recovery Zone. The Company relocated their entire operations to a facility at 555 Plymouth Ave NE in City of Grand Rapids (the "Plymouth Ave Facility") where four other members of the Collaborative—Hot Stamp Tooling, Advanced Tooling Systems, Concept Tooling Systems, and Ultimate Gaging Systems—are also operating. The Company currently has 12 employees at the Plymouth Ave Facility, 2 of which have been created since operations began there and the rest were transferred from an old facility belonging to the Company.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (the "MEDC") received a request from the Tooling Systems Group Collaborative to allow 3DM Source, Inc., to join their existing Recovery Zone that was designated by the Michigan Strategic Fund (the "MSF") on December 16, 2004, effective January 1, 2005.

The City of Grand Rapids, by resolution, approved the creation of a 5-year Recovery Zone that would begin January 1, 2013, for local income tax purposes and end December 31, 2017. For both personal and real property tax purposes, the zone would begin December 31, 2012.

The Tooling Systems Group Recovery Zone members have agreed to allow the Company to join the coalition. There was a unanimous vote to accept the Company as a member.

The Act allows the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone. The company joining still must meet all the requirements in the Act.

In exchange for the Recovery Zone designation, the Company projects to employ 5 additional individuals and to invest at least \$200,000 in the next year, and possibly an additional \$400,000 in equipment in the next two years, in order to outfit the Plymouth Ave Facility to grow their operations.

PROJECT EVALUATION

Staff has determined that the application and documentation meet the requirements of the Act because the Company:

1. Has obtained an authorizing resolution of support from the City of Grand Rapids where the company's property is located;
2. Owns or leases the property to be included in the proposed zone and the property is used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has a NAICS code of 333513;
4. Has fewer than 75 full-time employees; and
5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

ADDITIONAL INFORMATION

Property Address

555 Plymouth Ave NE, Grand Rapids, MI 49505

Real Property Parcel Number

41-14-21-302-018

Any and all personal property situated on the real property is eligible for the benefit

RECOMMENDATION

The MEDC recommends Michigan Strategic Fund (the "MSF") approval of the property for 3DM Source, Inc. to be designated as a Recovery Zone and join the Tooling Systems Group Collaborative for a 5-year term under the condition that the Company provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Year #	Comprises Tax Year	<u>% of Tax Exemption, Deduction, or Credit</u>
1	2013	100%
2	2014	100%
3	2015	75%
4	2016	50%
5	2017	25%
6	2018	0%

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**COMPANY JOINING AN EXISTING TOOL & DIE
RENAISSANCE RECOVERY ZONE: 3DM Source, Inc.**

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

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Tooling Systems Group Collaborative (the "Collaborative"), effective January 1, 2005;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add 1 or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

WHEREAS, with the repeal of the Michigan Business Tax, companies that receive a Tool and Die Recovery Zone designation after December 31, 2011, will only receive the renaissance zone benefits on real and personal property taxes unless the companies have an existing certificated credit as defined in MCL 208.1107;

WHEREAS, the Collaborative now includes 3DM Source, Inc. (the "Company"), a qualified tool and die business under the Act, located at 555 Plymouth Ave NE, Grand Rapids, MI 49505 on parcel 41-14-21-302-018 (collectively, the "Property");

WHEREAS, the Michigan Economic Development Corporation ("MEDC"), who provides administrative services for the renaissance zone program, received a request from the Collaborative to allow the Company to join their existing Recovery Zone (the "Application");

WHEREAS, all the qualified tool and die businesses within the Collaborative consented to the addition of the Company to the Recovery Zone;

WHEREAS, by resolution, the City of Grand Rapids (the "City") consented to the addition of the Company to the existing Collaborative's Recovery Zone for a period of five (5) years with an expiration date of December 31, 2017; and

WHEREAS, the MEDC fully considered the Application submitted by the Collaborative and recommends the MSF Board approve the Property to be designated as a Recovery Zone and join the Collaborative.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves 3DM Source, Inc. at 555 Plymouth Ave NE, Grand Rapids, MI 49505 on parcel 41-14-21-302-018 be designated as a Recovery Zone for a period of five (5) years, effective December 31, 2012 for property tax calculation purposes with an end date of December 30, 2017, and beginning January 1, 2013 for other tax purposes with an expiration date of December 31, 2017;

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone
Revoking Prior Location and Adding New Location
Tooling Systems Group Collaborative
Concept Tooling Systems, Inc.
City of Walker/Grand Rapids, Kent County

COMPANY BACKGROUND

Concept Tooling Systems, Inc. (the "Company") is a designer and engineer of small to large progressive, transfer and line sheet metal stamping dies in full, 3-D solids, using CATIA V5, Unigraphics NX4 and AutoForm. The Company was created within the Tooling Systems Group Collaborative (the "Collaborative") to consolidate design capacity and stream line the processes. The Company received a Recovery Zone by the Michigan Strategic Fund (MSF) on December 20, 2006 for a 13-year period with an expiration date of December 31, 2019. The company's original designated location is in the City of Walker, Kent County.

PROJECT BACKGROUND

Since designation, the Company has made approximately \$500,000 in investments and more than doubled their full-time employment from 14 employees in 2006 to 34 currently, 6 of which have occurred since the Company has moved to their new facility a year ago located at 555 Plymouth Ave NE, Grand Rapids, MI 49505 (the "Plymouth Ave Facility"). The Company has decided to move their operations to the Plymouth Ave Facility to join four other coalition members—Hot Stamp Tooling Systems, Ultimate Gaging Systems, Advanced Tooling Systems, and 3DM Source—in order to utilize their share the Collaborative's sales and estimating resources and to allow for expansion of their current operations.

The Michigan Economic Development Corporation (MEDC) received notice from the Company that they have moved from their original location in the City of Walker to their new location at the Plymouth Ave Facility in the City of Grand Rapids. The Company obtained a resolution from the City of Grand Rapids approving a 5-year Recovery Zone designation for the company's new location at the Plymouth Ave Facility, effective January 1, 2013, with an expiration of December 31, 2017.

The Collaborative members are supportive and in unanimous agreement of the Company moving to their new location. The Recovery Zone contact person provided written confirmation to the MEDC that the Company is a current member in good standing with their collaborative.

In turn, the MEDC notified the City of Walker, the site of the Company's former facility, of the relocation and the MEDC's intentions to seek a revocation of the Recovery Zone in their locality.

With the continued support of the Recovery Zone designation, the Company plans to invest \$50,000 in additional equipment in 2013 and to create 5 new additional design jobs to support their planned growth.

PROJECT EVALUATION

Staff of the Recovery Zone program received a Recovery Zone application and supporting documentation from Concept Tooling Systems, Inc. Staff has reviewed the materials submitted and has determined the requirements of the Act have been satisfied. Staff has determined that the application and documentation meet the requirements of the Act because Concept Tooling Systems, Inc.:

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

RECOMMENDATION

The MEDC recommends MSF approval of the relocation of the Recovery Zone for Concept Tooling Systems, Inc. by revoking their former location in the City of Walker and approving a Recovery Zone for their Plymouth Ave Facility in the City of Grand Rapids for 5 years, beginning January 1, 2013 and ending on December 31, 2017.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION DUE TO RELOCATION: Concept Tooling Systems, Inc.**

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Tooling Systems Group Collaborative (the "Collaborative"), effective January 1, 2005;

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

WHEREAS, the Collaborative included Concept Tooling Systems, Inc. (the "Company"), a qualified tool and die business under the Act, located at 4315 3 Mile Road NW, Walker, MI 49544 on parcels 41-13-06-400-017 and 41-13-06-400-030 (collectively, the "Original Property");

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

WHEREAS, the MEDC received written notification from the Collaborative that the Company has moved from the Original Property to 555 Plymouth Ave NE, Grand Rapids, MI 49505 located on parcel 41-14-21-302-018 (the "New Property");

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for Concept Tooling Systems, Inc. for the Original Property located at 4315 3 Mile Road NW, Walker, Michigan 49544 on parcels 41-13-06-400-017 and 41-13-06-400-030, effective January 1, 2013; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**RELOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Concept Tooling Systems, Inc.**

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

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Tooling Systems Group Collaborative (the "Collaborative"), effective January 1, 2005;

WHEREAS, the Collaborative included Concept Tooling Systems, Inc. (the "Company"), a qualified tool and die business under the Act, located at 4315 3 Mile Road NW, Walker, Michigan 49544 on parcels 41-13-06-400-017 and 41-13-06-400-030 (collectively, the "Original Property");

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

WHEREAS, the MEDC received an application and supporting documentation (the "Application") from the Company to relocate their current Recovery Zone designation from the Original Property to 555 Plymouth Ave NE, Grand Rapids, Michigan 49505 located on parcel 41-14-21-302-018 (the "New Property");

WHEREAS, by resolution, the City of Grand Rapids (the "City") consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for a duration of five (5) years, effective January 1, 2013, with an expiration date of December 31, 2017;

WHEREAS, the Collaborative also consented to the relocation of the Recovery Zone designation from the Original Property to the New Property for a duration of five (5) years, effective January 1, 2013, with an expiration date of December 31, 2017;

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Application submitted by the Collaborative for the relocation of Concept Tooling Systems, Inc.'s Recovery Zone designation from the Original Property to the New Property for a duration of five (5) years, effective December 31, 2012 for property tax purposes with an end date of December 30, 2017, and beginning January 1, 2013 for other tax purposes with an expiration date of December 31, 2017; and

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012

To: Michigan Strategic Fund Board Members

From: Amy Lux, Renaissance Zone Program Specialist

Subject: Existing Tool & Die Recovery Zone: Tooling System Group Collaborative
Adding a 2nd Location: City of Grand Rapids, Kent County
Advanced Tooling Systems, Inc.

COMPANY BACKGROUND

Advanced Tooling Systems, Inc. (the "Company") is in the business of designing, building, re-engineering, and providing service to medium to large sized sheet metal stamping dies and tooling. The Company is a member of the Tooling Systems Group Collaborative (the "TSGC") and is currently located in their Recovery Zone at a facility in Comstock Park, Michigan, approved by the Michigan Strategic Fund (the "MSF") in 2006 for a 13-year term, ending in 2019. Since their original designation, the Company has invested over \$7 million in milling machines. The Company has expanded their operations to a second site at 555 Plymouth Ave NE, Grand Rapids, MI 49505 (the "Plymouth Ave Facility").

PROJECT DESCRIPTION

Since expanding in to the Plymouth Ave Facility, the Company has made approximately \$4 million in investments and created 12 new full-time jobs at the Facility. At the Plymouth Ave Facility, Advanced Tooling Systems, Inc. is in the company of four other coalition members—Hot Stamp Tooling Systems, Ultimate Gaging Systems, Concept Tooling Systems, and 3DM Source—in order to utilize their shared expertise and to allow for expansion of their current operations. The Plymouth Ave Facility gives the Company the capability to manufacture certain types of tools they were previous unable to produce due to space and equipment restrictions. With the Recovery Zone designation at the Plymouth Ave Facility, the Company plans to invest \$500,000 in new milling machines and create 10 new full-time jobs in 2013.

The Michigan Economic Development Corporation (the "MEDC") received an application from the TSGC on behalf of the Company requesting the approval of a second location at the Plymouth Ave Facility. The City of Grand Rapids passed a resolution agreeing to the designation of the second location in the Recovery Zone and has entered in to a Memorandum of Understanding with the Company committing to certain job creation and investment milestones. The TSGC Recovery Zone members are supportive and in unanimous agreement of the Company's expansion in to the Second Location. In addition, the TSGC Recovery Zone contact person provided written confirmation to the MEDC that the Company is a member in good standing with their collaborative.

In exchange for the Recovery Zone designation, the Company has agreed to enter in to a Memorandum of Understanding with the MSF, including certain reporting requirements and other expectations.

PROJECT EVALUTION

Staff has determined that the application and documentation meet the requirements of the Act because Advanced Tooling Systems, Inc.:

1. Has obtained an authorizing resolution of support from the City of Grand Rapids where the Second Location property is located;
2. Owns or leases the property to be included in the proposed zone and the property will be used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has an appropriate NAICS code of 333513;
4. Has 75 full-time employees or more and has entered in to an MOU with the MSF; and
5. Has entered into a collaborative agreement with companies that have NAICS codes that fall within 333511-333515 or 332997.

RECOMMENDATION

Staff recommends MSF approval of the additional Plymouth Ave Facility property to the TSGC Recovery Zone as a second location for the Company for a five (5) year recovery zone designation, consistent with the current MEDC policy, effective January 1, 2013, with an expiration of December 31, 2017.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**EXISTING COMPANY ADDING ADDITIONAL LOCATION TO AN EXISTING TOOL AND
DIE RENAISSANCE RECOVERY ZONE: Advanced Tooling Systems, Inc.**

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

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the Tool Systems Group collaborative ("TSGC"), beginning January 1, 2005 and on December 20, 2006, the MSF Board approved the addition of Advanced Tooling Systems, Inc. (the "Company") to the TSGC Recovery Zone at their current location at 1166 7 Mile Road NW, Comstock Park, MI 49321 at property parcel 41-09-23-201-001;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses to the Recovery Zone with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

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

WHEREAS, the MEDC received an application and supporting materials from TSGC on behalf of Advanced Tooling Systems, Inc. for approval to join the existing TSGC Recovery Zone at a second location at 555 Plymouth Ave NE, Grand Rapids, MI 49505 located on parcel 41-14-21-302-018 (the "Second Location");

WHEREAS, all the qualified tool and die businesses within TSGC consented to the addition of the Company and its Second Location to the TSGC Recovery Zone and the TSGC provided written confirmation that the Company is a member in good standing;

WHEREAS, by resolution, the City of Grand Rapids consented to the addition of the Company and its Second Location to the TSGC Recovery Zone; and

WHEREAS, the MEDC fully considered the application and supporting documentation submitted by TSGC on behalf of the Company to add the Second Location additional location and recommends an amendment of the existing Recovery Zone to include the Second Location for five (5) years with an expiration date of December 31, 2017.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves TSGC's application to include the Company and its Second Location at 555 Plymouth Ave NE, Grand Rapids, MI 49505 located on parcel 41-14-21-302-018 for five (5) years, effective for both personal and real property tax purposes December 31, 2012 with an end date of December 30, 2017, and beginning January 1, 2013 for all other purposes with an expiration of December 31, 2017.

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date;
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Company Joining an Existing Tool & Die Recovery Zone
Third Coast Tooling Alliance
KBE Precision Products, Inc.
City of New Baltimore, Kent County

COMPANY BACKGROUND

KBE Precision Products, Inc. (the "Company") is in the business of fabricating fixtures and tools for the automotive industry and is currently trying to branch out into aerospace and defense work. The Company has been in business for seven years, but has been operating at their City of New Baltimore location only since April of 2012. The Company started with 2 employees at inception; they currently have 12 full-time employees working at the facility.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (the "MEDC") has received a request from the Third Coast Tooling Alliance (the "Collaborative") to allow the Company, to join their existing Recovery Zone that was designated by the MSF on December 16, 2009, effective January 1, 2010.

The City of New Baltimore, by resolution, approved the creation of a 5-year Recovery Zone that would begin January 1, 2013 and end December 31, 2017. In addition, the Collaborative members have agreed to allow the Company to join the coalition. There was a unanimous vote to accept the Company as a member.

Over the past year, the Company has spent over \$1 million to move and outfit their new facility in New Baltimore. In exchange for the Recovery Zone designation, the Company projects to invest an additional \$1 million in new equipment in order to expand production capacity, requiring 8 to 14 new employees in the next two years.

PROJECT EVALUATION

The Act allows the MSF to modify an existing Recovery Zone to add one or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone. Staff has determined that the application and documentation meet the requirements of the Renaissance Zone Act because the Company:

1. Has obtained an authorizing resolution of support from the City of New Baltimore where the Company's property is located;
2. Owns or leases the property to be included in the proposed zone and the property is used primarily for tool and die business operations;
3. Is a qualified tool and die business located on the property and has a NAICS code of 333512;
4. Has fewer than 75 full-time employees; and

Michigan Economic Development Corporation

5. Has entered into a collaborative agreement with companies that have a NAICS code that falls within 333511-333515 or 332997.

ADDITIONAL INFORMATION

Property Address

51537 Industrial Dr., New Baltimore, Michigan 48047

Real Property Parcel Number

09-13-301-028

Any and all personal property situated on the real property is eligible for the benefit

RECOMMENDATION

The MEDC recommends Michigan Strategic Fund (the “MSF”) approval of the property for KBE Precision Products, Inc. to be designated as a Recovery Zone and join the Third Coast Tooling Alliance for a 5-year term, consistent with the MEDC policy for companies joining an existing collaborative, under the condition that the Company provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company’s business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Year #	Comprises Tax Year	<u>% of Tax Exemption, Deduction, or Credit</u>
1	2013	100%
2	2014	100%
3	2015	75%
4	2016	50%
5	2017	25%
6	2018	0%

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**COMPANY JOINING AN EXISTING TOOL & DIE
RENAISSANCE RECOVERY ZONE: KBE Precision Products, LLC**

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

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

WHEREAS, on December 16, 2009, the MSF Board designated a Recovery Zone for the Third Coast Tooling Alliance (the "Collaborative"), effective January 1, 2010;

WHEREAS, Section 8d(6) of the Act permits the MSF to modify an existing Recovery Zone to add 1 or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the Recovery Zone;

WHEREAS, with the repeal of the Michigan Business Tax, companies that receive a Tool and Die Recovery Zone designation after December 31, 2011, will only receive the renaissance zone benefits on real and personal property taxes unless the companies have an existing certificated credit as defined in MCL 208.1107;

WHEREAS, the Collaborative now includes KBE Precision Products, LLC (the "Company"), a qualified tool and die business under the Act, located at 51537 Industrial Drive, New Baltimore, Michigan 48047 on parcel 09-13-301-028 (collectively, the "Property");

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

WHEREAS, the MEDC received a request from the Collaborative to allow the Company to join their existing Recovery Zone for a period of five (5) years that would begin January 1, 2013 (the "Application");

WHEREAS, all the qualified tool and die businesses within the Collaborative consented to the addition of the Company to the Recovery Zone;

WHEREAS, by resolution, the City of New Baltimore (the "City") consented to the addition of the Company to the existing Collaborative's Recovery Zone for a period of five (5) years with an expiration date of December 31, 2017; and

WHEREAS, the MEDC fully considered the Application submitted by the Collaborative and recommends the MSF Board approve the Property to be designated as a Recovery Zone and join the Collaborative.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves KBE Precision Products, LLC at 51537 Industrial Drive, New Baltimore, Michigan 48047 on parcel 09-13-301-028 be designated as a Recovery Zone for a period of five (5) years, effective December 31, 2012 for property

tax calculation purposes with an end date of December 30, 2017, and beginning January 1, 2013 for other tax purposes with an expiration date of December 31, 2017;

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2014, and annually each January 31 thereafter through 2018 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone
Extend Duration of Existing Zone
Michigan International Tooling Alliance
Troy Industries, Inc.
Shelby Charter Township, Macomb County

COMPANY BACKGROUND

Troy Industries, Inc. (the "Company") is in the business of designing and building quality indexable cutting tools and milling products that service a wide range of manufacturing industries. The Company was designated with the Michigan International Tooling Alliance as a Recovery Zone by the Michigan Strategic Fund (MSF) on December 15, 2010, effective January 1, 2011, for a 5-year term. Since their designation, the Company has been expanding, having invested \$25,000 in new equipment, \$5,000 in technological upgrades, and maintained 5 full-time employee positions.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received a new resolution passed by the Charter Township of Shelby requesting an MSF approved extension for 5 additional years from the original 5-year Recovery Zone designation for a total of 10 years, with a new expiration date of 2020 rather than 2015.

In exchange for the added years of Recovery Zone benefits, the Company plans to purchase \$90,000 to \$120,000 in new machinery in order to increase production capacity. This will require at least one new employee being hired right away and one to two additional employees in the next few years.

RECOMMENDATION

The MEDC recommends extension of the Recovery Zone duration on the parcels of property previously designated for Troy Industries, Inc. at 13300 West Star Drive, Shelby Township, Michigan, under the condition that the Company provides a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2021 that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

Michigan Economic Development Corporation

300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**TIME EXTENSION FOR AN EXISTING TOOL AND DIE RECOVERY ZONE
Troy Industries, Inc.**

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

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

WHEREAS, the Collaborative includes Troy Industries, Inc., (the "Company"), a qualified tool and die business under the Act, located at 13300 West Star Drive, Shelby Township, Michigan on parcel number 23-07-14-427-015, (collectively, the "Property");

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

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program, and received a request from the Company to extend the duration of its Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2020;

WHEREAS, the City of Warren has passed a resolution consenting to the extension of the Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2020; and

WHEREAS, the MEDC fully considered the Company's request and recommends the MSF extend the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2020 on the parcel of property previously designated for Troy Industries, Inc. at 13300 West Star Drive, Shelby Township, Michigan on parcel number 23-07-14-427-015.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves a time extension to the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 30, 2020 for property tax purposes, and December 31, 2012 for other tax purposes, on the parcels of property previously designated for Troy Industries, Inc. at 13300 West Star Drive, Shelby Township, Michigan on parcel number 23-07-14-427-015;

BE IT FURTHER RESOLVED, that the Company shall provide a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2021 that includes the following information:

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

2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Amy Lux, Renaissance Zone Program Specialist
Subject: Existing Tool & Die Recovery Zone: Extend Duration of Existing Zone
Global Tooling Alliance Collaborative
Schwab Industries, Inc.
Shelby Township, Macomb County

COMPANY BACKGROUND

Schwab Industries, Inc. (the "Company") is a family-owned company located in Shelby Charter Township, Macomb County, in the business of providing stamping and tooling supplies for the automotive, mass transit, aerospace, and defense industries. The Company was designated with the Global Tooling Alliance Collaborative as a Recovery Zone by the Michigan Strategic Fund (the "MSF") on December 16, 2009, effective January 1, 2010 for a 5-year term. Since their designation, the Company has made significant growth, investing approximately \$3.5 million in new equipment and facilities and creating 42 new jobs.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received an application from the Company requesting that their designation receive a 5-year time extension, for a total of 10 years, with a new expiration date of December 31, 2019, rather than December 31, 2014.

Shelby Charter Township has passed a resolution supporting this request and the Global Tooling Alliance Collaborative has expressed their consent and confirmed that Schwab Industries, Inc. is a company with good standing in their collaborative.

With the added years of Recovery Zone benefits, the Company has more available capital to implement an expansion plan in a nearby site, in order to take on more work for the aerospace industry. The Company plans to invest nearly \$4 million in new equipment, which should result in the creation of 12-15 new jobs in the next 12 months, and an additional 12-15 new jobs once the expansion has been completed.

RECOMMENDATION

The MEDC recommends the MSF approve a 5-year extension of the Recovery Zone duration the property previously designated, contingent on the condition that the Company provides a written report to the MSF by January 31, 2013, and annually each January 31 thereafter through 2020, that includes the following information:

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;

Michigan Economic Development Corporation

5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Year #	Comprises Tax Year	<u>% of Tax Exemption, Deduction, or Credit</u>
1	2010	100%
2	2011	100%
3	2012	75%
4	2013	100%
5	2014 (original end date)	100%
6	2015	100%
7	2016	100%
8	2017	75%
9	2018	50%
10	2019 (new end date)	25%
11	2020	0%

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**TIME EXTENSION FOR AN EXISTING TOOL AND DIE RECOVERY ZONE
Schwab Industries, Inc.**

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

WHEREAS, on December 19, 2007 the MSF Board designated a Recovery Zone for the Global Tooling Alliance collaborative beginning January 1, 2008;

WHEREAS, the Collaborative includes Schwab Industries, Inc., (the "Company"), a qualified tool and die business under the Act, located at 50750 Rizzo Drive, 14150 23 Mile Road, 50850 Rizzo Drive, Shelby Township, Michigan 48315, on property parcels 23-07-24-100-024, 23-07-24-100-019, and 23-07-24-100-023, respectively, (collectively, the "Property");

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

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program, and received a request from the Company to extend the duration of its Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2019;

WHEREAS, the Charter Township of Shelby has passed a resolution consenting to the extension of the Recovery Zone designation for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2019; and

WHEREAS, the MEDC fully considered the Company's request and recommends the MSF extend the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2019 on the parcels of property previously designated for Schwab Industries, Inc. at 50750 Rizzo Drive, 14150 23 Mile Road, 50850 Rizzo Drive, Shelby Township, Michigan 48315 on property parcels 23-07-24-100-024, 23-07-24-100-019, and 23-07-24-100-023, respectively.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves a time extension to the Recovery Zone duration for an additional five (5) year period, for a total of ten (10) years, with a new expiration date of December 31, 2019 on the parcels of property previously designated for Schwab Industries, Inc. at 50750 Rizzo Drive, 14150 23 Mile Road, 50850 Rizzo Drive, Shelby Township, Michigan 48315 on property parcels 23-07-24-100-024, 23-07-24-100-019, and 23-07-24-100-023, respectively;

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

1. the amount of capital investment, including, but not limited to, real and personal property investment, in the Property;
2. the number of individuals employed at the Property at the beginning and the end of the reporting period, as well as the number of individuals transferred to the Property from another entity owned by the Company, if any;
3. new jobs, including full-time jobs, created at the Property and the average wage for these new jobs;
4. the status of the Company's business operations;
5. the most recent State Equalized Value (SEV) and taxable value of the Property and personal property located at the Property, including personal property located at the Property that existed prior to the Effective Date; and
6. any other information reasonably requested by the MSF regarding the Property or the extension of the designation described in this Agreement.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Karla K. Campbell, MSF Fund Manager
Subject: Revocation of an Existing Tool & Die Recovery Zone
United Tooling Coalition
Lansing Tool & Engineering, Inc.
Lansing Township, Ingham County

COMPANY BACKGROUND

On July 26, 2006, the Lansing Tool & Engineering, Inc., (the "Company"), was designated a Tool and Die Recovery Zone at 1313 S. Waverly Road, Lansing, (the "Property"), with United Tooling Coalition by the Michigan Strategic Fund (MSF) for a ten year period of time with an expiration date of 2014.

PROJECT BACKGROUND

The Michigan Economic Development Corporation (MEDC) received written notification from the new property owners, U.S. Tool & Engineering, LLC, a subsidiary of Revstone Industries, LLC, of their purchase on March 26, 2010 of the assets and property of Lansing Tool & Engineering, Inc. They further stated that Lansing Tool & Engineering, LLC closed its doors and ceased qualified operations at the Property at the time of purchase.

MEDC contacted Pat O'Mara, Resident Agent for Lansing Tool & Engineering, Inc., and confirmed that Lansing Tool & Engineering ceased operations and has no employees as of March 26, 2010. The Lansing Tool & Engineering, LLC is no longer a participating member in the collaborative agreement with the members of United Tooling Coalition. It should be noted that Lansing Tool & Engineering, Inc. never contacted MEDC to notify them of the new ownership of the Property even in his position as Manager for U.S. Tool & Engineering, LLC.

Under MCL 125.2688d(3), the MSF may revoke the designation of a Recovery Zone for a qualified tool and die business if the qualified tool and die business fails or ceases to participate in or comply with a qualified collaborative agreement.

The MEDC confirmed that the Company ceased tool and die business operations and notified the Coalition that a recommendation would be made to the MSF at its December 19, 2012 meeting to formally revoke the Company's Recovery Zone designation.

RECOMMENDATION

The MEDC recommends that the designation of the existing Recovery Zone property for Lansing Tool & Engineering, Inc. located at 1313 S. Waverly Road, Lansing, Michigan, 48917. All properties will go back on the tax rolls effective December 31, 2012 for both personal and real property tax purposes, and the business and income tax, if applicable, will be back on the tax rolls on January 1, 2013.

It is also staff's recommendation that the MSF support the collection of taxes previously abated in years 2011 and 2012 and will send such recommendation to the Michigan Department of Treasury and other taxing jurisdictions.

Michigan Economic Development Corporation

MICHIGAN STRATEGIC FUND

**RESOLUTION
2012-**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Lansing Tool and Engineering, Inc.**

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

WHEREAS, on December 16, 2004, the MSF Board designated a Recovery Zone for the United Tooling Coalition, (the "Collaborative"), effective January 1, 2005;

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

WHEREAS, the Collaborative included Lansing Tool and Engineering, Inc., (the "Company"), a qualified tool and die business under the Act. On July 26, 2006, the MSF Board granted a Tool and Die designation to Lansing Tool and Engineering, Inc. located at 1313 S. Waverly Road, Lansing, on parcel #33-21-01-19-301-003, (collectively, the "Property");

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

WHEREAS, the MEDC received notification that US Tool & Engineering, LLC, a subsidiary of Revstone Industries, LLC, purchased of the assets and property of Lansing Tool and Engineering, Inc. on March 26, 2010. MEDC confirmed that at time of the purchase, Lansing Tool and Engineering ceased operations and has no employees;

WHEREAS, the Company is no longer a participating member in the collaborative agreement with the members of the United Tooling Coalition;

WHEREAS, the MEDC recommends that the MSF Board support the repayment of abated taxes during tax years 2011 and 2012; and

WHEREAS, the MEDC fully considered and investigated the notification submitted by the US Tool & Engineering, LLC and recommends revocation of the Lansing Tool and Engineering, LLC's tool and die renaissance recovery zone.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for Lansing Tool and Engineering, LLC for the Property located at 1313 S. Waverly Road, Lansing, on parcel #33-21-01-19-301-003, effective January 1, 2013;

BE IT FURTHER RESOLVED, the MSF Board supports the repayment of abated taxes during tax years 2011 and 2012; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012
To: Michigan Strategic Fund Board Members
From: Karla Campbell, Fund Manager
Michigan Strategic Fund
Subject: Amendment to existing Pharmaceutical Recovery Renaissance Zone
Amendment to Development Agreement
MPI Research, Inc. – City of Kalamazoo

COMPANY BACKGROUND

MPI Research, Inc. (“MPI” or the “Company”) is a privately held preclinical contract research organization that focuses on the safety evaluation and toxicology needs of the biotechnology, pharmaceutical, medical device, chemical, agricultural and related industries. MPI offers a wide spectrum of services, including all stages of the preclinical testing process, from drug discovery to investigational new drug submission through new drug applications, as well as post-approval, lot release and stability testing.

PROJECT BACKGROUND

In June of 2008, the Michigan Strategic Fund (“MSF”) approved a new Pharmaceutical Recovery Renaissance Zone for the MPI Research, Inc. project, which consisted of the renovation and utilization of two existing buildings in the City of Kalamazoo, previously abandoned by Pfizer, Inc. for the Company to expand their operations. This project is being brought back to the MSF Board in order to amend the development agreement and remove a parcel designated in the original Renaissance Zone.

Due to the economic downturn, MPI has been unable to make progress on the project as planned. In 2011, MPI reached an agreement with Western Michigan University to transfer one of the two facilities in the Renaissance Zone for use by the University as its Medical School. This development is a tremendous boon to the region and has garnered the support of the state and local governments, private business, and the greater Kalamazoo community.

When the project was first presented to the MSF Board, MPI projected capital investment and job growth numbers based on the two parcels of property with two facilities. Due to the transfer of one parcel/facility to Western Michigan University, the Company filed an amendment request with the Michigan Economic Development Corporation (“MEDC”), requesting the parcel sold to Western Michigan University be revoked, reducing the 5.8-acre Renaissance Zone to 1.14 acres, and agreeing to alterations in the terms of the Renaissance Zone and their development agreement with the MSF (the “Development Agreement”).

The Company requests the capital investment requirement for the Kalamazoo site/project be changed to \$5 million dollars by 2014, rather than \$30 million by 2013. Since designation, the Company has invested just over \$3 million. In addition, MPI requests the reduction the job growth requirement to 60 new jobs by the end of 2014, from 400 new jobs by 2013; the Company has 2 employees currently. In response to the reduced milestones, the MEDC also recommends reducing the term of the Renaissance Zone from 15 years to 10 years, to end on December 31, 2018.

RECOMMENDATION

The MEDC recommends MSF approval of the following:

1. The revocation of parcel 06-15-470-002 from the existing Pharmaceutical Recovery Renaissance Zone;
2. The reduction of the Pharmaceutical Recovery Renaissance Zone term from 15 years to 10 years, ending December 31, 2018;
3. The amended and restated development agreement reflecting the changes to the terms and conditions discussed herein between the Michigan Strategic Fund and MPI Research, Inc.
4. MPI will no longer collect the Michigan Business Tax portion of the Renaissance Zone and beginning with the tax year 2012 will file under the Corporate Income Tax structure.

**MICHIGAN STRATEGIC FUND
RESOLUTION
2012-**

**AMENDMENT TO PHARMACEUTICAL RECOVERY RENAISSANCE ZONE DESIGNATION
AND DEVELOPMENT AGREEMENT
MPI Research, Inc.**

WHEREAS, Section 8a of the Michigan Renaissance Zone Act (the "Act"), 1996 PA 376, as amended by 2008 PA 116, MCL 125.2688a(2), authorizes the Michigan Strategic Fund ("MSF") to designate a pharmaceutical recovery renaissance zone (a "Pharmaceutical Recovery Zone") in one or more cities, villages, or townships if consented to by those local units of government;

WHEREAS, at its June 25, 2008 meeting, the Michigan Strategic Fund ("MSF") Board approved the City of Kalamazoo and Kalamazoo County's application for a Pharmaceutical Recovery Zone (the "Application"), Resolution 2008-089, as amended, for property parcel numbers 06-15-470-002 and 06-15-399-002, for MPI Research, Inc. (the "Company") to support their proposed expansion plans and entered into a development agreement with the Company (the "Agreement");

WHEREAS, the Company has failed to meet some of their job creation and capital investment commitments outlined in the Agreement and has since transferred parcel 06-15-470-002 to Western Michigan University School of Medicine, which reduces the scope of their expansion project;

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services for the renaissance zone program and received a Renaissance Zone Amendment Application (the "Amendment Application") requesting a reduction in capital investment and job creation requirements to correspond more appropriately with the reduction in acreage of their Pharmaceutical Recovery Zone following the land transfer; and

WHEREAS, the MEDC recommends that parcel 06-15-470-002 be revoked from the Pharmaceutical Recovery Zone designation, as the Company no longer retains ownership of it, and that the term of the Pharmaceutical Recovery Zone designation be reduced from 15 years to 10 years, ending December 31, 2018, subject to the following conditions:

1. On or before December 31, 2012, an amended development agreement is entered into among MPI Research, Inc. and the MSF that incorporates the terms described in this Resolution;
2. Beginning with their 2012 tax year the Company shall elect to file under the Corporate Income Tax System rather than the Michigan Business Tax System.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the revocation of property parcel 06-15-470-002 from the Pharmaceutical Recovery Zone designation;

BE IT FURTHER RESOLVED, that the MSF Board approves the reduction of the term of the Pharmaceutical Recovery Zone designation from 15 years to 10 years, now ending on December 31, 2018, subject to the following condition:

1. On or before December 31, 2012, an amended development agreement is entered into among MPI Research, Inc. and the MSF that incorporates the terms described in this Resolution

2. Beginning with their 2012 tax year the Company elects to file under the Corporate Income Tax System rather than the Michigan Business Tax System

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager to enter into an amended and restated Agreement with the Company reflecting the amendment established with this Resolution and containing reduced job creation and capital investment milestones.

Ayes:

Nays:

Recused:

Lansing, Michigan
December 19, 2012



MEMORANDUM

Date: December 19, 2012

To: Michigan Strategic Fund Board Members

From: Amy Lux, Renaissance Zone Program Specialist

Subject: Mid-Michigan Economic Growth Corridor Renaissance Zone
City of Farwell, Clare County
Transfer of Zone Time Extension – Woodsman, LLC
Terex USA, LLC

COMPANY BACKGROUND

Terex USA, LLC is a subsidiary of Terex Corporation, which specializes in manufacturing and industrial products with several brands and facilities worldwide. Woodsman, LLC, also known as Woodsman Chippers, began manufacturing drum-style brush chippers in 1994. They have been attempting to expand their product line since they expanded their operations to their current facility in Clare County.

PROJECT BACKGROUND

The City of Farwell Subzone within Mid-Michigan Economic Growth Corridor Renaissance Zone has been in effect since 2000 and is set to expire on December 31, 2014. On May 20, 2009, the Michigan Strategic Fund Board (the "MSF") awarded a time extension to Woodsman, LLC, giving the Company a Renaissance Zone designation for an additional 10 years tacked on to the end of the current 2014 expiration, thereby giving a new end date of December 31, 2024. In exchange for these additional years of Renaissance Zone benefits, Woodsman, LLC entered into a development agreement (the "Agreement") with the MSF agreeing to specific job creation and capital investment commitments.

PROJECT DESCRIPTION

Woodsman, LLC met its initial capital investment commitment, spending \$1.1 million by the end of 2010. However, the company has struggled in recent years and has begun declining. As a result, the company has had to reduce its workforce, making it difficult for them to meet their job creation commitment of 87 new Full-Time Jobs by the end of 2014.

On May 23, 2011, Terex USA, LLC purchased Woodsman, LLC with an aim to turn around the current trend. The company believes the "Woodsman" name has value and would be complimentary to the existing Terex product line. With its expertise in manufacturing and industrial products, Terex USA, LLC believes that it can meet the milestones in the development agreement, bringing jobs to the County of Clare and Village of Farwell.

RECOMMENDATION

The MEDC recommends the MSF approve the transfer of the designation of the Mid-Michigan Economic Growth Corridor Renaissance Zone, Village of Farwell Subzone from Woodsman, LLC to Terex USA, LLC for the term of the time extension, ending December 31, 2024, effective immediately, on the condition that Terex USA, LLC signs an assignment and assumption of the Agreement, agreeing to the obligations outlined therein.

MICHIGAN STRATEGIC FUND

RESOLUTION

2012-

**TRANSFER OF TIME EXTENSION FOR AN EXISTING RENAISSANCE ZONE
Mid-Michigan Economic Growth Corridor, Village of Farwell Subzone: Terex USA, LLC**

WHEREAS, on May 20, 2009, by Resolution 2009-053 the Michigan Strategic Fund approved the extension of a portion of the existing Mid-Michigan Economic Growth Corridor Renaissance Zone, Village of Farwell Subzone for Woodsman, LLC, as authorized in Section 4(7) of Public Act 376 of 1996, the amended Michigan Renaissance Zone Act (the "Act");

WHEREAS, as a condition of the time extension a development agreement was entered into between Woodsman, LLC, real property owner North Ten, LLC and the Michigan Strategic Fund (the "MSF") that incorporated the terms described in Resolution 2009-053;

WHEREAS, a development agreement was entered into by and between Woodsman, LLC, North Ten, LLC and the MSF effective on November 25, 2008, that set forth certain obligations of Woodsman, LLC to complete a specific project;

WHEREAS, on May 23, 2011, Terex USA, LLC acquired Woodsman, LLC, renamed Woodsman Chippers, LLC, and plans to continue the project as described in the development agreement;

WHEREAS, the Michigan Economic Development Corporation (the "MEDC") administers the renaissance zone program and received an application from the County of Clare (the "Application") for a transfer of the renaissance zone designation for property located within the Mid-Michigan Economic Growth Corridor Renaissance Zone, Village of Farwell Subzone;

WHEREAS, the transfer of the renaissance zone designation will result in the assignment and assumption of the terms of the development agreement and the County of Clare and Village of Farwell provided its consent to the transfer of the renaissance zone designation;

WHEREAS, with the repeal of the Michigan Business Tax, companies that receive a Renaissance Zone designation after December 31, 2011, will only receive the renaissance zone benefits on real and personal property taxes unless the companies have an existing certificated credit as defined in MCL 208.1107; and

WHEREAS, the MEDC recommends that the MSF approve the Application for a transfer of the renaissance zone designation for property parcel 041-023-400-16 in the Mid-Michigan Economic Growth Corridor Renaissance Zone, Village of Farwell Subzone comprising 9.19 acres for the remainder of the term of the renaissance zone designation ending on December 31, 2024, provided that an assignment and assumption of the development agreement is entered into between Terex USA, LLC, North Ten, LLC, and the Michigan Strategic Fund by December 31, 2012.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the County of Clare's Application for a transfer of the renaissance zone designation for property parcel 041-023-400-16 in the Mid-Michigan Economic Growth Corridor Renaissance Zone, Village of Farwell Subzone comprising 9.19 acres for the remainder of the term of the renaissance zone designation ending on December 31, 2024, provided that an assignment and assumption of the development agreement is entered into between Terex USA, LLC, North Ten, LLC, and the Michigan Strategic Fund by December 31, 2012;

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

BE IT FURTHER RESOLVED, that, except as provided in this Resolution, the terms of Resolution 2009-053 shall remain unchanged and in full effect.

Ayes:

Nays:

Recused:

December 19, 2012

Lansing, Michigan