

MICHIGAN STRATEGIC FUND BOARD MEETING

August 22, 2012

1:30 p.m.

**Michigan Economic Development Corporation
Lake Michigan Conference Room
300 N. Washington Square
Lansing, Michigan**

AGENDA

Call to Order

A. Adoption of July 25, 2012 Minutes [Action Item]

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

Communication [Information – Ellen Graham]

B. CDBG [Action Items – Deborah Stuart]

1. Process and Compliance Handbook Recommendation
2. Village of Carp Lake – American Recovery and Reinvestment Act [ARRA]

C. IDR [Action Item – Diane Cranmer]

1. Reissuance of \$4,700,000 Michigan Strategic Fund – International Master Product Corporation, Series 2010
2. Van Andel Research Institute – NTE \$220,000,000, Refunding/Non-Profit – Grand Rapids, Kent County

D. 21st Century Jobs Fund Program

1. Michigan Business Development Program
 - a. Jason Incorporated DBA Janesville Acoustics [Action Item – Josh Hundt]
 - b. Credit Acceptance Corporation Amendment [Action Item – Marcia Gebarowski]
 - c. Barracuda Networks Amendment [Action Item – Marcia Gebarowski]
2. Michigan Life Science Innovation Center – 2008 Grant Modifications [Action Item – Martin Dober]
3. Entrepreneurial Service Provider RFP [Action Item – Martin Dober]
4. Official Travel Guide Vendor Recommendation [Action Item – Jennifer Nelson]

E. Renaissance Zone Program – Revocation of Existing Renewable Energy Renaissance Zone – Energy Components Group, LLC – City of St. Clair, St. Clair County [Action Item – Karla Campbell]

F. NextMichigan Development Corporation – West Michigan Economic Partnership [Action Item – Karla Campbell]

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

MICHIGAN STRATEGIC FUND BOARD MEETING
July 25, 2012

PROPOSED MEETING MINUTES

A meeting of the Michigan Strategic Fund [MSF] Board was held on Wednesday, July 25, 2012 at the Michigan Economic Development Corporation, Lake Michigan Room, 300 N. Washington Square, Lansing, Michigan 48933.

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

MEMBERS ABSENT: Sabrina Keeley, Richard Rassel

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

APPROVAL OF THE JUNE 27, 2012 MEETING MINUTES: Mr. Finney asked if there were any questions from the Board. There being none, Mr. Lockwood motioned approval of the June 27, 2012 MSF Board meeting minutes. Mr. Morris seconded the motion. The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

PUBLIC COMMENT: Mr. Finney asked if there was any public comment. There was no public comment.

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

- The following items were removed from the agenda:
 - CDBG Memorandum of Understanding Resolution;
 - CDBG Signature Authority Resolution;
 - WDA Admin Memorandum of Understanding Resolution
- The following Agenda items were revised:
 - Tool & Die Recovery Zone Program – LaGrow Corporation Revocation and R&G Mold & Engineering Revocation
 - Pure Michigan Urban Investment Fund revisions included the Board Memorandum, Program Approval Resolution and Delegation Resolution
 - Revisions to the WDA Delegation of Authority Resolution
 - Revisions to the Resolution for the Understanding for Legal Services Related to the New International Trade Crossing
- Recusal letter was received from Michael Finney for Tribal Gaming and Memorandum Covering AG Representation of the MSF
- Paul Hodges and Jim Petcoff attended the meeting via phone

RENAISSANCE ZONE PROGRAM

Resolution 2012-70 - Alro Steel Corporation – Amendment

Karla Campbell, Manager, State Tax Incentives, provided the Board with information about this action item.

A new subzone for the City/County of Jackson Renaissance Zone for Production Engineering, Inc. was approved in June 2008 by the Michigan Strategic Fund Board. This subzone included the designation of

two parcels. Alro is interested in purchasing approximately 6.34 acres of this designated subzone directly east of its current facility. The land to be purchased is already in a Renaissance Zone and is currently undeveloped. Alro states the land purchase is necessary to expand its current facility. Alro plans to add warehouse and office space. This expansion will allow Alro to better service its existing customers with additional products and industrial processing value added services, as well as to grow its customer base.

Recommendation: Staff recommends approval for the transfer of a portion of the existing Production Engineering Subzone to Alro Steel Corporation for development.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Morris motioned approval for Resolution 2012-70. Mr. Lockwood seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

TOOL & DIE RECOVERY ZONE PROGRAM

Resolution 2012-71 – LaGrow Corporation – Revocation

Jeremy Webb, Program Specialist, provided the Board with information about this action item.

The Michigan Economic Development Corporation [MEDC] received notification from Coloma Township that LaGrow Corporation has closed and ceased qualified operations at its Coloma location. To the best of MEDC's knowledge, operations at the second location, located in Benton Harbor, are continuing. Under MCL 125.2688d(3), in the Renaissance Zone Act, 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. Staff has confirmed the Company ceased tool and die business operations at the designated Recovery Zone property as of October 2011. Staff has notified the Berrien Tooling Coalition that a recommendation would be made to the MSF to formally revoke the Company's Recovery Zone designation for the property.

Recommendation: Staff recommends revocation of the existing Recovery Zone designation for LaGrow Corporation at the Coloma location effective December 31, 2011 and that the Company shall be responsible for all tax payments for the 2012 and subsequent tax years related to the property and operations at the property. Staff further recommends if 2012 taxes related to operations at the property are not recovered, the MSF may consider revoking the Company's Recovery Zone located in Benton Harbor.

Board Discussion: Mr. Finney inquired about the collection of tax payments for 2012. Mr. Webb explained the company had not notified MEDC of the Coloma closure and was out of compliance with zone requirements during the time that the company was receiving tax benefits. Sante Perrelli, Attorney General's Office, explained that because the company was out of compliance with zone requirements, the board could recommend efforts to collect taxes from the effective date of zone revocation. . Mr. Finney asked if there were any further questions from the Board. There being none, **Mr. Hilfinger motioned approval for Resolution 2012-71. Mr. Wilson seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-72 – R&G Mold & Engineering – Revocation

Mr. Webb provided the Board with information about this action item.

The Michigan Economic Development Corporation [MEDC] received notification from the Michigan Tooling Group that R&G Mold & Engineering has closed their operations. The Company is no longer participating in the collaborative agreement with the members of the Michigan Tooling Group as of April 15, 2012. Under MCL 125.2688d(3), the Renaissance Zone Act, 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 Michigan

Tooling Group was notified that a recommendation would be made to the MSF Board to formally revoke the Company's Recovery Zone designation.

Recommendation: Staff recommends the MSF Board revoke the designation for the existing Recovery Zone property for R&G Mold & Engineering, Inc. effective December 31, 2010. Staff recommends that the Company shall be responsible for all tax payments for the 2011, 2012 and subsequent tax years.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-72. Mr. Morris seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

IDRB PROGRAM

Resolution 2012-73 – The Gilbert Residence

Diane Cranmer, IDRB Specialist, provided the Board with information about this action item and introduced Derek McGill, CEO/Administrator – The Gilbert Residence.

Mr. Gilbert advised the Board that the project had been delayed from the May 2012 MSF Board approval because of a delay in structural engineering which pushed back their timeline. The project remains as presented in May with phase one of the project to include refurbishing 29 assisted living units of the existing building. Phase two is the expansion of the New Memory Care “Grace Hall” unit. It will replace the existing 10 bed unit with a new 28 bed unit. Phase three will convert the existing Memory Care unit into a “main street” area with common spaces in providing new amenities for residents.

Recommendation: Staff recommends approval of a Bond Authorizing Resolution for an amount not to exceed \$10,000,000.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-73. Mr. Jackson seconded the motion.** Ellen Graham, MEDC, took a Roll Call Vote:

ROLL CALL:

Ayes: Michael Finney, Steve Hilfinger, Paul Hodges [via phone], Mike Jackson, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, Howard Morris, Jim Petcoff [via phone], Shaun Wilson

Nays: None

Recused: None

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

21st CENTURY JOBS FUND PROGRAM

Resolution 2012-74 – Cherry Growers, Inc.

Joshua Hundt, Senior Regional Project Manager, Eric Hanna, Manager, Debt Capital Program, provided the Board with information about this action item and introduced guests: Tino Breithaupt, Manager, MEDC, Michigan Retention and Growth; Brian Mitchell, President, Cherry Growers, Inc.; John Sluis, Financial Manager, Cherry Growers, Inc.

Mr. Mitchell provided the Board with an overview of the project explaining the company originally was a farmer owned co-op which predominately sold apples and cherries. Cherry Growers, Inc. has developed a

contractual relationship with Materne North America Corporation in which the two companies provide complimentary roles to their manufacturing, i.e., Cherry Growers, Inc. provides the warehouses and Materne provides the high-tech manufacturing production lines. Mr. Sluis further explained Cherry Growers anticipates an investment of \$25.8 million and creating 62 positions. Mr. Hanna interjected that Cherry Growers, Inc. and Materne North America Corporation are a prime example of integrating capital to incent economic gardening. Mr. Hundt summarized the project. The applicant plans to expand an existing operation in Michigan, make investments and create jobs related to the construction of a food grade manufacturing facility and implementation of receiving, warehousing and apple sauce cooking machinery necessary to facilitate the manufacture of individual serving Pouch Style 100% fruit based snack products. The company plans to enter into a fifteen year supply agreement for infrastructure, services and apples with Materne North America Corporation for the manufacture of Materne North America Corp's GoGosqueeZ product line.

Recommendation: Staff recommends approval of the Michigan Business Develop Proposal [MBDP]; closing of the MBDP proposal is subject to available funding under the MBDP at the time of closing, satisfactory completion of due diligence, finalization of all MBDP transaction documents and the commitment will remain valid for 90 days with approval for the MSF Fund Manager to extend the commitment an additional 30 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. Mr. Hilfinger inquired regarding the legal relationship between Cherry Growers, Inc. and Materne North America Corporation. Mr. Mitchell responded it was a contractual relationship. Mr. Hilfinger asked what the expected range of return would be. Mr. Hanna responded all of the incentive received by Materne would be returned in full. However, Cherry Grower's revenue is more conservative and will take longer. There being no further questions, **Mr. Morris motioned approval for Resolution 2012-74. Mr. Lockwood seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-75 – Materne North America Corporation

Mr. Hundt provided the Board with information about this action item.

The applicant plans to open a new operation in Michigan, make investments and create jobs related to the manufacturing of its GoGosqueeZ product line. The Company plans to enter into a fifteen year supply agreement for infrastructure, services, and apples with Cherry Growers, Inc. for the manufacture of its GoGosqueeZ product line.

Recommendation: Staff recommends approval of the MBDP Proposal. Closing the MBDP proposal is subject to available funding under the MBDP at time of closing, satisfactory completion of due diligence, finalization of all MBDP transaction documents and the commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-75. Mr. Jackson seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2012-76 – Michigan Community Revitalization Program – Eligible Investment Soft Cost Determination

Joseph Martin, Regional Project Manager, provided the Board with information about this action item.

The Michigan Community Revitalization Program [MCRP] provides grants, loans or other economic assistance to persons that make eligible investments on eligible property within the State of Michigan. The amount of MCRP incentive approved by the MSF Board is limited to 25% of the project's eligible investment. An eligible investment is defined in Chapter 8C [MCL 125.2090 through MCL 125.2090d]. The current MCRP guideline defining Eligible Investment and staff's proposal for a revised definition of

Eligible Investment for project approved under the MCRP, staff expands the definition to include fees or costs arising from penalties or other reductions from any contract for improvements to the project, LEED certification costs, professional fees related to zoning (other than those paid to a governmental unit) as prohibitive soft costs. Staff further recommends the MSF Fund Manager may impose additional terms and conditions requiring any hard costs that meet eligibility with the MSF. Staff clarifies that utility tap fees, other professional fees, including environmental Phase 1 and Phase 2 Assessments and Baseline Environmental Assessments, are eligible hard costs, as well as fees and costs paid to governmental entities for inspections, permits and zoning. Definition of Eligible Investment is included as an attachment to the resolution for the MCRP.

Recommendation: Staff recommends approval of the Definition of Eligible Investment described in Attachment 1 of the resolution for the MCRP.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2012-76. Mr. Morris seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

**Resolution 2012-77 - Approval of the Pure Michigan Investment Fund and Allocation of Funding
Resolution 2012-78 – Delegation of Authority Joint Evaluation Committee Application and Evaluation Process and Scoring Criteria**

Mike Flanagan, Manager, Equity Capital Program, provided the Board with information about this action item.

Mr. Flanagan advised the Board that staff is proposing, under section 88d of the MSF Act, the creation of a new window within the Michigan Supplier Diversification Fund [MSDF] devoted to urban investments. The program will seek to address the significant capital gap for urban businesses with the highest potential for growth and economic impact. The program will invest in fund[s] that will target investments in lower middle market companies in urban markets. The program will invest in fund[s] that pool private, non-profit, and public capital in order to achieve a lower blended cost of capital than an exclusively private fund. The MSF would lead this effort by sponsoring the creation of one or more funds and making an investment as a limited partner in the fund[s] to attract additional investors. Staff has been researching and developing the fund concept and implementation process for several months, including reaching out to potential partners. Mr. Flanagan further explained the next steps to developing this program which will include MSF Board funding allocation approval, Request for Applications to formally accept and evaluate applications from potential fund managers, approved fund manager submission of SBIC licensing application, etc.

Recommendation: Staff recommends approval of the Pure Michigan urban Investment Program and guidelines and eligibility requirements; approval of an allocation of up to \$10 million from MSF Investment Fund to invest as a limited partner in one or more funds; delegate to the MSF Fund Manager the authority to develop the application and approve the process and scoring criteria for evaluating fund manager applications; and Delegation to the MSF Fund Manager of the authority to appoint a Joint Evaluation Committee to evaluate fund manager applications.

Board Discussion: Mr. Finney advised two resolutions would be approved for this project. There being no questions from the Board regarding the Approval of the Pure Michigan Investment Fund and Allocation Funding Resolution, **Mr. Hilfinger motioned approval for Resolution 2012-77. Mr. Wilson seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

[Jim Petcoff disconnects from meeting.]

There being no further questions regarding the Delegation of Authority Joint Evaluation Committee Application and Evaluation Process and Scoring Criteria, **Mr. Morris motioned approval for Resolution 2012-78. Mr. Jackson seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-79 – Centers of Innovation Application and Application Process

Resolution 2012-80 – Centers of Innovation Program Appointment Committee Members and Centers Manager

Resolution 2012-81 – Funding Allocation to the Centers of Innovation Program

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

Public Act 221 of 2012 [PA 221] amended the Michigan Strategic Fund Act to allow the MSF to “create and operate a Centers of Innovation Program [COI Program] to promote the development, acceleration, and sustainability of competitive edge technology sectors in this State.” This program is based on and replaces the previous Centers of Energy Excellence Program. Provisions of this program include; awards to be made in the form of grants, loans or other economic assistance and may be provided to for-profit companies, benefit companies, nonprofit companies, universities, and national laboratories. Participation of at least one qualified business and at least one institution of higher education or national lab are required to operate a Center of Innovation. All the funds allocated to the COI Program shall be used to match federal, collaborative partners, or third party funding. Funds may be used for the following purposes of providing up to a 1:1 match for federal, collaborative partners, or third party funding of up to 50% of the total project costs; supplementing in-kind contributions provided by a person or entity other than this state; accelerating the commercialization of an innovative technology or process that will be ready to market within 5 years of the agreement date; activities of the Center, including but not limited to, workforce development and technology demonstration.

Recommendation: Staff recommends the MEDC be designated as the Centers Manager; the Entrepreneurship Subcommittee be designated to assist in the review of applications; and allocation of \$7 million from the FY 2012 21st Century Jobs Fund budget designated for Innovation and Entrepreneurship activities.

Board Discussion: Mr. Finney asked if there was a maximum award amount. Mr. Dober responded at most \$7 million, but most would average between \$1-3 million. Mr. Finney asked if a cap should be determined. Mr. Dober responded this would be at the discretion of the Board. Mr. Finney advised three resolutions would be voted to approve.

There being no further questions regarding the Centers of Innovation Application and Application Process, **Mr. Lockwood motioned approval for Resolution 2012-79. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

There being no further questions regarding Centers of Innovation Program Appointing Committee members and Center Manager, **Mr. Hilfinger motioned approval for Resolution 2012-80. Mr. Morris seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

There being no further questions regarding Funding Allocation to the Centers of Innovation Program, **Mr. Morris motioned approval for Resolution 2012-81. Mr. Wilson seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

Resolution 2012-82 – Entrepreneurial Services Provider Program RFP

Martin Dober, Senior Vice President, Entrepreneurship & Innovation, and Paul Sorrel, Managing Director, Entrepreneurship Services, provided the Board with information about this action item.

The Michigan Economic Development Corporation [MEDC] recommends the creation and implementation of the Entrepreneurial Service Provider Program by the MSF. The program will provide grants to non-profits to provide business acceleration services to entrepreneurs and new tech start-ups to encourage new company formation and job creation. Through a Request for Proposals, the program will solicit proposals to address specific gaps in services outlined by MEDC staff. These gaps will address programs providing services and assisting companies to identify, introduce and close deals with first-time customers; programs involving consortium or partnering services; and programs for specific industry areas such as medical devices or clean technology and programs to provide matching funds to companies receiving federal grants.

Recommendation: Staff recommends the MSF Board issue a Notice of Public Hearing to be held August 9, 2012 at the Michigan Economic Development Corporation for the purpose of receiving public comment on the Entrepreneurial Service Provider draft RFP.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2012-82. Mr. Martin seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

QUARTERLY REPORTS OF DELEGATED APPROVALS

Michigan Business Development Program and Michigan Community Revitalization Program

Mark Morante, Senior Vice President, Program Management, provided the Board with information about this item.

Mr. Morante advised the Board, under the Michigan Business Development Program, between April – June 30, 2012, 11 projects had been approved with a total of \$5,685,000 Incentives had been approved, creating 1044 jobs with an investment of \$64.6 million. The Michigan Community Revitalization Program had approved 6 projects, totaling \$3,706,500 in investments, creating 296 jobs with a total investment of \$32.9 million. Going forward, the Board will receive notification of the projects as they are approved.

MSDF-SSBCI

Elisabeth Alexandrian, Capital Services Associate, provided the Board with information about this item.

Ms. Alexandrian advised the Board, under the MSDF program, 7 projects had received \$2,399,870 in MSF Support and total loan amount of \$5,010,000 between April 2 - June 30, 2012. The SSBCI-MBGF approved 12 projects with MSF support of \$3,146,560 and a total loan amount of \$7,704,969. Ms. Alexandrian further reported a total of 113 loans had been approved with no defaults.

21st Century Jobs Fund Loan/Grant Portfolio

Mike Psarouthakis, Vice President, Business Acceleration, provided the Board with information about this item.

Mr. Psarouthakis provided the Board with two quarterly reports from quarter ending 3/31/12 and quarter ending 6/30/12. Quarter ending 3/31/12 approved six projects requesting restructure, conversion, or subordination. Quarter ending 6/30/12 reported eight companies with actions of restructure, reassignment, warrant agreement amendments and forbearance restructure.

Michigan 21st Century Investment Fund, LP Quarterly Report

Mike Flanagan, Manager, Equity Capital Program, provided the Board with information on this item and introduced guests: Mel Carter, Principle, Credit Suisse; Sean O'Donnell, Vice President, Credit Suisse; and Mike Kell, Vice President, Credit Suisse.

Mr. O'Donnell advised the Board that as of June 2012, the Michigan 21st Century Investment Fund managers have invested \$98.2 million into 24 Michigan-based portfolio companies which have 796 Michigan employees. Michigan 21st Century Investment fund managers have invested nearly 1.61x the amount they have drawn from the fund. Overall, \$568.8 million of equity has been invested into these 24 portfolio companies by all syndicate partners. The portfolio companies continue to be diversified across sectors including life sciences, manufacturing, healthcare, IT, waste services and media. The number of venture firms, investment professionals, and capital under management have all increased. There are 20 venture firms headquartered in Michigan. This represents only 2% of the total of national venture firms. Venture capital under management among firms headquartered in Michigan increased by 64% over the last five years. Of the \$3 billion of venture capital under management, nearly \$370 million is available for new investments within and outside of Michigan. Mr. Finney, referencing slide 4, questioned if Michigan was learning from the Ann Arbor experience. Mr. O'Donnell responded this area represents a more risk taking environment. There also is more activity within the Grand Rapids area due to the presence of the University of Michigan and VanAndel research teams.

ADMINISTRATIVE

Resolution 2012-83 – Fund Manager Resolution

Mark Morante, Senior Vice President, Program Management, provided the Board with information about this action item.

Mr. Morante explained to the Board, Mike Pohnl, former MSF Fund Manager, has accepted a position with the Michigan Workforce Development team, therefore, creating a vacancy. Karla Campbell had been acting as the Alternate MSF Fund Manager for Mike Pohnl.

Recommendation: Staff recommends appointing Karla Campbell to the vacant MSF Fund Manager position.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Hilfinger motioned approval for Resolution 2012-83. Mr. Lockwood seconded the motion.** The motion carried – 8 ayes; 0 nays; 0 recused; 3 absent.

[Mike Finney recused.]

[Andrew Lockwood assumes Chair.]

Resolution 2012-84 – Tribal Gaming Memorandum of Understanding

Mr. Morante provided the Board with information about this action item.

Mr. Morante explained the Department of Attorney General will provide legal consultation and representation as required by the Governor's Legal Division in matters involving Indian gaming referred to the Department of Attorney General by the Governor's Legal Division. These matters include enforcement of federal and state laws governing Indian gaming, enforcement of gaming compacts, negotiations relating to those compacts, and defense of litigation involving Indian gaming. Services will be provided by the equivalent of 1.25 full-time attorneys and related support staff, on a priority basis, at an annual cost not to exceed \$195,000 including salary, fringe benefit costs, computer and related

equipment and supplies. The Department of Attorney General agrees to provide the Governor's Legal Division, the MSF and the MEDC with annual reports due on October 31, 2012 and 2013.

Recommendation: Staff recommends support of the Tribal Gaming Memorandum of Understanding.

Board Discussion: Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2012-84. Mr. Wilson seconded the motion.** The motion carried – 7 ayes; 0 nays; 1 recused; 3 absent.

Resolution 2012-85 – Memorandum of Understanding Covering AG Representation of the MSF

Karla Campbell, Manager, State Tax Incentives, provided the Board with information about this action item.

Ms. Campbell explained the purpose of the Memorandum of Understanding between the Department of Attorney General, the Michigan Strategic Fund, and the Michigan Economic Development Corporation specifies the legal services to be provided by the Department of Attorney General to the MSF and its Board Members related to the New International Trade Cross and Crossing Agreement executed by the MSF June 27, 2012, and the costs to be paid by the MSF for these legal fees.

Recommendation: Staff recommends the approval of the Memorandum of Understanding between the Department of Attorney General, the Michigan Strategic Fund and the Michigan Economic Development Corporation.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Morris motioned approval for Resolution 2012-85. Mr. Jackson seconded the motion.** The motion carried – 7 ayes; 0 nays; 1 recused; 3 absent.

[Mr. Finney returns.]

Resolution 2011-86 – WDA Delegation Resolution

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

Ms. Campbell explained the Director of the WDA and the Strategic Opportunities Director for WDA vacancies had recently been filled. Therefore, where the MSF Board deems it is necessary and appropriate to delegate to the Director of the WDA and the Strategic Opportunities Director for WDA, with only one required to act, the authority to, in consultation with WDA program staff and others, as appropriate, make all decisions and to sign all documents within the parameters of applicable state and federal law, the Strategic State Workforce Investment Plan, and existing program guidelines and processes and within the parameters of any future or amended State Plan approved by the Governor's Talent Investment Board and the United States Department of Labor. And any future program guidelines and process for WDA activities.

Recommendation: Staff recommends approval of the WDA Delegation.

Board Discussion: Mr. Finney asked if there were any questions from the Board. There being none, **Mr. Morris motioned approval for Resolution 2012-86. Mr. Martin seconded the motion.** The motion carried – 9 ayes; 0 nays; 0 recused; 2 absent.

MEGA Transition

Ms. Campbell provided the Board with information regarding this item.

Ms. Campbell explained to the Board, Governor Rick Snyder signed Executive Order No. 2012-9 on June 26, 2012, which transfers the duties of the Michigan Economic Growth Authority to the Michigan Strategic Fund. The Executive Order becomes effective 60 days after the filing and that date is August 25, 2012. Ms. Campbell further explained that the Brownfield Tax Increment Financing under PA 381,

Amendments to the Michigan Business Tax credits, and amendments to various other MEGA credits could be presented to the MSF Board for consideration. Additionally, the Michigan NextEnergy Authority, responsible for awarding property tax and Michigan Business Tax credits for companies operating in the energy industry or that have energy-related property will also fall under the jurisdiction of the MSF Board. An overview of the projects the MSF Board will be reviewing will be provided in the August MSF Board packet.

Meeting adjourned 3:14 p.m.

DRAFT



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

January 24, 2012

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

Dear Ms. Graham:

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

Sincerely,

A handwritten signature in cursive script that reads "Andy Dillon".

Andy Dillon
State Treasurer

cc: Andrew Dillon

MEMORANDUM

Date: August 22, 2012

To: Michigan Strategic Fund Board Members

From: Deborah Stuart, Director, Community Development Financial Incentives

SUBJECT: Community Development Block Grant Program
Process and Compliance Handbook Recommendation

BACKGROUND

The U.S. Department of Housing and Urban Development (“HUD”) allocates Community Development Block Grant (“CDBG”) funding to the State of Michigan, through the Michigan Strategic Fund (“MSF”), for further distribution to eligible Units of General Local Government to carry out State approved activities.

At its April 25, 2012, meeting, the MSF authorized the issuance of a Request for Proposal to solicit a vendor to review our current Community Development Block Grant Administration Guide, recommend policy and format changes, provide sample documents, where appropriate, and provide a web friendly document that can be updated by staff, as needed (“Compliance Handbook RFP”) and authorized the MSF Fund Manager to appoint the Joint Evaluation Committee (“JEC”) to review any proposal received.

SCREENING GUIDELINES

There were three proposals received in response to the Compliance Handbook RFP. The JEC scored proposals and ranked them based on communication skill and clarity of proposal; competence, experience and staffing capacity; proposal fee; and timeline for completion of the project.

The proposal submitted by CDM Michigan Inc. was ranked the highest by all evaluators specifically due to their location and accessibility; good understanding of the project; detailed and clear examples of how they would tackle the problem; experienced staff; and timeline for completion. However, there were some elements of the proposal that were identified during the review as not necessary to the project scope that should be eliminated prior to the final contract being executed and the fee negotiated. These items include training communities on changes to the Handbook and providing compliance recommendations regarding housing projects.

NATIONAL OBJECTIVE

Technical Assistance projects are not subject to HUD’s National Objective requirements.

ELIGIBLE ACTIVITY

The MSF is allowed to utilize up to one percent of the grant allocation for Technical Assistance Purposes, as identified in Section 106(d)(5) of Title I of the Housing and Community Development Act of 1974, as amended.

RECOMMENDATION

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

SELECTION OF VENDOR FOR COMMUNITY DEVELOPMENT BLOCK GRANT GRANTEE PROCESS AND COMPLIANCE HANDBOOK TECHNICAL ASSISTANCE

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

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

WHEREAS, the MSF Board on April 25, 2012, by resolution 2012-43, authorized the solicitation for the CDBG Program's Grantee Process and Compliance Handbook ("CDBG Compliance Handbook") and authorized the Fund Manager to appoint a Joint Evaluation Committee ("JEC") to review the proposals;

WHEREAS, the solicitation for the CDBG Compliance Handbook was issued on May 3, 2012, proposals were received and the Joint Evaluation Committee ("JEC") appointed by the Fund Manager reviewed the proposals;

WHEREAS, the JEC has evaluated all proposals and ranked the proposal by CDM Michigan Inc. the highest among all CDBG Compliance Handbook proposals;

WHEREAS, the CDM Michigan Inc. proposal contains certain items not needed for the CDBG Compliance Handbook the JEC and staff recommend that those items be removed from CDM Michigan Inc.'s bid and the proposed fee renegotiated; and

WHEREAS, the JEC and staff recommend the MSF select the firm CDM Michigan Inc. as the vendor for the CDBG Compliance Handbook for a not to exceed amount of \$119,480.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the selection of CDM Michigan Inc. as the vendor for the CDBG Compliance Handbook for a not to exceed amount of \$119,480; and

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager to negotiate the final contract terms and to execute the CDBG Compliance Handbook technical assistance contract on the MSF Board's behalf as long as the final contract terms and conditions are not materially adverse to the interests of the MSF Board.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012

MEMORANDUM

Date: August 22, 2012

To: Michigan Strategic Fund (MSF) Board

From: Deborah Stuart, Director of Community Development Financial Incentives

Subject: American Recovery and Reinvestment Act (ARRA)
Community Development Block Grant (CDBG)
Village of Carp Lake Township Grant Increase Amendment

DESCRIPTION

The State of Michigan received a CDBG ARRA grant through the Department of Housing and Urban Development (HUD) in the amount of \$9,583,380 on August 6, 2009, to be administered by the MSF.

Carp Lake Township, Ontonagon County, currently has a CDBG ARRA grant in the amount of \$61,463, to improve their sewage lagoon drain. Due to the fact that bids exceeded the current budget outlined in the grant agreement, the Township is requesting an additional \$17,645. This is an extremely important project for the Township to address, as losing one of the wastewater lagoons would greatly reduce wastewater capacity and put the Township in violation of their discharge permit with the State.

The remaining \$13,750 balance of Reed City's existing ARRA grant will not be disbursed and will be available to be reallocated to Carp Lake Township. The terms of Reed City's Grant Agreement have not been met. Therefore, the City has been advised that we are closing the project at a reduced amount and the community has agreed.

All ARRA projects need to be completed by September 30, 2012, to comply with the grant agreement between HUD and the MSF. Carp Lake Township has agreed that they can meet that deadline to assure the project will remain eligible and the funds will be spent within the State of Michigan. If the funds are not reallocated, the funds will be recaptured by HUD at the end of September and will no longer be available for the State's use.

RECOMMENDATION

After reviewing the project's proposed amendment, staff has concluded that the project amendment meets the minimum program requirements to be eligible under the CDBG ARRA program and is an appropriate use of the ARRA funds for the MSF.

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

CARP LAKE TOWNSHIP

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. The American Recovery and Reinvestment Act provided additional funds to CDBG programs, however, they are to be disbursed and managed pursuant to the American Recovery and Reinvestment Act ("CDBG-R");

WHEREAS, the CDBG-R program has policies, criteria, and parameters which are enumerated in the Program Guidelines, as amended (the "Criteria");

WHEREAS, the MSF Board on February 27, 2012, amended Resolution 2010-049 by Resolution 2012-18 and approved \$61,463 of CDBG-R funding to be used for infrastructure capacity enhancements, and sewer system improvements (the "Project"), within Carp Lake Township (the "Community");

WHEREAS, the Community's Project came in \$17,645 over budget and the Project is critical to the Community to complete;

WHEREAS, an analysis of the CDBG-R program determined that it has excess funds due to another project coming in under budget;

WHEREAS, CDBG program staff have reviewed the Project in light of the CDBG-R Criteria and have concluded that the Project is eligible for CDBG-R funding, is not speculative in nature, is economically sound, and at least 51 percent of the Project beneficiaries are low and moderate income persons; and

WHEREAS, staff recommends that Resolution 2012-18 and the Project be amended to increase the funding from \$61,463 to \$79,108.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends Resolution 2012-18 to increase the Project's CDBG-R funding from \$61,463 to \$79,108;

BE IT FURTHER RESOLVED, the MSF allocates \$79,108 from the Michigan CDBG-R program for the purpose of funding the Community's Project contingent upon the MSF's continued receipt of CDBG-R funds and availability of adequate funds;

BE IT FURTHER RESOLVED, staff is directed to amend the Grant Agreement. The Fund Manager or MSF President is authorized to execute, on behalf of the MSF, all documentation necessary to effectuate the revised and amended Project; and

BE IT FURTHER RESOLVED, if a revised and amended Grant Agreement executed by all parties is not delivered to the MSF within 30 days of the date this Resolution is adopted, this Resolution shall have no effect.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012

MEMORANDUM

DATE: August 22, 2012

TO: MSF Board Members

FROM: Diane Cranmer

SUBJECT: Reissuance of \$4,700,000 Michigan Strategic Fund Bond
International Master Products Corporation, Series 2010

COMPANY BACKGROUND

International Master Products Corporation (“IMP”) is a Michigan corporation which started operations as an unincorporated business in 1949 before incorporating in 1973. IMP is owned by Richard K. Hughes, Jr., and is in the business of producing tags for the gardening industry. The administration office is located at 9751 U.S. Highway 31 North, Montague, Michigan, and the production facility is located at 9350 Walsh Road, Montague, Michigan. IMP currently employs 93 people in production, 51 people in administrative and other, and 40 people in temporary, for a total of 194.

PROJECT DESCRIPTION

The \$4,700,000 Michigan Strategic Fund Bond (International Master Products Corporation), Series 2010 (the “2010 Bonds”) were issued to finance (1) the construction and equipping of an approximately 24,000 square foot addition and expansion to IMP’s existing facility located at 9701 US-31 Montague, Muskegon County, and (2) the acquisition and installation of machinery and equipment consisting of a printing press and a CTP unit at IMP’s facility located at 9350 Walsh Road, Montague, Muskegon County.

IMP would like to amend certain of the 2010 Bond Documents in order to allow PNC Bank (the “Original Purchaser”) to lower the interest rate on the 2010 Bonds. The amendments will cause the 2010 Bonds to be deemed “reissued” for tax purposes.

The MSF Board will be asked to approve amendments to the 2010 Loan Agreement, the 2010 Bond Purchase Agreement, the 2010 Bond, and the 2010 Promissory Note, each reflecting the change in interest rate. There will be no other material changes to the 2010 Bonds transaction documents.

BOND COUNSEL

Clark Hill PLLC

RECOMMENDATION

After reviewing the Private Activity Bond Authorizing Resolution for International Master Products Corporation, and based upon a determination by Clark Hill PLLC and the State of Michigan Attorney General’s office that this transaction meets state and federal law requirements for tax-exempt financing, staff recommends the adoption of a Bond Authorizing Resolution authorizing the amendment of the 2010 Bonds transaction documents.



MEMORANDUM

Date: August 22, 2012

To: Michigan Strategic Fund Board Members

From: Diane Cranmer, IDR B Specialist

Subject: Private Activity Bond – Bond Authorizing
Van Andel Research Institute
NTE \$220,000,000 – Refunding/Non-Profit
Grand Rapids, Kent County

COMPANY BACKGROUND

The Van Andel Research Institute (“VARI”) was originated in the State of Michigan October 16, 1996, as a Michigan charitable trust. VARI is engaged in the continuous active conduct of medical research and operates as a medical research organization. David Van Andel is the Chairman and Chief Executive Officer. The other trustees are James D. Fahner, M.D., W. Gary Tarpley, Ph.D. and George Vande Woude, Ph.D. The institute is located at 333 Bostwick Avenue, N.E., Grand Rapids, Michigan, and employs approximately 285 individuals.

PROJECT DESCRIPTION

The proceeds of the refunding bonds will be used to currently refund the MSF’s \$220,000,000 Adjustable Rate Demand Limited Obligation Revenue and Revenue Refunding Bonds, Series 2008 issued April 10, 2008 (the “Series 2008 Bonds”). Proceeds of the Series 2008 Bonds were used to refund four prior MSF bond issues totaling \$110,000,000 (the “Prior Bonds”) and to complete the hereinafter described Project.

The proceeds of the Prior Bonds and a portion of the Series 2008 Bonds were used to assist VARI in the financing of land acquisition, the construction of an approximately 160,000 square foot medical research facility and an approximately 250,000 square foot addition thereto, including related parking and land improvements, the acquisition and installation of laboratory and other research equipment, including computer hardware and software and the acquisition and installation of office furniture and fixtures (the “Project”). The Project is located at or in the immediate vicinity of 333 Bostwick Avenue, N.E., in the City of Grand Rapids, Kent County, Michigan, and is used for medical research and education.

VARI will realize significant cost savings through the refunding of the Series 2008 Bonds by a direct bank purchase.

VARI owns and operates the Project.

Michigan Economic Development Corporation

JOB CREATION

To date, 385 jobs have been created by the Project and it is estimated 500 additional jobs will be created in the next 20 years.

ADDITIONAL INFORMATION

Legislative Information:

Senator: David Hildebrand, District 29

Representative: Roy Schmidt, District 76

Company Contact:

Timothy Myers, Vice President and Chief Financial Officer

Bond Counsel:

Dickinson Wright PLLC

Proposed Placement of the Bond Issue:

The refunding bonds will be purchased through a direct bank purchase. One series in the amount of \$110,000,000 will be purchased and held by U.S. Bank National Association and the other series in the amount of \$110,000,000 will be purchased and held by The Northern Trust Company.

RECOMMENDATION

After reviewing the Private Activity Bond Authorizing Resolution for Van Andel Research Institute, and based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General's office that the Project meets state and federal law requirements for tax exempt financing, staff recommends the adoption of a Bond Authorizing Resolution for the refunding bonds in the amount of NTE \$220,000,000.

MEMORANDUM

DATE: August 22, 2012

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

FROM: Joshua Hundt, Manager – Development Finance

SUBJECT: Approval of Michigan Business Development Request for \$1,500,000
Performance-based Grant to:

Jason Incorporated DBA Janesville Acoustics (“Applicant” or “Company”)
29200 Northwestern Highway, Suite 400
Southfield, Michigan 48034
www.Janesvilleacoustics.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

Jason Incorporated DBA Janesville Acoustics (“Janesville Acoustics”) is one of the world’s largest producers of acoustical and thermal fiber insulation, and a leading producer of fiber products. The company operates as a tier I and tier II supplier for acoustical products for the transportation and automotive industry worldwide.

Janesville Acoustics is headquartered in Southfield, Michigan and has operations in Ohio, Mississippi, North Carolina, Mexico, and Germany.

Janesville Acoustics operates under Jason Incorporated, a global family of manufacturing companies that are connected by a single parent company.

Jason Incorporated currently has 234 employees in Michigan, including 28 Janesville Acoustics employees.

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

PROJECT DESCRIPTION

The Applicant plans to open a new 250,000 square foot facility in Michigan, make investments and create jobs related to the manufacture of felt trunk parts for mid-size cars, molded felt carpet under pads for cars and trucks, molded felt dash inner insulators, molded felt IP close out panels for cars and trucks, die cut insulation for carpets, headliners, and door trim.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that will locate and operate in Michigan.
- b) The project will be located in the City of Battle Creek. The city has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 328 1998 for ten years. The estimated value of this abatement is \$1,920,000.
- c) The Applicant has demonstrated a need for the funding based on the overall cost of doing business for the project in Michigan versus sites in Indiana and Ohio. Indiana and Ohio both offered competitive economic development incentive packages in support of this project.
- d) The Applicant plans to create 225 Qualified New Jobs above a statewide base employment level of 28.
- e) The project meets the program guidelines as follows: the proposed project involves out-of-state competition, the prospect of near term job creation, and the project provides a net positive return for the State of Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 225 Qualified New Jobs, with the potential for up to 256 total jobs as a result of the Project, and a capital investment of up to \$10.05 million in the City of Battle Creek. The requested incentive amount from the MSF is \$1,500,000 in the form of a performance-based grant. 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:

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
JASON INCORPORATED DBA JANESVILLE ACOUSTICS**

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, Jason Incorporated DBA Janesville Acoustics (“Company”) has requested a performance based MBDP grant of up to \$1,500,000 (“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
August 22, 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: 7/24/2012

- | | |
|---|--|
| 1. Company Name: | Jason Incorporated DBA Janesville Acoustics ("Company" or "Applicant") |
| 2. Company Address: | 29200 Northwestern Highway
Suite 400
Southfield, Michigan 48034 |
| 3. Project Address ("Project"): | 2500 Logistics Drive
Battle Creek, Michigan 49015 |
| 4. MBDP Incentive Type: | Performance Based Grant |
| 5. Maximum Amount of MBDP Incentive: | Up to \$1,500,000 ("MBDP Incentive Award") |
| 6. Base Employment Level | 28 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level at the Project and at its site located at 2900 Northwestern Highway, Suite 400, Southfield, 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:
(above Base Employment Level) | 225 The minimum number of total Qualified <u>New</u> Jobs the Company shall be required to create in at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for |

consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. In no event shall any Job transferred (or otherwise eliminated) from one facility of the Company or Affiliate in the State, to a job at another facility of the Company or Affiliate in the State, be considered a Qualified New Job. 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 Acceptance of the Term Sheet

8. **Company Investment:** Up to \$15,050,000 in annual lease costs, machinery & equipment, furniture & fixtures, or any combination thereof, for the Project.

9. **Municipality supporting the Project:** City of Battle Creek

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

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 Upon demonstrated creation of 80 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2013.

b. **Disbursement Milestone 2:** Up to \$500,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 75 additional Qualified New Jobs above the Base Employment Level, by no later than December 31, 2014.

- c. **Disbursement Milestone 3:** Up to \$400,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 70 additional Qualified New Jobs above the Base Employment Level, by no later than December 31, 2015.

11. Term of Agreement: Execution of Agreement to December 31, 2017

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 incented 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 July 27, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

Jason Incorporated DBA Janesville Acoustics

By:

[Signature]

Its:

PRESIDENT

Dated:

Aug 6, 2012

Acknowledged as received by:

Michigan Economic Development Corporation

By:

[Signature]

Its:

Manager - Development Finance

Dated:

Aug. 6, 2012



MEMORANDUM

DATE: August 22, 2012

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

FROM: Marcia Gebarowski, Regional Project Manager

SUBJECT: Approval of Michigan Business Development Amendment for:
Credit Acceptance Corporation (“Applicant” or “Company”)
25505 W. Twelve Mile Road
Southfield, Michigan 48034
www.CreditAcceptance.com

On May 23, 2012 the Michigan Strategic Fund approved a \$1,800,000 award for Credit Acceptance Corporation under the Michigan Business Development Program (“MBDP”). The approval, attached to this memo, included a P.A. 328 tax abatement as the form of local support for the project, outlined in the term sheet.

Since the approval of their MBD incentive, staff has learned that the Company is appealing its property assessment by the City to the State Tax Tribunal, and the Southfield City Council has indicated that they may not approve the tax abatement request if the company does not withdraw their current tax appeal. City staff and the Company may still pursue the tax abatement; however, they are requesting an alternate form of local support which would be recognized in the grant agreement if the tax abatement is not approved.

Southfield recently adopted the Property Assessed Clean Energy (“PACE”) program under Public Act 270 of 2010, which promotes the installation of energy efficiency improvements and renewable energy systems by owners of commercial or industrial property within the city. This program can offer the Company a financing tool to pay for building efficiency-related upgrades and improvements. These improvements would lead to lower cost of building operations, enabling this headquarters facility to remain competitive as a result of implementing energy efficiencies.

The initial estimated value of the PA 328 tax abatement is \$53,000 over three years. The value of a building audit through the PACE program is unknown at this time. Although it would not be a high monetary value, the audit is a direct benefit and would identify the efficiencies and enable the company to use tools, like Tax Increment Financing, to offset the cost of building efficiency upgrades.

The Company has also asked for an additional milestone to be added to the terms for a grant disbursement by June 30, 2015. The request would allow the Company to collect additional funds at a time they anticipate new costs related to their expansion. Currently, the Company must create at least 159 new jobs before they are eligible to collect their final grant disbursement. Staff has negotiated a fourth milestone to allow the Company to collect on 20 additional jobs by June 30, 2015, in exchange the Company has agreed to a reduction of their grant value by \$50,000.

Michigan Economic Development Corporation

RECOMMENDATIONS

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

Amend the May 23, 2012 approval for the Applicant to allow the following:

1. Alternate form of local support on behalf of the City of Southfield, and;
2. Addition of new milestone for 20 new jobs by June 30, 2015, and;
3. Reduction of the grant value to \$1,750,000 or \$6,387 per job, as stated on the terms sheet dated August 9, 2012.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF AN AMENDMENT OF THE MICHIGAN BUSINESS DEVELOPMENT
PROGRAM GRANT TO CREDIT ACCEPTANCE CORPORATION**

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 2012-54 the MSF approved a MBDP grant to Credit Acceptance Corporation (“Company”) of up to \$1.8 million along with other general terms and conditions which were outlined in the term sheet attached to the resolution (the “Original Term Sheet”);

WHEREAS, the Original Term Sheet required a property tax abatement by the City of Southfield and provided for three disbursement milestones;

WHEREAS, the Company is requesting an alternative form of local support from the City of Southfield be allowed in the event that a tax abatement is not approved by the City of Southfield;

WHEREAS, the Company is further requesting the addition of a fourth disbursement milestone by added;

WHEREAS, attached to this resolution as Exhibit A is a Revised Term Sheet which provides that as a Pre-Closing Requirement the Company shall provide a letter setting aside and waiving all rights to claim a credit under the Michigan Economic Growth Authority Agreement #472 (September 28, 2008) for any tax year after the 2011 tax year;

WHEREAS, the MEDC has recommended to the MSF Incentive Subcommittee that the MSF approve the Company’s Grant Request in accordance with the Revised Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; (iii) reduction of the MBDP grant from up to \$1.8 million to \$1.75 million; and (iv) 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
August 22, 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: 8/8/2012

1. **Company Name:** Credit Acceptance Corporation ("Company" or "Applicant")

2. **Company Address:** 25505 W. Twelve Mile Road
Southfield, Michigan 48034
www.creditacceptance.com

3. **Project Address ("Project"):** 25505 W. Twelve Mile Road
If different than above Southfield, Michigan 48034

20700 Civic Center Drive, Suite 300
Southfield, Michigan 48076

4. **MBDP Incentive Type:** Performance Based Grant

5. **Maximum Amount of MBDP Incentive:** Up to \$1,750,000 ("MBDP Incentive Award")

6. **Base Employment Level** 686 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:** 274 The minimum number of total Qualified New
(above Base Employment Level) Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the

full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum 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:** April 1, 2012
8. **Company Investment:** Up to \$10.2 million in renovations, lease costs, furniture & fixtures, computers, and other expenses or any combination thereof, for the Project.
9. **Municipality supporting the Project:** City of Southfield
- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: building energy audit performed by the City of Southfield. The final terms and conditions demonstrating this support shall be included in the final Agreement.
10. **Pre-Closing Requirement:** In addition to all other requirements that must be met prior to the execution of a final agreement, the Company must provide a letter indicating that they are setting-aside and waiving all rights to claim a credit under the Michigan Economic Growth Authority Agreement #385 (October 10, 2007).
11. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created 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:
- Upon demonstrated creation of each Qualified New Job, the MSF will disburse \$6,387 per Qualified New Job (up to 274 Qualified New Jobs and not to exceed the total amount of \$1,750,000), provided that the following are satisfactorily met.
- i. By June 30, 2013, the Company demonstrates creation of at least 51 Qualified New Jobs and submits a report of the final energy audit by the City of Southfield PACE Program;
 - ii. By June 30, 2014, the Company demonstrates creation of at least 40 additional Qualified New Jobs (for a total to such date of at least 91 Qualified New Jobs);
 - iii. By June 30, 2015, the Company demonstrates creation of at least 20 additional Qualified New Jobs (for a total to such date of at least 111 Qualified New Jobs); and
 - iv. By December 31, 2015, the Company demonstrates creation of at least 139 additional Qualified

New Jobs (for a total to such date of at least 250 Qualified New Jobs).

12. Term of Agreement: Execution of Agreement to December 31, 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 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 MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by August 9, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

COMPANY NAME

By:

Its:

Dated:

[Signature]
CFO
8/9/12

Acknowledged as received by:

Michigan Economic Development Corporation

By: _____

Its: _____

Dated: _____



MEMORANDUM

DATE: August 22, 2012

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

FROM: Marcia Gebarowski, Regional Project Manager

SUBJECT: Approval of Michigan Business Development Amendment for:
Barracuda Networks (“Applicant” or “Company”)
3175 Winchester Boulevard
Campbell, California 95008
www.barracudanetworks.com

On June 27, 2012 the Michigan Strategic Fund approved a \$1,200,000 award for Barracuda Networks under the Michigan Business Development Program (“MBDP”). The approval, attached to this memo, included a pre-closing requirement (item 10) that the Company waives all rights to their MEGA credit approved on September 28, 2008.

The language in the original terms sheet would disqualify the Company from receiving the MEGA credit that is currently being processed for tax year 2011 for approximately \$130,000. The intent of this requirement was for Barracuda Networks to forego all future rights to their MEGA credit for any tax year after 2011 and not impede on the Company from receiving the credit submitted to the MEDC for processing months before the new expansion project was brought to our attention. An amendment to the Term Sheet has been signed by the Company and the MEDC changing the item 10 pre-closing requirement accurately reflects the parties intent.

RECOMMENDATIONS

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

- a. Amend the June 27, 2012 approval to approve the Company’s Grant Request in accordance with the Amended Terms Sheet reflecting a pre-closing requirement of forgoing future MEGA credit years after 2011, as seen in the amendment terms sheet dated July 19, 2012, included in the Resolution as Attachment A. All other terms and conditions of the original approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF AN AMENDMENT OF THE MICHIGAN BUSINESS DEVELOPMENT
PROGRAM GRANT TO BARRACUDA NETWORKS, 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 June 27, 2012, by Resolution 2012-59 the MSF approved a MBDP grant to Barracuda Networks, Inc. (“Company”) of up to \$1.2 million along with other general terms and conditions which were outlined in the term sheet attached to the resolution (the “Original Term Sheet”);

WHEREAS, the Original Term Sheet erroneously provided that as a Pre-Closing Requirement the Company shall provide a letter setting aside and waiving all rights to claim a credit under the Michigan Economic Growth Authority Agreement #472 (September 28, 2008);

WHEREAS, attached to this resolution as Exhibit A is a Revised Term Sheet which provides that as a Pre-Closing Requirement the Company shall provide a letter setting aside and waiving all rights to claim a credit under the Michigan Economic Growth Authority Agreement #472 (September 28, 2008) for any tax year after the 2011 tax year;

WHEREAS, the MEDC has recommended to the MSF Incentive Subcommittee that the MSF approve the Company’s Grant Request in accordance with the Revised 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
August 22, 2012

Amendment
to the
Michigan Business Development Program
Performance Based Grant – Term Sheet
between
Michigan Economic Development Corporation
and
Barracuda Networks, Inc.

This Amendment (the "Amendment"), dated July 18, 2012, is to the Michigan Business Development Program Performance Based Grant – Term Sheet between the Michigan Economic Development Corporation (the "MEDC") and Barracuda Networks, Inc. (the "Company") (the "Term Sheet").

The Parties agree to amend the Term Sheet as follows:

1. Delete Section 10 of the Term Sheet in its entirety and replace with the following:

"10. Pre-Closing Requirement: In addition to all other requirements that must be met prior to the execution of a final agreement, the Company must provide a letter indicating that they are setting aside and waiving all rights to claim a credit under the Michigan Economic Growth Authority Agreement #472 (September 28, 2008) for any tax year after the 2011 tax year."

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

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

COMPANY ACCEPTANCE:

Barracuda Networks, Inc.

Dated:

7/18/2012




David Faugno
Chief Financial Officer

MEDC ACCEPTANCE:

Michigan Economic Development Corporation

Dated:

7/19/12



Marcia Gebarowski
Regional Project Manager

MEMORANDUM

Date: August 22, 2012
To: Michigan Strategic Fund Board Members
From: Martin Dober, Senior Vice President, Entrepreneurship & Innovation
Subject: Michigan Life Science and Innovation Center – 2008 Grant Modification

BACKGROUND

The Michigan Life Science and Innovation Center (“MLSIC”) is a 57,601 square foot business incubator located in Plymouth Township, Wayne County. This former Pfizer facility currently houses 15 companies, many of which are promising life sciences firms. Among the tenants are a few established ventures, such as Esperion Therapeutics and Delphinus Medical Technologies; and some life sciences start-ups, such as DeNovo Sciences, the most recent top award winner of the Accelerate Michigan Innovation Competition. The facility also once housed Lycera, a biopharmaceutical company that graduated from the Plymouth incubator.

MLSIC was purchased from Pfizer for \$3.5 million in October 2008. The incubator is operated by Ann Arbor SPARK (“SPARK”). The original purchase was facilitated by a \$1.5 million grant from the Michigan Strategic Fund (“MSF”) to SPARK, which requires that the building be maintained as an incubator and not sold for five years. That grant originated from the Retention of Pfizer Assets Program of the 21st Century Jobs Fund.

In late 2011, the facility experienced significant distress with the loss of some key tenants. This included the loss of Lycera, who moved into larger space on campus at the University of Michigan, as well as the loss of one of the primary vivarium operators, who went out of business. As a result of ongoing operating losses, SPARK has decided to dispose of the facility, and instead will focus its incubation efforts on campus at the University of Michigan.

MEDC Staff believes that MLSIC is an extremely important anchor facility for the life sciences industry in Michigan. Located approximately halfway in between Ann Arbor and Detroit, the facility has the ability to incubate life sciences technologies from both metropolitan centers, including technologies from both University of Michigan and Wayne State University, as well as non-university developed technologies.

MEDC Staff is negotiating an agreement with the Michigan Land Bank Fast Track Authority (the “Land Bank”) for the Land Bank to take ownership of MLSIC on a temporary basis while a new owner is sought to preserve it as a life sciences incubator. Necessary to the transfer of ownership would include obtaining approval from the MSF to waive the provision in the 2008 grant agreement that prohibits the transfer of ownership of MLSIC within five years of the original purchase.

REQUEST AND RECOMMENDATION

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

**MICHIGAN STRATEGIC FUND
RESOLUTION - 2012-**

**RETENTION OF PFIZER ASSETS TOWARD THE ADVANCEMENT OF LIFE SCIENCES
TECHNOLOGY PROGRAM AND WAIVER FOR ANN ARBOR SPARK**

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

WHEREAS, at its May 8, 2007 meeting, the MSF Board appointed a committee to review proposals received in response to the Retention of Pfizer Assets Toward the Advancement of Life Sciences Technology Request for Proposals (“RFP”) as described in MCL 125.2088j(3)(j) and authorized by the Board;

WHEREAS, at its June 27, 2007 meeting, the MSF Board allocated \$550,000 to Ann Arbor SPARK to create an equipment depot pursuant to the grant agreement between the MSF and Ann Arbor SPARK (“Grant Agreement”);

WHEREAS, at its July 23, 2008 meeting, the MSF Board granted \$1.5 million to Ann Arbor SPARK for the purchase of the approximate 57,000 square foot, state of the art, life sciences drug discovery laboratory and animal testing facility, in Plymouth Township, Michigan (the “Facility”) and authorized the MSF Fund Manager to execute an amendment to the Grant Agreement with Ann Arbor SPARK for this purpose;

WHEREAS, MSF Fund Manager executed an amendment to the Grant Agreement with Ann Arbor SPARK for the purchase of the Facility (the “Grant Amendment”);

WHEREAS, pursuant to the Grant Amendment, if the Facility is sold within five years from the date of the Amendment, Ann Arbor SPARK is required to refund the \$1,500,000 grant to the MSF;

WHEREAS, the MSF Board desires to waive the requirement that Ann Arbor SPARK retain the Facility for a period of five years from the date of the Grant Amendment in order to allow Ann Arbor SPARK to transfer ownership of the property to the Michigan Land Bank Fast Track Authority (the “Michigan Land Bank”), subject the purchase of the Facility by the Michigan Land Bank from Ann Arbor SPARK (the “Waiver”).

NOW, THEREFORE BE IT RESOLVED, the MSF Board approves the Waiver;

BE IT FURTHER RESOLVED, that the MSF Board Fund Manager is authorized to negotiate and execute any documents necessary to effectuate the Waiver, subject to the purchase of the Facility by the Michigan Land Bank from Ann Arbor SPARK.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012

MEMORANDUM

Date: August 22, 2012
To: MSF Board
From: Paula Sorrell, Managing Director, Entrepreneurship & Innovation
Subject: FY 2012 Entrepreneurial Services Provider Program

BACKGROUND

On July 25, 2012, the Michigan Strategic Fund Board (the “MSF Board”) approved a Notice of Public Hearing for the Entrepreneurial Services Provider Program Request for Proposals (“RFP”). The public hearing was held on August 9, 2012. The Minutes of the Public Hearing and the Questions and Answers resulting from comments received at the Public Hearing and through e-mail are included in Exhibit A. The draft RFP was amended in response to the comments from the Public Hearing and is attached to the draft resolution approving the RFP for issuance as Exhibit A.

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

Issue Entrepreneurial Services Provider RFP: August 22, 2012
Questions due: August 27, 2012
Answers posted to webpage: August 29, 2012
Applications Deadline: September 5, 2012
Results of the JEC presented to MSF Board for funding decisions: September 26, 2012

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

Paula Sorrell – Entrepreneurial Services Managing Director, MEDC
Roselyn Zator – Entrepreneurial Services Manager, MEDC
Melda Uzbil – University Relationship Manager, MEDC
Michael Hagen – Business Attraction Manager, MEDC
Eric Shreffler – Cluster Development Managing Director, MEDC
Phil Tepley - SBTDC
Jim O’Connell - UM
Michael Kurek – BBC
Lauren Bigelow – Growth Capital Network

MEDC Staff requests the approval of the MSF Board for the scoring and evaluation criteria attached as Exhibit C to be used by the JEC members in their review of proposals submitted in response to the RFP.

RECOMMENDATION

MEDC Staff requests that the MSF Board approve the following proposed actions. The MSF Entrepreneurial Subcommittee supports the proposed actions.

- 1) Allocation of \$5.25 million from funds appropriated to the MSF for innovation and entrepreneurship to the RFP;
- 2) Approval of the RFP attached as Exhibit A to the draft resolution approving its issuance;
- 3) Appointment of the JEC listed above; and
- 4) Approval of the scoring and evaluation criteria attached as Exhibit A to the draft resolution appointing the JEC and approving the scoring.

Exhibit A

2012 Entrepreneurial Service Provider RFP

Minutes from the Public Hearing

August 9, 2012, 10:00 AM -11:30 AM

Public in attendance, 13 people attended: Steve Wilson (UM), Jason Ball (UBS), Maggie Striz (Kuntzsch Biz Svc), Hans Herfurth (Fraunhofer), Michelle Stock (Arbor Photonics), Rick Kurtz (Advanced Photonics), Sue Dean (L3 Communications), Paula Wheelen (Michigan Solid State Lighting Association), Yiwei Chen (NextEnergy), Rachel Kuntzsch (Kuntzsch Biz Svc), Don Berry (West MI Medical Device Consortium), Charlie Devries (Automation Alley), and Jim Saber (NextEnergy).

Staff: Martin Dober, Paula Sorrell, Melda Uzbil, Elias Shakour, Karla Campbell, Roselyn Zator

Martin Dober introduced the program including identifying the goal of the program - to create companies, job, and new investments. He also discussed the timeline of the RFP.

The audience asked a number of questions, see below.

Most of the discussion was focused on the Industry Consortium Program, and specifically whether the intent is to fund new consortiums, and if the Program (\$500,000) has sufficient funds to fund the number of organizations that plan to apply. MEDC's Staff's recommendation is to make a preference for new organizations but all can apply. The proposal must clearly state the value of the organization and its ability to generate high-tech company creation or jobs or new investment. Funding for the program may be flexible but dependent on number and quality of proposals submitted.

2012 Entrepreneurial Service Provider RFP

Questions and Answers

1. What percentage of the required match can be “in-kind”?

Cash match is preferred, and the more cash match compared to in-kind is favored.

2. The RFP draft indicates it is for (a) Non-Profit Entity, would the Michigan Solid State Lighting Association be eligible to compete? (Specifically we are interested in the grant segment for “Industry Consortium Programs” as we are currently working with Next Energy and many of our member companies have recently participated in product demonstration opportunities.)

Yes.

3. Regarding the matching funds contribution, as the Michigan Solid State Lighting Association is currently working with Next Energy with access to matching funds and we collect dues from our membership and therefore have means to offer some cash contribution. Would this combination be considered eligible for matching funds?

State related funds cannot be used as cash match. For example, if you are receiving funds from NextEnergy that originated from MEDC grants then those funds are not eligible for cash match. Dues cannot be used for cash match. Cash match must be funds specific for the program that you are applying for and must be received within 3 months of the grant start date. Federal funds and foundation funds are examples of acceptable cash match sources.

4. Is the First Customer Program mentioned in the RFP information directed at someone or industry? Is it a refunding of a current program?

Only non-profits and universities are eligible to submit proposals, so the First Customer Program is directed at non-profits or universities that can submit proposals identifying services and programs to assist companies to identify, introduce, and close deals with “first” customers. The MSF/MEDC has not funded a First Customer Program in the past.

5. What are the reporting requirements?

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

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

Annual site visits are conducted by the MEDC Grant Manager.

6. Who can apply?

Non-profits and universities.

7. What is the overhead rate?

Up to 15%.

8. Is the match cash or in-kind? How much match is required?

Cash match is preferred. The greater the amount of cash, the better.

9. For the Industry Consortium Program, should the consortium be a new organization or existing organization?

Preference is for new organizations, though not limited to just new organizations. The proposal must clearly state the value of the organization and its ability to generate high-tech company creation or jobs or new investment in the future.

10. When does the non-profit have to be in existence?

For the proposal, the non-profit does not have to exist yet, though the proposal should explain the circumstances under which the non-profit will be formed, the inaugural members and roles they play, and the proposed lead of the organization. The non-profit must be in existence to execute the agreement.

11. For the Industry Consortium Program, is there a minimum or maximum amount for each proposal? Are multiple awards expected?

No minimum or maximum. Multiple awards are expected under this program.

12. Is economic impact weighed depending upon the type of economic impact, for example ability to train students, versus other outcomes?

No weighing, though the outcome expectations are: company creation, jobs creation, increased investment. Proposals should address how these expectations would be met, and may indicate short-term versus long-term outcomes.

13. Do the financial numbers have to be audited financials?

No, but the financial information in the Progress Reports must try be “auditable”. For example at the Annual Site Visit, the MEDC Grant Manager will ask to see the back-up to the Progress Report including how the numbers from the Progress Report track back or are calculated from the organization’s financial reports. The programs themselves may be audited after a period of time by the State of Michigan Auditor General to review use of funds and reported outcomes.

14. Does the organization that receives an award have to undergo due diligence and/or background check?

After the awards are announced, the awardees will be notified and asked for information for MEDC to conduct due diligence/background checks. To continue with the grant process the awardee must pass the due diligence and background check.

The grant process entails finalizing milestones, budgets, payment schedules, and metrics between the organization and the MEDC Grant Manager. This process may take 3 months.

15. Is there a type of non-profit that is eligible?

No, all non-profit entity formations are eligible, see RFP for definition.

16. In the application process, when identifying “competition or others that provide services”, should this just focus on Michigan competitors?

Focus on Michigan competitors but other major competitors may also be included.

17. Are the budgets identified in the RFP for each program flexible, so can more funds be allocated to the Industry Consortium Program?

They are somewhat flexible but depend upon the proposals that are received.

18. For the Federal Grant Match Program, how much funding is available for each sub-program, and will the funding go to multiple organizations.

The amount is flexible depending upon the proposals (though SBIR/STTR may be a larger amount because of the past history over the past 3+ years). The expectation is that multiple organizations will receive funding because different organizations are involved in the different sub-programs.

19. Are partial awards expected?

If the amount of the “approved for funding” proposals overruns the amount available, the MSF Board considers different scenarios: where only the top proposals receive full funding or the all the “approved for funding” proposals receive less funding than they proposed. The MSF Board makes the final decision.

If the awardee is offered less funding than proposed, during the grant process, the awardee will provide a brief proposal/summary indicating that the organization can continue with the intent of the proposal with the lesser funding.

20. What is expected from the First Customer Program? Do the program funds go to the companies needing first customers?

The intent of proposals should be to provide assistance to early stage high-tech companies to obtain their first customer in a new vertical market. This assistance could include sales training, mentoring or coaching to prepare the companies on approaching first customers, attending events for introductions, introductions (including hands-on introductions), etc.

No, the funding will go to the non-profit or university that is administering the program whereby they work with the early stage high-tech companies to assist them (see above for services that they could provide) to obtain their first customer.

21. What is the corrective action if terms of grant are not met?

Payment schedules are based on completing milestones, budget, and metrics, so failure to meet expectations will jeopardize payments though the grantee should be working throughout the agreement with the MEDC Grant Manager.

22. In regards to the payment schedule, is an upfront payment available?

Yes, upfront payments upon execution of contract are available though 10% of the award must be reserved for the final payment, and will be disbursed upon approval of the final Progress Report indicating completion of milestones, metrics, and budget.

23. Are the following expenses eligible for funding: lobbying, advocacy, legal fees for organizing the consortium?

Lobbying and advocacy are not eligible. Legal fees are eligible.

24. Is this RFP targeting certain technology areas?

Yes, the 21CJF technologies that include: Advanced Automotive, Manufacturing,

Materials, Information, and Agricultural Processing Technology, Alternative Energy Technology, Homeland Security/Defense Technology, Life Sciences Technology, and Other Innovative Technologies.

25. What types of funds are eligible to be considered match?

Not state funds, but the following can be considered match: federal funding, foundation funding, corporate funds, etc.

26. How much of the total money allocated (\$1.5M) is dedicated to manage the ARPA-E matching program vs. the DARPA matching program? Or are these expected to be managed together by one non-profit?

The amount is flexible depending upon the proposals. The expectation is that multiple organizations will receive funding because different organizations are involved in the different sub-programs.

27. What do you expect to be the maximum matching amount for each individual ARPA-E awardee?

\$200,000

28. What type of ARPA-E entities qualify for match (for profit, non-profit, university, research faculty)?

Only for-profit companies that have received an ARPA-E technology research federal grant are available to receive matching funds.

A non-profit or university can apply to manage the program. The program will provide the funds from this MSF Federal grant Matching Funds program to for-profit companies as a match for their approved federal grants through the ARPA-E program.

29. How much of the total money allocated for ARPA-E/DARPA matching program (\$1.5M) is dedicated to award matches vs. non-profit administration of the program.

Up to 15% can be used administration. If an organization already has the resources in place to manage a program and the ability to keep overhead low, preference will be given to that organization.

30. What is expected as “Other Matching Programs”? Does this include matching programs more broadly to any DOE federal program for instance (e.g., wind, solar, vehicle technologies program, EERE)?

Other programs that include technology research federal grants, where the matching funds will be used for commercialization activities.

31. Do you expect to award several non-profits to administer a “First Customer Program” or have one general administration non-profit like SBTDC run this for all accelerators in the state?

There are no expectations and will depend upon the proposals received.

32. Do you expect this to be a pool of money that all accelerators can apply for through a central source and the total money allocated \$1.5M is drawn down based on success with helping companies secure their first customer

There are no expectations and will depend upon the proposals received.

33. Are there any non-profits that would not qualify for the First Customer Program that already have “strategic service provider agreements” to do similar work (e.g., MMTC, MI-SBTDC, NextEnergy)

If an organization already has an agreement with the MEDC and through this RFP is applying to do similar work, they will be disqualified based upon redundant services.

34. Could an industry led group qualify even if it is already established as a non-profit organization for only a couple years but is still very much volunteer based and needs financial support for growth, administrative support, marketing assistance...assuming it meets all other criteria including the match funding?

Preference is for new organizations, but existing organizations may apply.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

ENTREPRENEURIAL SERVICES PROVIDER REQUEST FOR PROPOSALS

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

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

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

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

WHEREAS, the MSF desires to focus a Request for Proposals (“RFP”) to award grants to non-profits and universities to provide business acceleration services to entrepreneurs and new technology start-up companies in order to encourage new company formation and job creation (“Entrepreneurial Services”);

WHEREAS, on August 9, 2012 a public hearing was held and public comments were received;

WHEREAS, modifications were made to the RFP based on comments received at the public hearing;

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for awarding grants to award grants to non-profits and universities related to Entrepreneurial Services. A copy of this RFP form is attached to this Resolution; and; and

WHEREAS, the MSF desires to initiate the competitive proposal process to award grants to non-profit organizations and universities to provide Entrepreneurial Services.

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012



Michigan Strategic Fund Board 21st Century Job Funds

**REQUEST FOR PROPOSALS
ENTREPRENEURIAL SERVICE PROVIDER
(Eligible Entities: Non-Profits and Universities)
RFP-DOC-XXXX
Release Date: August 22, 2012**

2012 Entrepreneurial Service Provider Request for Proposals (RFP)

Application Due Date: September 5, 2012 in .pdf format to: 2012ESP@michigan.org

This Call for Applications is issued on behalf of the Michigan Strategic Fund (the "MSF") by the Michigan Economic Development Corporation ("MEDC") Contracts and Grants Unit ("C&G"). C&G is the sole point of contact with regard to all matters relating to the services described in the application, evaluation, and granting process. The MSF is the only agency authorized to approve, change, modify, amend, alter, or clarify the specifications, terms and conditions of this process and any contract awarded as a result of this process (the "Contract"). C&G is the **SOLE POINT OF CONTACT** throughout the process. All communications concerning this process must be addressed to:

Contracts and Grants
Michigan Economic Development Corporation
300 North Washington Square, 2nd Floor
Lansing, Michigan 48913
2012ESP@michigan.org

TIMELINE:

Issue RFP to the public.....	August 22, 2012
Questions due.....	August 27, 2012
Answers posted to webpage.....	August 29, 2012
Applications deadline.....	September 5, 2012
Results of the JEC presented to MSF Board for funding decisions.....	September 26, 2012

TABLE OF CONTENTS

Section I - WORK STATEMENT	1
I-A) INTRODUCTION	1
I-B) PURPOSE	1
I-C) FUNDING OPPORTUNITIES	2
I-D) ELIGIBILITY, REQUIREMENTS, AND OBLIGATIONS	3
Section II - PROCESS AND TERMS AND CONDITIONS	5
II-A) QUESTIONS	5
II-B) APPLICATIONS	5
II-C) SELECTION OF CRITERIA	5
II-D) FALSE INFORMATION	6
II-E) DISCLOSURE OF INFORMATION	6
II-F) CHANGES IN THE PROCESS	6
II-G) ELECTRONIC RECEIPT	6
II-H) RESERVATION OF MSF DISCRETION	7
II-I) PROCESS PROTEST PERIOD	7
II-J) JURISDICTION	8
II-K) CONFLICT OF INTEREST	8
II-L) BREACH OF CONTRACT	8
Section III - APPLICATION FORMAT	9
III-A) APPLICATION	9
III-B) APPLICATION SUBMITTAL	10

Section I - WORK STATEMENT

I-A) INTRODUCTION

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

Through this Entrepreneurial Service Provider Request for Proposals, the MSF Board desires to allocate up to \$5.25 million (“Award Amount”), disbursed over up to 3 years, to non-profit organizations and universities that provide specialized support services to assist companies and institutions in commercializing competitive-edge technologies, building successful, innovative businesses with the potential for high-growth and job retention and promoting a culture of entrepreneurship in Michigan.

I-B) PURPOSE

The MSF and the MEDC recognize that a variety of organizations, Service Providers, (“SPs”) are needed to provide critical and valuable services to technology entrepreneurs and companies in Michigan. These services include but are not limited to:

- A variety of training services for building best business practices, supporting technology development/entrepreneurship, and improving market position for companies through education on how to pursue new market opportunities (e.g. landing federal contracts)
- Business and marketing planning
- Connecting companies to potential sources of growth opportunities (e.g., prospective customers, new markets, investors, partners)
- Diversification assistance
- General business counseling
- Incubator and wet lab space
- Management recruitment
- Market analysis
- Networking events
- Pre-Seed funding to targeted companies
- Product development
- Sector specific expertise to support prospecting, lead qualification and project creation and management
- Small Business Innovation Research (“SBIR”), Small Business Technology Transfer (“STTR”), and other federal grant assistance
- Technology assessments and mining
- Venture capital preparation and introductions

In addition to the above services, the MSF and the MEDC have identified “gaps” in the services that are available, and that technology entrepreneurs and companies are still in need of critical services.

I-C) FUNDING OPPORTUNITIES

The total amount of funding available for this initiative is \$5,250,000. Funds awarded will be disbursed over a performance period of up to three (3)years (see the estimated amounts available for each funded submission).

The MSF through this Request for Proposals (RFP) is soliciting entrepreneurial service provider proposals from non-profits and universities that address the following GAP areas in the entrepreneurial eco-system

1. First Customer Program (\$1,500,000)
 - Services and programs to assist new technology companies to identify, introduce, and close deals with “first” customers. This will include start-up companies and companies diversifying into new industries, requiring preparation for and introduction to “first” customers.
 - The intent of the proposals should be for the applicant organization to provide assistance to early stage high technology companies to obtain their first customers.
 - Assistance may include sales training, mentoring or coaching to prepare companies on approaching first customers, introductions (including “hands-on” introductions), etc.
 - The companies assisted through this process do not receive funds but rather the services.
2. Industry Consortium Programs (\$500,000)
 - Requires matching funds. Cash match is preferred.
 - Preference for new organizations.
 - Preference for applications with a 2-year funding proposal.
 - Consortium or partnering services and programs for specific high-tech industry areas to leverage regional resources.
 - Consortium must include partners (non-profits, economic development agencies, private companies, universities, hospitals, etc.) working together to identify the market’s assets and market the industry.
 - Develop and implement tools to catalog Michigan’s capabilities and resources of companies in specific industries such as medical devices, clean tech, etc. (including companies that may not be in the space but have the capabilities) in MI.
 - Provide services and programs to align and match-make opportunities between companies that need products or assistance and companies that can provide this support.
3. Federal Grant Matching Funds (\$3,250,000)
 - Requires matching funds. Federal match is required.
 - Programs to provide commercialization matching funds to companies receiving technology research federal grants
 - SBIR/STTR matching program (\$1,750,000)

- ARPA-E, DARPA, and other matching programs (\$1,500,000)

I-D) ELIGIBILITY, REQUIREMENTS, AND OBLIGATIONS

A. Technology Sectors

Proposals submitted **MUST** be to foster the growth of Michigan's technology based economy by supporting early stage companies and entrepreneurs to create jobs and commercialize product(s) within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

B. Non-Profit and University Entities

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

Eligible non-profit organizations must be authorized to conduct business in the State of Michigan. Universities must be Michigan universities.

C. Leverage and Match

The MSF Board encourages applicants to leverage other resources as a condition of the award. The Industry Consortium Program and the Federal Grant Matching Funds Program REQUIRE match. Each proposal must provide specific financial or in-kind contribution committed to, or available for, the direct support of the proposed plan. Although the proportion or the amount of the leveraged resources is not specified in this RFP, applicants are highly encouraged to maximize the contribution committed for their organization. Cash match is favored. Other State of Michigan grant funds are not eligible for match. Letters of financial commitment and proposal support are not required in the proposal though may be requested during the award process.

D. Award and Grant Agreements

Awards will be distributed in the form of grants at the discretion of the MSF Board. Grant agreement boilerplate language, when available, will be distributed to applicants. The total amount available for all awards made pursuant to this RFP is \$5.25 million. Generally, awards will be disbursed over a two to three-year period. After awards have been officially announced, MEDC staff will contact each award recipient to set up a date and time to negotiate the contractual terms for the award grant agreement and to structure an award-monitoring program. If partial awards are recommended, the applicant will be asked to provide a brief proposal/summary indicating the organization can still continue with the intent of the proposal with the lesser funding. Successful applicants will also be informed of the requirements for Progress Reports (see below for summary of reporting requirements.).

All grant agreements approved by the MSF Board will contain a provision that the Auditor General has access to the books and records, including financial records and all other

information and data relevant to the terms of the grant agreement related to the use of the funds.

Successful proposals approved for funding by the MSF Board are subject to the final execution of a legal grant agreement and successful completion of a due diligence review including, among other things: criminal and civil background checks of the applicant. Background checks will include, without limitation, affiliates, subsidiaries, officers, directors, managerial employees, and any person who directly or indirectly holds a pecuniary interest in that business entity of 20 percent or more.

E. Award Reporting Requirements

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

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

Annual site visits are conducted by the MEDC Grant Manager.

F. Overhead Rates

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

Section II - PROCESS AND TERMS AND CONDITIONS

II-A) QUESTIONS

Questions from Bidders concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm on August 27, 2012**. All questions or concerns about this RFP must be directed to the e-mail address below and not to any other employee or representative of the MSF or the MEDC. Failure to comply with this directive may result in disqualification from consideration under this RFP.

Contracts and Grants:
2012ESP@michigan.org

II-B) APPLICATIONS

The application must be in a .pdf format utilizing 10 point font or greater and submitted via email to: 2012ESP@michigan.org by **5:00 p.m. EST on September 5, 2012**. **All applications must be signed by an individual authorized by the Applicant to submit the application on its behalf.**

The application must include:

- 1) Contact Page, up to 1 page.
- 2) Check List Page, up to 1 page.
- 3) Proposal, up to 5 pages that includes description of services, milestones, and budget.

II-C) SELECTION OF CRITERIA

Applications will be evaluated upon a two-step selection process.

The first step is an evaluation of which applications satisfactorily meet the requirements of the Entrepreneurial Service Provider Request for Proposals document. The second step is the formal review of the proposals against the criteria identified.

- 1) Step I – Criteria for Satisfactory Bids
 - a) Only non-profits and universities are eligible
 - b) Application Content – The application must address the requirements described in Section III below and submitted via email in a .pdf format.
 - c) Applications must include a proposal that includes:
 - i. Executive Summary
 - ii. Identify which GAP area that the applicant is addressing
 - iii. Proposed services
 - iv. Past experience
 - v. Milestones/deliverables
 - vi. Budget
 - vii. Economic impact – Expected number of businesses created, jobs created, retained, and increases in investment/revenue

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

2) Step II – Selection and Award

- a) During the second step of the selection process, applications will be reviewed and evaluated by a Joint Evaluation Committee (“JEC”) comprised of individuals selected by the MSF. Only those applications that satisfy the minimum requirements of this RFP will be considered for evaluation in Step II. The MSF and its JEC reserve the right to request additional information from any applicant. Incomplete proposals will not be accepted or reviewed. **Any change or update to the acceptance of proposals will be posted on the MEDC website.** Such postings shall constitute constructive notice to the general public and to all applicants of any modifications or alterations of the deadline for proposals. Therefore, applicants are strongly encouraged to continuously check the MEDC website at <http://www.michiganadvantage.org/Public-Notices-Requests-for-Proposals/>.
- b) During the JEC’s review, applicants may be required to make oral presentations of their applications to the JEC. The MEDC will schedule these presentations, if required by the JEC.

II-D) FALSE INFORMATION

If the MSF or the MEDC determines that an Applicant purposefully or willfully submitted false information in response to this RFP, the Applicant will not be considered for an award.

II-E) DISCLOSURE OF INFORMATION

All applicants should be aware that applications submitted to the MSF and the MEDC in response to this process may be subject to disclosure under the provisions of Public Act 442 of 1976, as amended, known as the “Freedom of Information Act” (FOIA). Accordingly, confidential information should be excluded from Applicants’ applications. Applicants, however, are encouraged to provide sufficient information to enable the MSF and the MEDC to determine the Applicant’s qualifications and to understand or identify areas where confidential information exists and could be provided.

II-F) CHANGES IN THE PROCESS

Changes made to the RFP as the result of responses made to qualifying questions or concerns will be put in writing to each applicant. The MSF will not respond to telephone inquiries or visitation by Bidders or their representatives. The MSF does not commit to answering questions received after the date and time specified in Section II-A. Neither the MSF nor the MEDC will respond to telephone inquiries or visitation by applicants or their representatives.

II-G) ELECTRONIC RECEIPT

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY ON OR BEFORE **5:00 p.m. EST on September 5, 2012** TO: 2012ESP@michigan.org.

THE MSF HAS NO OBLIGATION TO CONSIDER ANY APPLICATION THAT IS NOT RECEIVED BY THE APPOINTED TIME.

II-H) RESERVATION OF MSF DISCRETION

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

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

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

Failure to comply with the terms and conditions of this RFP may result in disqualification from consideration under this RFP.

II-I) PROCESS PROTEST PERIOD

If an applicant wishes to initiate a protest of the designation recommendation, the Applicant must submit a protest in writing by 5:00 p.m. EST within ten (10) calendar days from the date of the notice of designation sent by the MSF. The written protest should include reference to the Entrepreneurial Services Provider Request for Proposals and clearly state the facts believed to constitute an error in the designation recommendation, and describe the desired remedy. Only the information provided within the protest period will be considered in arriving at a decision. The MSF is not required to take into consideration any material filed by any party after the protest deadline. The MSF Chairperson, Fund Manager or other designee of the MSF will provide a written decision to the protesting party after investigating the matter or, if more information is needed, will schedule an informal meeting before issuing a decision. This decision is final.

To maintain the integrity of the process, protests requesting a waiver of the following omissions and requirements cannot be granted:

- 1) Failure of an Applicant to submit the submission by the due date and time;
- 2) Failure of an Applicant to provide samples, descriptive literature or other required documents by the date and time specified; and
- 3) Failure of an Applicant to submit a protest within the time stipulated in the notice to award or as determined by the MSF.

In fairness to Applicants who meet specifications and to prevent delays in program

implementation, the MSF will not withdraw an award or re-evaluate proposals when a protest maintains that the RFP specifications were faulty.

II-J) JURISDICTION

In the event that there are conflicts concerning this Entrepreneurial Service Provider Request for Proposals that proceed to court, jurisdiction will be in a Michigan court of law. Nothing in this process shall be construed to limit the rights and remedies of the MSF or the MEDC that are otherwise available.

II-K) CONFLICT OF INTEREST

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

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

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

II-L) BREACH OF CONTRACT

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

Section III - APPLICATION FORMAT

To be considered, each Applicant must submit a COMPLETE application as a .pdf document in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required below. Each section of the application should be clearly identified with appropriate headings:

III-A) APPLICATION

- 1) Contact Page and Conflict of Interest - State the Lead Organization's full name, address, and phone and facsimile number. Also include contact information, including phone number, email, cell phone number, and fax numbers. Also include signature as reference in II-B. And include a statement regarding any Conflict of Interest (see p.8 of the RFP, Section II-K Conflict of Interest).
- 2) Check List Page – Include a checklist of the required sections of the proposal, as listed in this Section III-A) 3 a-g and an indication that the section is included in the proposal.
- 3) Proposal (up to 5 pages) – Provide a proposal and include the required elements a-g, as described here. In the Proposal clearly identify the following sections as headers.

a) Executive Summary

The Executive Summary should summarize the information provided in response to paragraphs (b) through (g), below. And specifically indicate:

- **THE NAME OF THE APPLICANT ORGANIZATION**
- **THE AMOUNT OF FUNDS REQUESTED**
- **THE AMOUNT OF MATCHING FUNDS**
- **THE TERM**
- **THE GAP AREA**
- **Your TARGETED NUMBERS FOR:**
 - **Companies Created**
 - **Jobs Created**
 - **Jobs Retained**
 - **Increase Investment/Revenue**

b) GAP Area

The applicant should clearly state how the proposal will address one of the three GAP areas.

c) Proposed Services

The following must be identified in the proposal:

- The services proposing to deliver
- The market focus (life sciences, etc.)
- The competition or others that provide similar services
- The applicant's expertise, experience, and value added that provides the ability to deliver services
- Identify collaborative partners and their value.
- Summarize key personnel and their value

d) Past Experience

The applicant should indicate past experience providing services including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, paid for by clients, etc. Also indicate if applicant is currently receiving funds from state programs and how if the applicant receives an award from this RFP, all state funds will be used in the most effective manner.

e) Milestones/deliverables

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

f) Budget

Specifically identify THE AMOUNT OF FUNDS REQUESTED, the TERM REQUESTED, LEVERAGE, and what the applicant proposes to do with FUNDS APPLIED THROUGH THIS RFP and the TIMING OF THE FUNDS. Progress Reports are due in April and October so include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, Start of grant-9/30/2012, 10/1/2012-3/31/2013, 4/1/2013-9/30/2013, etc. and rows should include the expense line-items.

g) Economic Impact

Identify the targeted number of companies created, jobs created, retained, and increases in investment/revenue resulting from the services. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports.

III-B) APPLICATION SUBMITTAL

The application must be in a .pdf format, limited to 7 pages and submitted via email to 2012ESP@michigan.org. All applications must be signed by an individual authorized by the Applicant to submit the application on its behalf.

APPLICATIONS MUST BE RECEIVED ELECTRONICALLY BY MEDC, CONTRACTS AND GRANTS, NOT LATER THAN **5:00 p.m. EST ON September 5, 2012**. THE MSF HAS NO OBLIGATION TO CONSIDER ANY APPLICATION THAT IS NOT TIMELY RECEIVED.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

APPROVAL OF JOINT EVALUATION COMMITTEE AND SCORING FOR ENTREPRENEURIAL SERVICES PROVIDER REQUEST FOR PROPOSALS

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

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

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

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

WHEREAS, on August 22, 2012, the MSF issued a Request for Proposals (“RFP”) to award grants to non-profits and universities to provide business acceleration services to entrepreneurs and new technology start-up companies in order to encourage new company formation and job creation (“Entrepreneurial Services”);

WHEREAS, pursuant to MCL 125.2088k, the MSF Board desires to appoint a joint evaluation committee (“JEC”) to review proposals received in response to the RFP and to make recommendations to the MSF Board;

WHEREAS, the MEDC recommends to the MSF Board that the following individuals be appointed to the JEC to review proposals received in response to the RFP:

Paula Sorrell – Entrepreneurial Services Managing Director, MEDC
Roselyn Zator – Entrepreneurial Services Manager, MEDC
Melda Uzbil – University Relationship Manager, MEDC
Michael Hagen – Business Attraction Manager, MEDC
Eric Shreffler – Cluster Development Managing Director, MEDC
Phil Tepley – Small Business Technology & Development Center
Jim O’Connell – University of Michigan
Michael Kurek – BBC
Lauren Bigelow – Growth Capital Network

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012

Proposal Evaluation Form 2012 Entrepreneurial Services Provider RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Executive Summary: Overview</p> <ul style="list-style-type: none"> • NAME OF THE APPLICANT ORGANIZATION • AMOUNT OF FUNDS REQUESTED • AMOUNT OF MATCHING FUNDS • TERM • GAP AREA • The TARGETED NUMBERS FOR: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increase Investment/Revenue 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Proposed Services: The following must be identified in the proposal:</p> <ul style="list-style-type: none"> • The services proposing to deliver • The market focus (life sciences, etc.) • The competition or others that provide similar services • The applicant's expertise, experience, and value added that provides the ability to deliver services • Identify collaborative partners and their value • Summarize key personnel and their value 		<p>Max. Possible Points: 25</p> <p>Score: _____</p>
<p>Past Experience:</p> <ul style="list-style-type: none"> • Prior State Funding or Other Funding • Relevant Experience • For Consortium Applications - preference for new organizations 		<p>Max. Possible Points: 10</p> <p>Score: _____</p>
<p>Milestones/Deliverables:</p> <ul style="list-style-type: none"> • Identified meaningful milestones/deliverables • Achievable and leading to economic impact 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Budget:</p> <ul style="list-style-type: none"> • Identified meaningful budget 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Economic Impact:</p> <ul style="list-style-type: none"> • Identified targeted metrics: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increase Investment/Revenue 		<p>Max. Possible Points: 25</p> <p>Score: _____</p>
<p>Total Score:</p>		<p>Max. Possible Points: 100</p> <p>Score: _____</p>

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

ALLOCATION FOR ENTREPRENEURIAL SERVICES PROVIDER PROGRAM

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

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

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

WHEREAS, pursuant to 2011 PA 63, the Legislature appropriated \$25 million from the 21st Century Jobs Trust Fund for Entrepreneurship & Innovation for fiscal year 2011-2012;

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

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

WHEREAS, the MEDC recommends that the MSF allocate \$5.25 million from the 21st Century Jobs Trust Fund 2011-2012 appropriation for Entrepreneurship & Innovation to the Entrepreneurial Services Provider Program; and

WHEREAS, after consideration of the MEDC recommendation, the MSF Board desires to allocate \$5.25 million from the 21st Century Jobs Trust Fund 2011-2012 appropriation for Entrepreneurship & Innovation to the Entrepreneurial Services Provider Program.

NOW, THEREFORE, BE IT RESOLVED, the MSF requests the state treasurer transfer \$5.25 million from the 21st Century Jobs Trust Fund 2011-2012 appropriation for Entrepreneurship & Innovation to the MSF for the Entrepreneurial Services Provider Program; and

BE IT FURTHER RESOLVED, the MSF authorizes the allocation of up to \$5.25 million from the 21st Century Jobs Trust Fund 2011-2012 appropriation for Entrepreneurship & Innovation to the Entrepreneurial Services Provider Program.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**APPROVAL OF FINAL DECISION DOCUMENT RELATED TO THE
ENTREPRENEURIAL SERVICES PROVIDER REQUEST FOR PROPOSALS**

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

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

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

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

WHEREAS, at its July 25, 2012 meeting, the MSF Board approved that a public hearing be held on August 9, 2012 to offer persons an opportunity to present data, views, questions and arguments relating to a draft Request for Proposals regarding the proposed award of grants to non-profit organizations and universities to provide entrepreneurial support services to early stage companies;

WHEREAS, on August 9, 2012 a public meeting was held and public comments were received; and

WHEREAS, consistent with the requirements of the Act, the MSF Board desires to produce a final decision document which describes the basis for its decision approving the RFP (“Decision Document”). A copy of the Decision Document is attached to this Resolution.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the final Decision Document and authorizes the MSF Chairperson to sign it.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012

MSF Decision Document

Issue

Approval of the Entrepreneurial Services Provider Request for Proposals

Background

As provided for in MCL 125.2088k(2), the Strategic Economic Investment and Commercialization Board (“SEIC Board”) shall award grants and loans from the 21st Century Jobs Trust Fund to encourage competitive edge technologies to create jobs in the State of Michigan. Pursuant to Executive Order 2010-8 the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board were transferred to the Michigan Strategic Fund (“MSF”), including those powers and duties and functions provided under MCL 125.2088k. The MSF Board desires to allocate up to \$5.25 million, disbursed over 2 to 3 years, to non-profit organizations and universities that provide specialized support services to assist companies and institutions in commercializing competitive edge technologies, building successful, innovative businesses with the potential for high growth and job retention and promoting a culture of entrepreneurship in Michigan.

Public Hearing

A public hearing was held on August 9, 2012 to allow interested persons the opportunity to express data, views, questions, and arguments regarding the proposed Entrepreneurial Services Provider Request for Proposals. Thirteen people attended the public hearing and four written comments were received. Comments at the public hearing centered on the Industry Consortium Program component of the RFP and whether the intent is to fund new consortiums and if the allocated amount was sufficient to fund the number of organizations that may apply. Minutes of the public hearing were presented to the MSF Board at its August 22, 2012 meeting.

Decision

At its August 22, 2012 meeting, the MSF Board considered the comments received at the public hearing, and agreed that there was a need for the Entrepreneurial Services Provider program. On August 22, 2012, the MSF Board approved the Entrepreneurial Services Provider Request for Proposals.

Michael A. Finney, Chairperson
Michigan Strategic Fund Board



MEMORANDUM

Date: August 22, 2012
To: MSF Board
From: Jennifer Nelson, Chief of Staff and General Counsel
Subject: Official State of Michigan Travel Guide Recommendation

Background

On March 28, 2012 the Michigan Strategic Fund (“MSF”) issued a Request for Proposals (“RFP”) for the Official State of Michigan Travel Guide (the “Travel Guide RFP”). The purpose of the RFP was to enter into a contract with a full-service integrated marketing partner and publisher for development, sales, production and proactive distribution of the Official State of Michigan Travel Guide, featuring articles with a focus on high quality content, editorial expertise, compelling photography and innovative, but proven, proactive distribution solutions.

The RFP was posted on the MSF’s website for 39 days. Responses were received from Meredith Corporation, Hour Media, L.L.C., and Pitch Black Media. All three proposals underwent review by a joint evaluation committee (“JEC”) appointed by the MSF Fund Manager. At its June 26, 2012 meeting the MSF Board selected Meredith Corporation as the vendor for the Official State of Michigan Travel Guide. Subsequent to the June 26, 2012 MSF Board meeting, the Department of Technology, Management and Budget (“DTMB”) requested that the proposals be reevaluated and rescored.

A new JEC was appointed by the MSF Fund Manager and all three proposals were reevaluated and rescored. The JEC again ranked the proposal received from Meredith Corporation for *Midwest Living* the highest among the three proposals. A scoring summary for the three proposals and a price comparison between Meredith Corporation and Hour Media, L.L.C., the bidder that received the next highest score, are attached to this memo.

The *Midwest Living* proposal submitted by Meredith Corporation best met the goals and objectives of the RFP and included core editorial team with extensive knowledge of the Michigan tourism product. Specifically, the proposal demonstrated a proven track record selling to the Michigan travel industry; familiarity with a broad spectrum of the travel industry, both categorically as well as geographically; a strong strategy for securing a national advertiser; a well-articulated advertising strategy without overlapping markets/databases; and extensive, long term relationship with the Michigan travel industry. Meredith Corporation also showed a stronger distribution strategy with a strategically-targeted distribution plan that is consistent with the current Travel Michigan advertising target markets.

Meredith Corporation’s database opportunities are of the scope and scale discussed in the RFP and have the ability to proactively deliver up to 650,000 copies to individual households that are consistent with Travel Michigan target market demographics. Additionally, Meredith Corporation, owns 85 million database names from across the United States with a very strong presence in Travel Michigan’s current target markets. Finally, Meredith Corporation’s added-value components demonstrated marketing ingenuity and an ability to reach out-state markets.

While the price proposal submitted by Meredith Corporation is slightly higher than the bidder that received the next best score, the technical proposal demonstrated that Meredith Corporation is best able meet the goals and objectives of the RFP and to offer the best value to the MSF and the State of Michigan.

RECOMMENDATION

Based upon the scoring and evaluation of the JEC, MEDC Staff recommends that the MSF Board award and enter into a contract for the Official Michigan Travel Guide to Meredith Corporation for *Midwest Living*, for the period of approximately October 1, 2012 to September 30, 2015, with an initial amount of \$1,500,000.00 and two one-year additional extensions, exercisable at the sole discretion of the MSF Board.

Applicant	<p>Technical Proposal 1 Stated the full name, address phone and fax number of the organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work hereunder. Indicated whether it operates as an individual partnership, or corporation; if as a corporation included the state in which it is incorporated. If appropriate, the proposal stated whether the organization is licensed to operate in the State of Michigan.</p>	<p>Technical Proposal 2 Stated in succinct terms their understanding of the problem(s) presented in the RFP.</p>	<p>Technical Proposal 3 Included a narrative summary description of the proposed effort and of the service(s) /product(s) that will be delivered.</p>	<p>Technical Proposal 4 Provided a detailed research outline and timeline for accomplishing the work. Included a Project Evaluation Review Technique (PERT)-type display, time related, showing each event, task and decision point in the work plan</p>	<p>Technical Proposal 5 Described the prior experience of the organization which they consider relevant to the successful accomplishment of the project defined in the RFP. Included sufficient detail to demonstrate the relevance of such experience. Proposal included a description of qualifying experience to include project descriptions, costs and starting and completing dates of projects successfully completed; also included the name, address and phone number of the responsible official of the client organization who may be contacted.</p>	<p>Technical Proposal 6 Identified a project manager and staff assigned by name and title. Included biographies, experience and work team's qualifications for this initiative. Indicated staff turnover rates. Showed where the project team will be physically located during the time they will be engaged in the work. Indicated the amount of dedicated management time for the bidder's project manager and other key individuals.</p>	<p>Technical Proposal 7 Listed all subcontractors that will be engaged to accomplish the project described in the RFP; included firm name, address, contact person and complete description of work to be subcontracted. Included descriptive information concerning subcontractor's organization and abilities. Also, the information provided in response to #5, above, should include detailed information about each potential subcontractor.</p>	Score	Avg
Hour Media	84	25	25	48	117	72	36	407	81.4
Midwest Living	99	24	25	49	135	88	46	466	93.2
Pitch Black	22	19	9	19	51	46	24	190	38

Joint Evaluation Committee Members

- K. Dunn
- G. Platte
- C. Sorensen
- M. Ashley
- F. Ferro

Official Warm Weather State Travel Guide Cost Comparisons

Price Components	<i>Hour Detroit</i>	<i>Midwest Living</i>
SPONSORSHIP COSTS TO PRINT 1,000,000 COPIES INCLUDING WRITING, DESIGNING, TYPESETTING, KEYLINING, FILM & COLOR, SEPARATIONS, PROACTIVE MAIL DISTRIBUTION, STRIPPING & FINISHED ART, AND COMMISSION COSTS	\$957,895.00	\$931,100.00
SEPARATE COST PER UNIT TO PROACTIVELY DISTRIBUTE (DIRECT MAIL) 650,000 IN KEY MARKETS—ILLINOIS, INDIANA, OHIO, AND WISCONSIN	\$329,550.00	\$383,500.00
BRC PRODUCTION OVERSIGHT	\$ 9,449.00	\$13,500.00
TOTAL	\$1,296,894.00	\$1,328,100.00

Value of Added Value Components

	<i>Hour Detroit</i>	<i>Midwest Living</i>
	\$761,500.00	\$802,215

Pure Michigan Official Fall/Winter Travel Guides Cost Comparisons

Price Components	<i>Hour Detroit</i>	<i>Midwest Living</i>
SPONSORSHIP COSTS TO PRINT 1,000,000 COPIES INCLUDING WRITING, DESIGNING, TYPESETTING, KEYLINING, FILM & COLOR, SEPARATIONS, STRIPPING & FINISHED ART, AND COMMISSION COSTS	\$249,812.00	\$253,900.00
BRC PRODUCTION OVERSIGHT	\$4,528.00	\$3,500.00
TOTAL	\$254,340.00	\$257,400.00

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

SELECTION OF VENDOR FOR OFFICIAL STATE OF MICHIGAN TRAVEL GUIDE

WHEREAS, on March 28, 2012, the Michigan Strategic Fund (“MSF”) issued a Request for Proposals for the Official State of Michigan Travel Guide (“Travel Guide RFP”) and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (“JEC”) to review the proposals;

WHEREAS, the JEC has evaluated all proposals and ranked the proposal by Meredith Corporation highest among all travel guide proposals;

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

WHEREAS, the MEDC recommends and the MSF desires to select the firm of Meredith Corporation as the vendor for the Official State of Michigan Travel Guide; and

WHEREAS, the MSF also desires to make an initial allocation of \$1,500,000 to fund the Official State of Michigan Travel Guide.

NOW, THEREFORE, BE IT RESOLVED, that, subject to State Administrative Board approval, the MSF Board approves the selection of Meredith Corporation as the vendor for the Official State of Michigan Travel Guide for an initial term of three years with the option to renew the contract for two additional one year terms at the sole discretion of the MSF Fund Manager;

BE IT FURTHER RESOLVED, that the MSF authorizes an initial allocation of \$1,500,000 for the Official State of Michigan Travel Guide;

BE IT FURTHER RESOLVED, that the Board authorizes the MSF Fund Manager to negotiate final contract terms and to execute the Official State of Michigan Travel Guide contract on the MSF Board’s behalf so long as the final contract terms and conditions are not materially adverse to the interest of the MSF; and

BE IT FURTHER RESOLVED, that Resolution 2012-65 is rescinded in its entirety.

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012



MEMORANDUM

Date: August 22, 2012

To: Michigan Strategic Fund Board Members

From: Karla Campbell, State Tax Incentives Manager

Subject: Renewable Energy Renaissance Zone (RERZ)
Energy Components Group, LLC (ECG) – City of St. Clair/St. Clair County
Revocation of Existing RERZ, designated for Energy Components

COMPANY BACKGROUND

In September of 2009, the State Administrative Board (SAB) approved a Renewable Energy Renaissance Zone after receiving recommendation of approval from the Michigan Strategic Fund (MSF) for Energy Component Group's proposed project, focused on expanding its manufacturing competencies and expertise to service the energy and alternative energy markets, located on 3.72 acres in the city of St. Clair. The zone designation began on January 1, 2010, for a period of six years.

This project is being brought back to the MSF board in order to seek the MSF recommendation of revocation.

In 2009, ECG entered into a development agreement, as amended, with the MSF for the RERZ designation. According to the terms of the original development agreement (attached), the Company committed to benchmarks with regards to job creation and new investment. The company was not successful in proceeding with the project. The facility located within the Renaissance Zone is not completing energy related work as required under the terms of the development agreement and Section 8(e) of the Michigan Renaissance Zone Act, 1996 PA 376, as amended. The Renaissance Zone property is owned by Saxon Properties St. Clair, LLC. The Michigan Economic Development Corporation (MEDC) has notified ECG of their intent to seek a recommendation of revocation of the RERZ.

This revocation requires recommendation of approval by the MSF Board and final approval by the State Administrative Board. The Economic Development Alliance of St. Clair has been notified of this recommendation and supports revocation. As the company has been forthcoming with the project's lack of success, payment of previous abated taxes will not be sought.

RECOMMENDATION

The MEDC recommends that the MSF consider recommendation of approval to the State Administrative Board for the revocation of the existing Renewable Energy Renaissance Zone for Energy Components Group, LLC effective beginning in 2013 due to a failure to meet the Development Agreement benchmarks.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

REVOCATION OF AN EXISTING RENEWABLE ENERGY RENAISSANCE ZONE DESIGNATION: Energy Components Group, LLC

WHEREAS, Section 8e of the Michigan Renaissance Zone Act, 1996 PA 376, as amended, authorizes the State Administrative Board (“SAB”) to designate up to 15 renaissance zones for renewable energy facilities upon the recommendations of the Michigan Strategic Fund (“MSF”) and the consent of the local unit of government in which the proposed renaissance zone will be located;

WHEREAS, on September 14, 2009, the SAB approved a Renewable Energy Renaissance Zone for Energy Components Group, LLC (the “Company”) after receiving recommendation of approval from the MSF for the Company’s facility beginning January 1, 2010;

WHEREAS, Section 8e(5) of the Act requires a development agreement be entered into between the MSF and the renewable energy facility which committed the Company to numerous milestones with regards to job creation and new investment and filing reports;

WHEREAS, Section 8e(3) of the Act allows the SAB to revoke the designation of all or a portion of a Renewable Energy Renaissance Zone if the SAB determines the renewable energy facility: (1) failed to commence operation; (2) ceases operation; or (3) fails to commence construction or renovation within one (1) year from the date the renaissance zone for the renewable energy facility is designated;

WHEREAS, the Company, among other things, failed to commence its renewable energy operation and failed to notify the MSF, as required by the terms of its development agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program, and was informed by the Economic Development Alliance of St. Clair that that the Company was no longer engaged in renewable energy activities on the site. The MEDC verified that the Company was no longer engaging in any renewable energy related activities on the site;

WHEREAS, the MEDC has also notified the Company of its intent to revoke their renewable energy renaissance zone designation and the Company had no objection;

WHEREAS, pursuant to the development agreement, staff on behalf of the MSF has sent notice to the Company to cure its noncompliance or it will recommend revocation. The 90 day cure period has passed and the Company remains out of compliance;

WHEREAS, the MEDC recommends that the MSF Board approves for recommendation to the State Administrative Board the revocation of the Company’s renewable energy renaissance zone designation.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves for recommendation to the State Administrative Board the revocation of the Company’s renewable energy renaissance zone designation; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012

MEMORANDUM

Date: August 22, 2012

To: Michigan Strategic Fund Board Members

From: Karla Campbell, Manager
Renaissance Zones

Subject: Next Michigan Development Corporation
West Michigan Economic Partnership

BACKGROUND

The MEDC received the application for West Michigan Economic Partnership (West Michigan EP) in July 2012 after approval from Governor's Snyder's office on the interlocal agreement creating the Next Michigan Development Corporation (NMDC). The following counties and communities have entered into the Interlocal Agreement:

- City of Grand Rapids
- City of Kentwood
- City of Muskegon
- City of Wyoming
- Cascade Charter Township
- County of Kent
- County of Muskegon

MEDC staff has been working with the Right Place Program and the above communities offering guidance on the formation of the NMDC bringing it before the MSF for approval. West Michigan EP aims to focus on diversifying their industrial base from auto and furniture manufacturing by attracting advanced manufacturing, technology, medical, food processing and renewable energy to enhance the current employment base.

West Michigan EP has several prime sites: the former GM Stamping facility in Wyoming encompassing 92 acres with rail and freeway access; the former Steelcase Campus on 44th Street in Grand Rapids, and the Consumers Energy Cobb plant located in Muskegon that is scheduled to be closed completely by January 2015. Muskegon's deep water port is an asset that is seen as invaluable for the wind energy industry in the shipping of turbines and other parts.

REQUEST

The Michigan Economic Development Corporation (MEDC) received a final application on August 1, 2012, for the designation of the West Michigan Economic Partnership NMDC. The designation of the NMDC shall empower West Michigan with the incentive tools identified through Section 6(1) of the Next Michigan Development Act, MCL 125.2956(1), to support its economic development efforts. The entire application is available to review for any Board member upon request.

The Board of the Michigan Strategic Fund pursuant to MCL 125.2955(2) shall apply the following criteria in determining whether to designate a NMDC:

(a) The nominal level of unemployed workers within the county or counties which are parties to the interlocal agreement creating the applicant eligible act 7 entity, if the applicant is an eligible act 7 entity, or within the applicant eligible urban entity, if the applicant is an eligible urban entity, in each case as publicly reported by the state Department of Energy, Labor, and Economic Growth as of the month preceding the filing of the application on an adjusted or unadjusted basis, whichever is greater.

Below are the unemployment percentages for the last quarter of 2011:

- Grand Rapids/Wyoming MSA: 7.4%
- Muskegon/Norton Shores MSA 9.4%
- West Michigan (6 MSAs) 7.8%

(b) The number of local governmental unit parties to the applicant's interlocal agreement if the applicant is an Eligible Act 7 Entity.

(c) Whether the application demonstrates evidence of significant job creation potential of a regional or state asset or combinations of enterprises, facilities, or obsolete facilities within the territory of the applicant, as documented by a comprehensive business plan and a third-party study or studies quantifying the job creation potential, and the degree of the job creation potential.

The entire third-party study is available to review for any Board member upon request.

As part of its comprehensive strategic development plan for the West Michigan EP, the W.E. Upjohn Institute for Employment Research completed a market analysis of the potential impact of the NMDC. The NMDC has the opportunity to diversify the economy using a multi-modal strategy. The short term development opportunity includes significant interest in using the deep water port in Muskegon and the recently closed 92-acre GM stamping plant.

(d) Whether the application is supported by public and private commitment and the degree of the commitment.

As a part of the future funding support for the operation and marketing the West Michigan NMDC proposes private interest for funding but only after the entity is approved and a Board is appointed. Funding solicitation efforts will be reviewed with and approved by a Board once it is seated.

(e) The extent to which the interlocal agreement or the eligible urban entity creates the possibility of streamlined permitting.

The ADC's interlocal agreement expressly authorizes the ADC to recommend for approval to each of the constituent local units streamlined permitting and approval processes for projects within the geographic territory of the ADC.

RECOMMENDATION

Staff recommends to the Michigan Strategic Fund the designation of the West Michigan Economic Partnership as a Next Michigan Development Corporation with immediate effect, Wednesday, August 22, 2012.

MICHIGAN STRATEGIC FUND

RESOLUTION 2012-

**NEXT MICHIGAN DEVELOPMENT CORPORATION
WEST MICHIGAN ECONOMIC PARTNERSHIP NEXT MICHIGAN DEVELOPMENT
CORPORATION**

WHEREAS, the Next Michigan Development Act (the “Act”), 2010 PA 275, authorizes the Michigan Strategic Fund (“MSF”) to designate up to five (5) Next Michigan Development Corporations (a “NMDC”) to foster economic opportunities in this state, prevent conditions of unemployment and underemployment, and promote economic growth;

WHEREAS, the Act provides that either an eligible Act 7 entity or an eligible urban entity may apply to the MSF Board for designation as a NMDC;

WHEREAS, the Act sets forth the criteria the MSF shall apply in determining whether or not to designate a NMDC at MCL 125.2955(2);

WHEREAS, the Act requires the MSF to grant or deny an application within forty-nine (49) days of receipt of an application for designation as a NMDC or the application is considered approved;

WHEREAS, the MSF received an application from the West Michigan Economic Partnership Next Michigan Development Corporation on behalf of seven communities (collectively the “Applicants”) on August 1, 2012 requesting designation of the West Michigan Economic Partnership as a NMDC (the “Application”);

WHEREAS, the West Michigan Economic Partnership is an eligible Act 7 entity formed by an interlocal agreement by and between the following communities: City of Grand Rapids, City of Kentwood, City of Muskegon, City of Wyoming, Cascade Charter Township, the Counties of Kent and Muskegon;

WHEREAS, after review of the Application and the criteria set forth at MCL 125.2955(2) staff recommends that the MSF Board approve the Applicants’ Application for designation as a NMDC.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Applicants’ Application and designates the West Michigan Economic Partnership as a NMDC effective August 23, 2012; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
August 22, 2012