



MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
THE UPPER HAND



PURE MICHIGANSM
Your trip begins at michigan.org

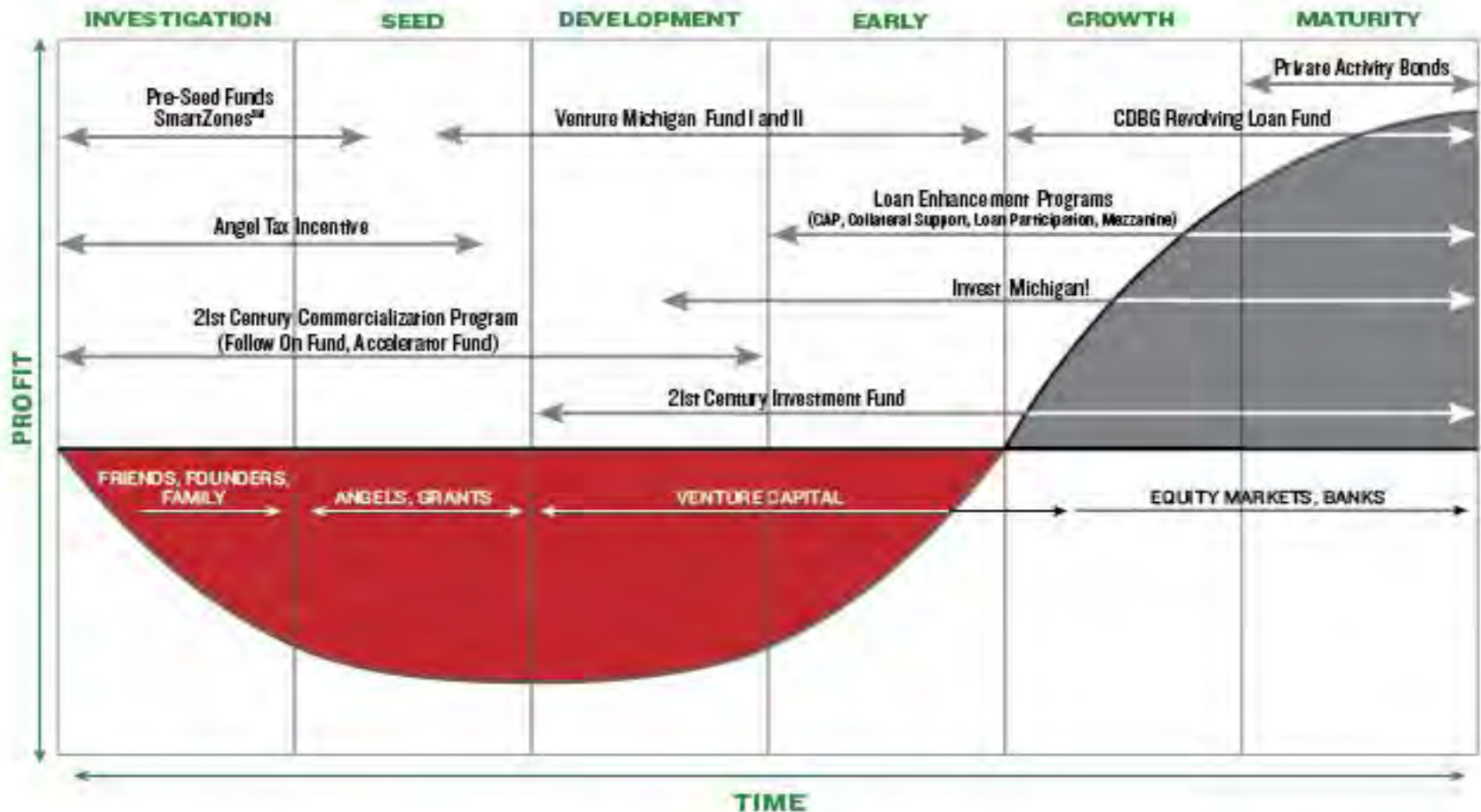


Creating a Continuum of Capital

Capital Markets Team

PURE MICHIGAN[®]
Michigan Economic Development Corporation

The Capital Lifecycle



OLD FUNDING MODEL

- Sector specific
- Investment decisions made by public sector
- Terms designed by the public sector
- Administration performed by public sector
- Default risk – 100% public sector

NEW FUNDING MODEL

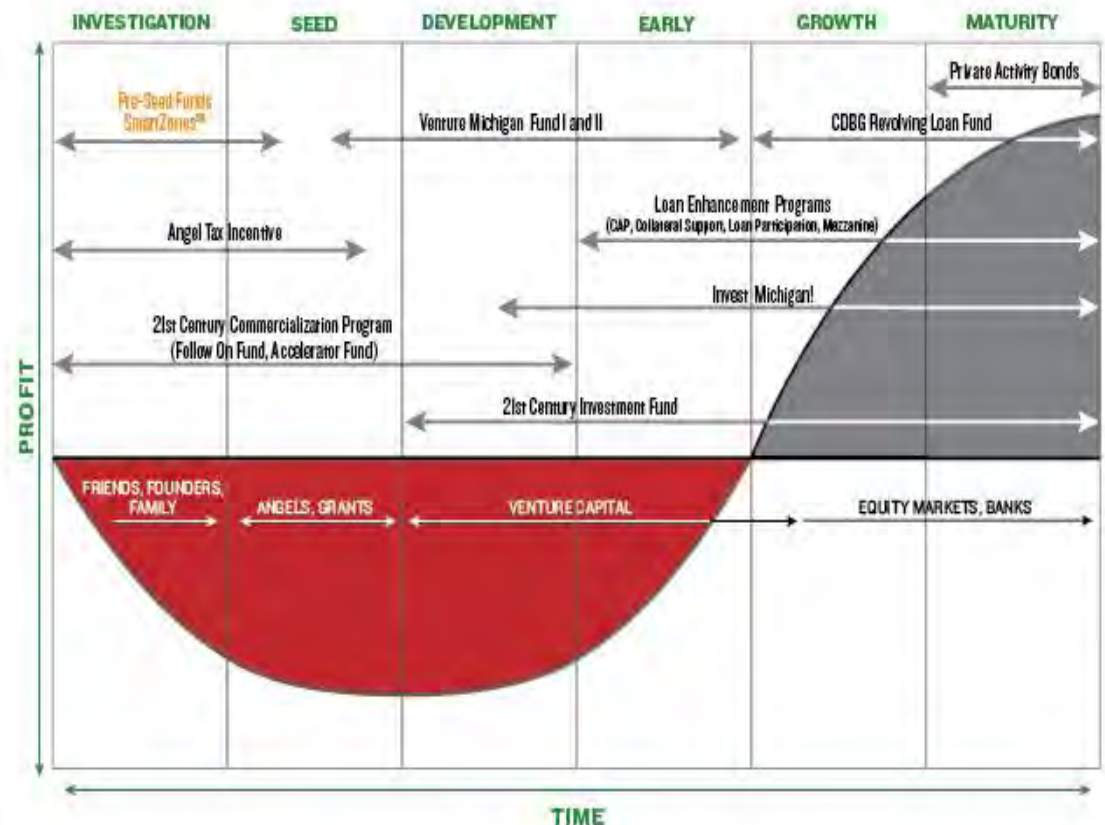
- Sector agnostic
- Investment decisions made by private sector
- Terms designed by the private sector
- Administration performed by private sector
- Default risk shared by public and private sectors

Program Development Criteria

1. Is there a clear inefficiency in the market and a public benefit in addressing the need?
2. Can a small amount of properly structured state dollars create enough leverage to have a meaningful impact on the problem?
3. Can the state's capital be deployed by expert, private sector decision-makers whose interests are aligned with the state?

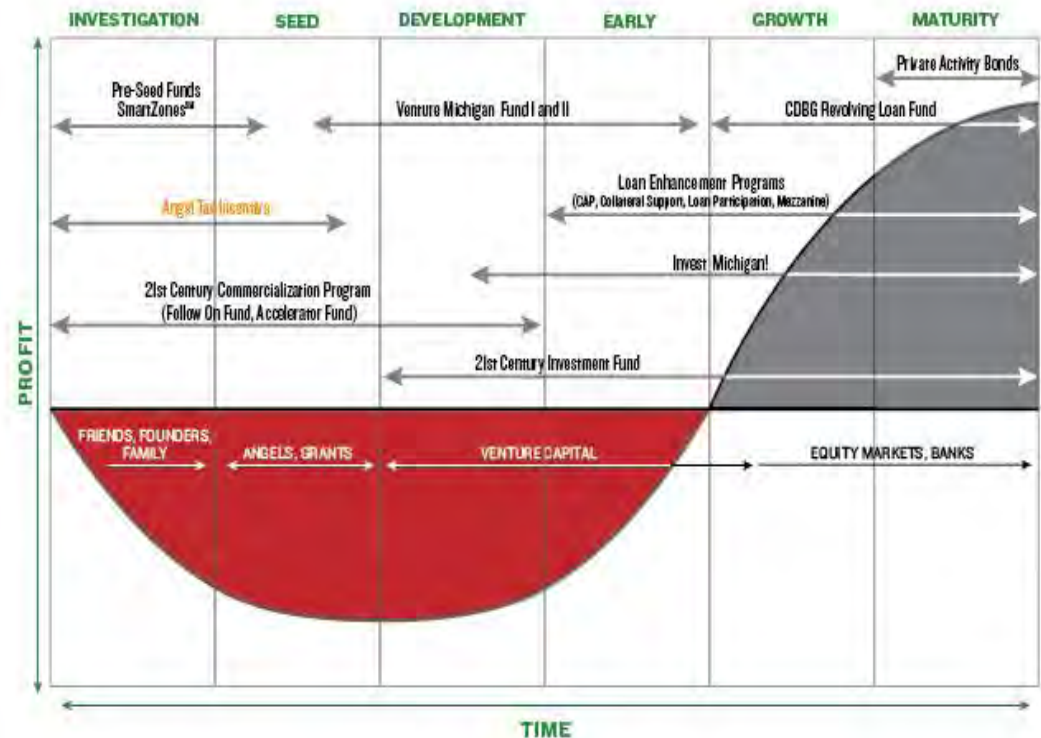
Pre-seed Funds

- Over \$40 million allocated to multiple organizations, including:
 - Spark
 - Automation Alley
 - BRCC
- Minimum 1 to 1 match, up to \$250,000
- Over 60 investments to date



Angel Investment Incentive

- Tax Credit program expired 12/31/2011
- Staff currently developing replacement program



Early Stage Venture Funding

1. Accelerator Funds

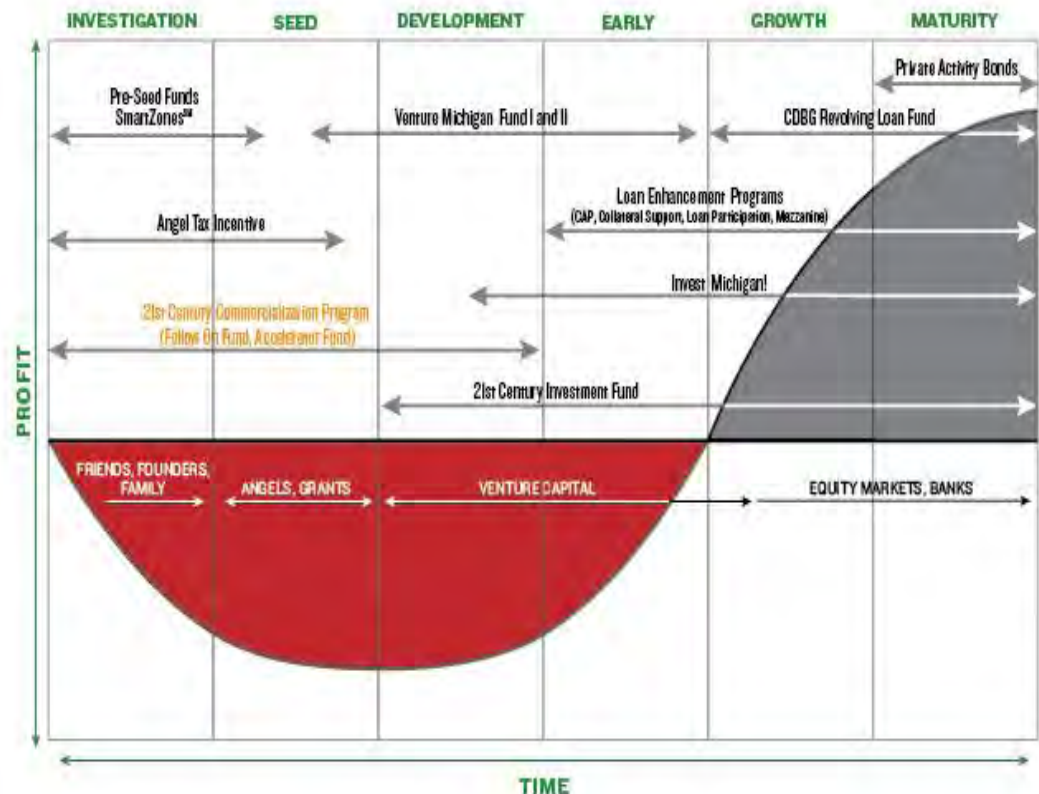
- Michigan Accelerator Fund
- Huron River Ventures

2. Venture Development Fund

- \$9 million allocation to fund 4 new venture funds in MI

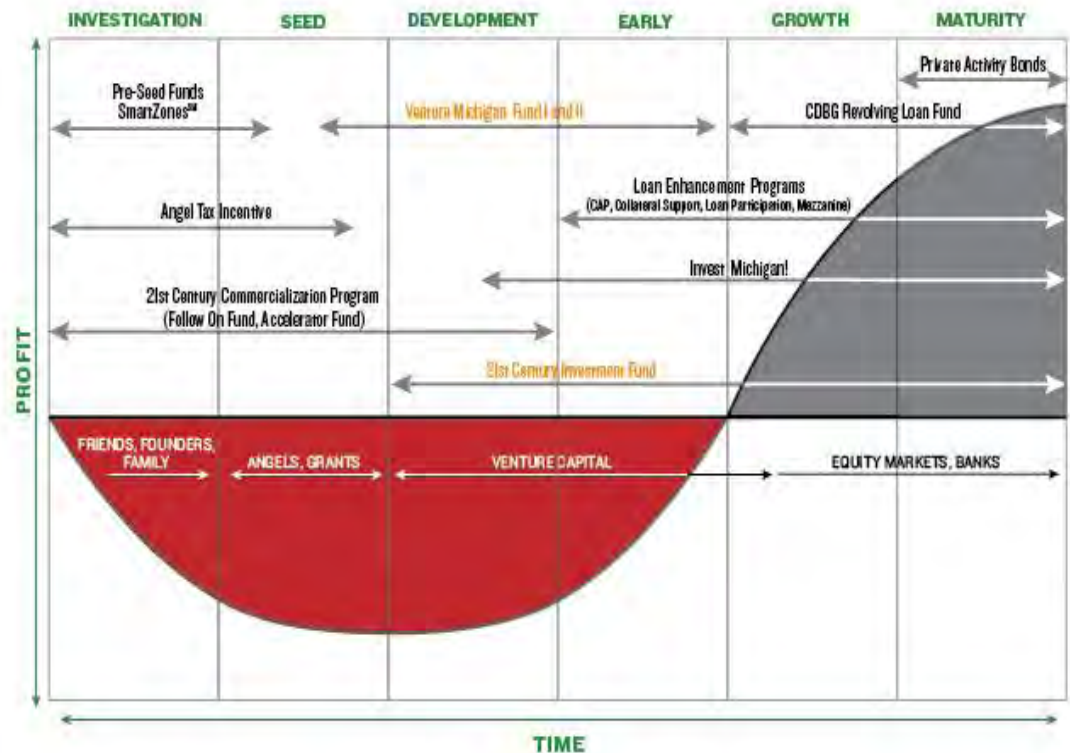
3. Venture Match Fund

- Match up to \$500k on qualified venture financing round



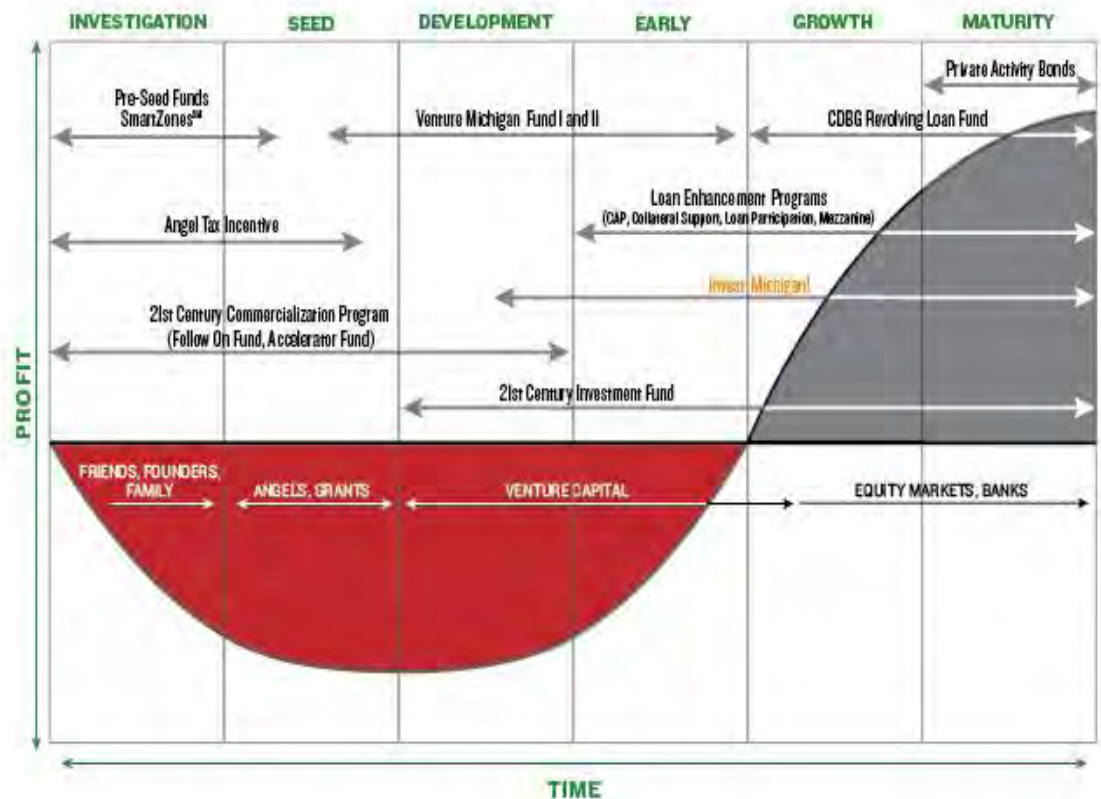
21st Century Investment Fund Venture Michigan Fund

- \$300 million to VC, mezzanine, and private equity funds
- Over \$600 million in private leverage
- Fund of Fund structure
- Managed by Credit Suisse



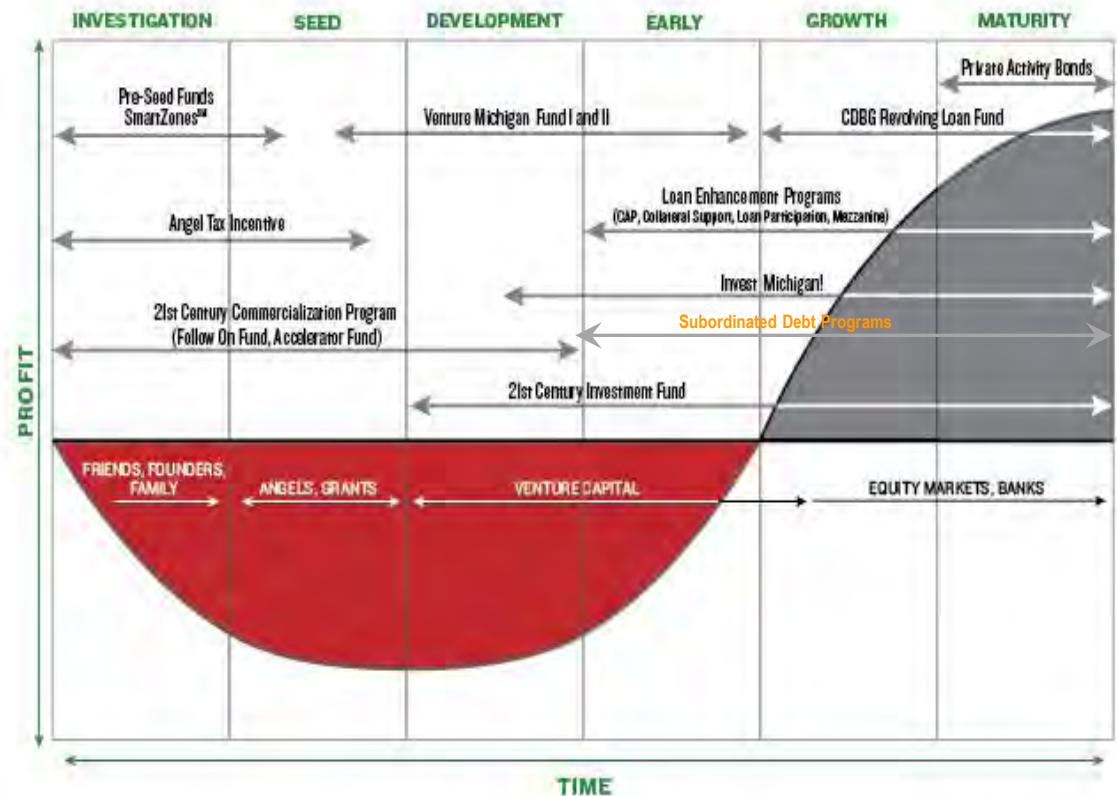
Invest Michigan

- \$300 million Pension Fund Investment
- 3 Distinct strategies
- Growth Stage Companies
- Return Driven



Subordinated Debt Programs

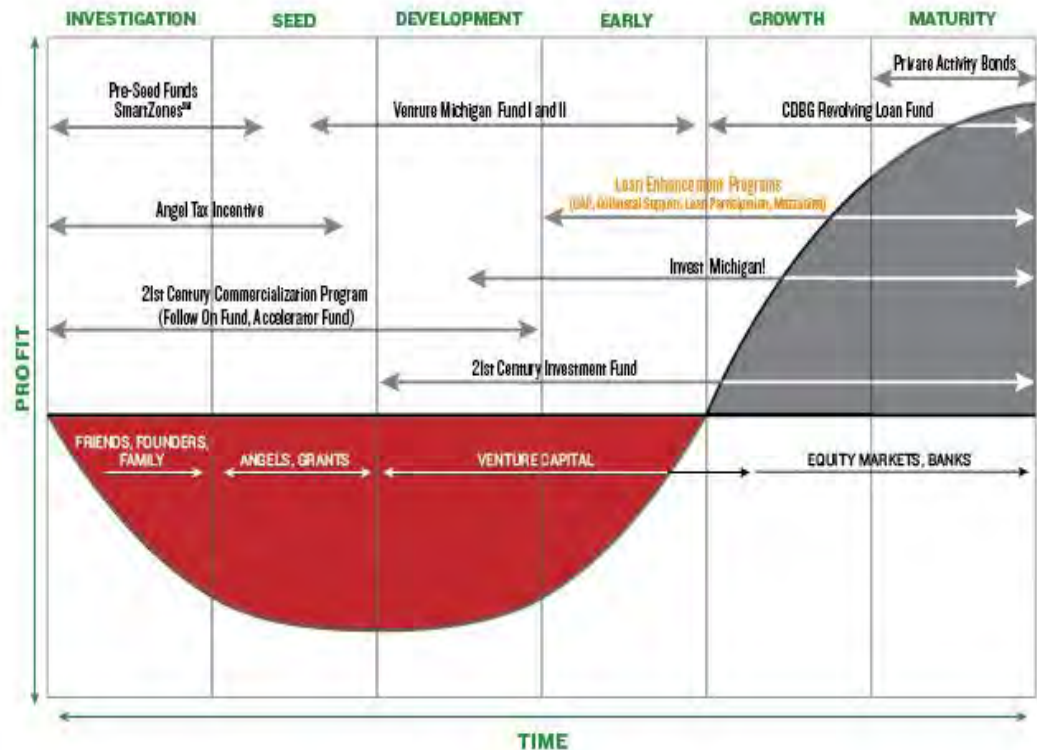
- Grow Michigan**
 - \$60 million targeted fund
 - Primarily bank investors
 - Growth-Oriented Operating Companies
- Develop Michigan**
 - \$100 million targeted fund
 - Diffuse investor base
 - Real Estate Development Gap Financing
- Michigan Income & Principal-Protected Growth Fund**
 - \$200 million targeted fund
 - Diffuse investor base
 - Growth-Oriented Operating Companies



Loan Enhancement Programs

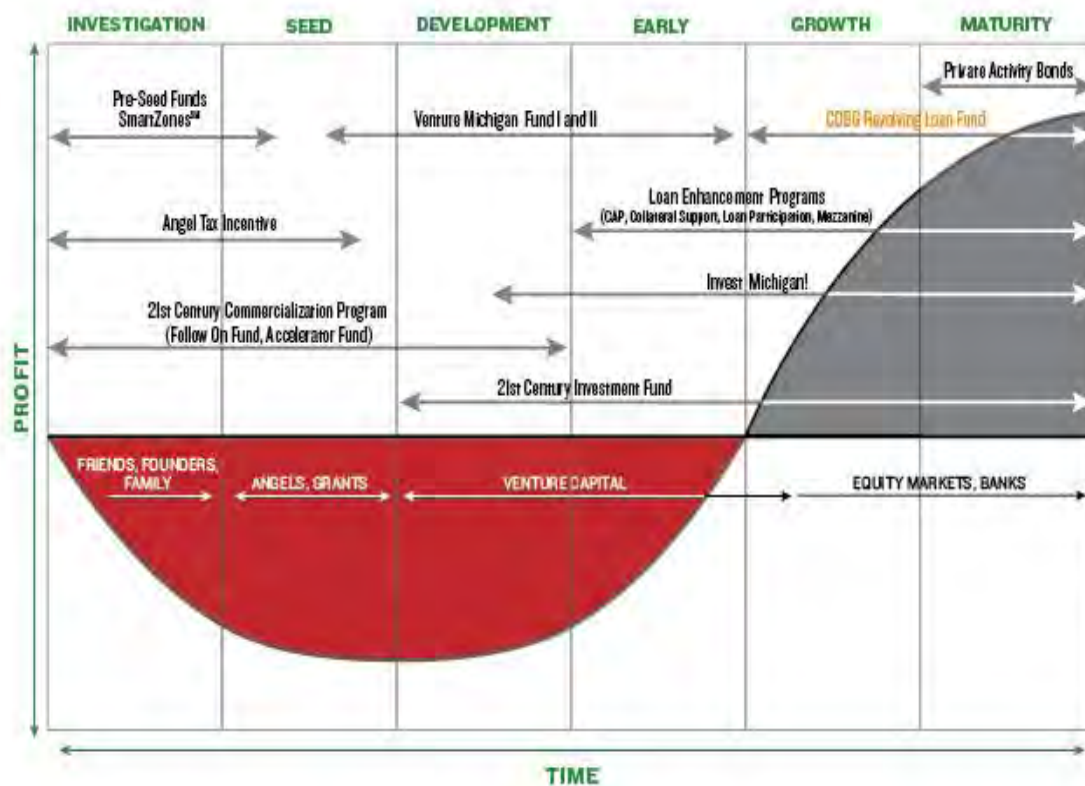
SSBCI - \$79.1 million federal award, funds:

- Capital Access Program
- Collateral Support
- Loan Participation
- Mezzanine Fund



CDBG Revolving Loan Fund

- \$25 million from federal CDBG program allocated to local RLF funds
- Recently implemented a regionalization strategy to promote more efficient use of funds



Private Activity Bonds

- Over \$200 million federal allocation in tax exempt bonds
- Eligible projects include manufacturing, waste disposal, and non-profit projects

