

**MICHIGAN STRATEGIC FUND ACT (EXCERPT)**  
**Act 270 of 1984**

**125.2088q Center of innovation program; definitions.**

Sec. 88q.

(1) The fund may create and operate a center of innovation program to promote the development, acceleration, and sustainability of competitive edge technology sectors in this state. The fund may enter into agreements with 1 or more qualified entities for the designation and operation of a center of innovation as provided in subsection (5). Prior to entering into an agreement under this section, 1 or more qualified entities may apply to the fund for an agreement for designation and operation of a center of innovation. The application shall be in a form determined by the fund and shall include information the fund determines necessary and appropriate.

(2) Grants, loans, or other economic assistance given for the centers of innovation program may be awarded to for-profit companies, benefit companies, nonprofit companies, universities, and national laboratories for all of the following purposes:

(a) Providing up to a 1-for-1 match for federal, collaborative partners, or third party funding of up to 50% of the total project costs.

(b) Supplementing in-kind contributions provided by a person or entity other than this state.

(c) Accelerating the commercialization of an innovative technology or process that will be ready to market within 5 years of the effective date of the agreement.

(d) Activities of the center, including, but not limited to, workforce development and technology demonstration.

(3) All of the funds allocated to the centers for innovation program shall be used to match federal, collaborative partners, or third party funding. The fund board may authorize investment terms in qualified entities as part of any agreement as provided in subsection (5). Not more than 25% of any grant, loan, or other economic assistance awarded, as determined by the fund board, can be used for administrative costs or overhead by the awardee or any subcontractor hired to implement any portion of the centers for innovation agreement. Grants, loans, or other economic assistance authorized by this section shall be disbursed pursuant to a timeline and progress disbursement schedule included as part of an agreement under this section.

(4) The fund board shall establish a standard process to evaluate applications for an agreement under this section and shall appoint a committee to assist in the review of applications. The fund or the fund board shall not appoint or designate any person paid or unpaid to a committee to review applications if that person has a conflict of interest with any potential applicants as determined by the office of the chief compliance officer established in section 88i. When determining whether to enter into an agreement under this section, the fund board shall consider all of the following:

(a) The potential that in the absence of an agreement the development, acceleration, and sustainability of competitive edge technology sectors addressed by the proposed center of innovation will occur in a location other than this state.

(b) The extent to which the proposed center of innovation will promote the development of competitive edge technology sectors in this state.

(c) The extent to which the proposed center of innovation will promote economic development or job creation in this state.

(d) The extent to which the proposed center of innovation could attract private investment or encourage commercialization in competitive edge technology sectors in this state.

(e) The extent to which the proposed center of innovation may leverage skills or resources in which this state possesses a competitive advantage, including, but not limited to, skills of workers, intellectual property, and natural resources.

(f) The extent to which the proposed center of innovation may encourage collaboration on commercialization and technology transfer among qualified entities in this state.

(g) The extent to which the proposed center of innovation may attract additional federal funding to this state or persons or entities within this state.

(h) The financial viability of the proposed center of innovation and the proposed business plan for the center of innovation, including, but not limited to, commitments of financial and other support for the proposed center and the potential availability of federal funding for the proposed center.

(i) The financial resources available to the fund board for operation of the centers of innovation program under this section.

(j) Any recommendations from the centers manager selected under subsection (6).

(5) If the fund board enters into an agreement with 1 or more qualified entities for the operation of a center of innovation, the agreement shall include participation by at least 1 qualified business and at least 1 institution of higher education or a national laboratory. An agreement shall include, but is not limited to, all of the following:

- (a) The roles and responsibilities of the fund and the qualified entities participating in the agreement.
  - (b) A governance structure for the center of innovation. The agreement may provide for representation of the fund in the governance of the center.
  - (c) The responsibilities of the fund and the qualified entities participating in the agreement, including, but not limited to, financial resources, technology, real property, personal property, or other resources contributed by the parties to the agreement.
  - (d) A commitment by the qualified entities participating in the agreement to collaborate on commercialization and technology transfer opportunities in competitive edge technology sectors in this state.
  - (e) A commitment by qualified entities that are institutions of higher education to provide incentives for faculty who participate in technology transfer and commercialization activities in competitive edge technology sectors and expansion of business formation efforts related to competitive edge technology sectors to increase the number of institution of higher education related start-up companies.
  - (f) A commitment to locate and retain commercialization opportunities resulting from the agreement or center of innovation within this state.
  - (g) A business plan for the center of innovation that identifies clear and measurable objectives, timelines, and deliverables for the center.
  - (h) The duration of the agreement and a mechanism for the dissolution of the center of innovation and the disposition of any assets. The fund board may revoke an agreement for the designation and operation of a center of innovation if a qualified entity that is a party to the agreement does not comply with the agreement.
  - (i) Negotiation of specific claw back and repayment provisions if performance to contract related to job creation, commercialization, or other metrics do not comply with the agreement. This provision shall be part of the public record and is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.
- (6) The fund board may select a person or entity as a centers manager to assist the fund in the administration of the centers of innovation program authorized by this section. Costs associated with the administration of the centers of innovation program are subject to section 88b(5). The centers manager shall do all of the following as determined by the fund board:
- (a) Provide administrative services related to the centers of innovation program.
  - (b) Act as contract manager on behalf of the fund for any agreement establishing a center of innovation under this section.
  - (c) Recommend to the fund board a plan for managing the centers of innovation program and implement any plan authorized by the fund board.
  - (d) Assist centers of innovation in developing a supply chain for competitive edge technology sectors.
  - (e) Evaluate and report to the fund board on the centers of innovation program and progress made toward commercialization of technology in competitive edge technology sectors in this state.
  - (f) Review applications submitted under subsection (1) and make recommendations to the fund board on the applications for approval of applications.
  - (g) Perform other functions related to the centers for innovation program authorized by this section as deemed necessary and appropriate by the fund board.
- (7) As used in this section:
- (a) "Centers manager" means a centers manager selected under subsection (6).
  - (b) "Competitive edge technology sectors" means sectors involving competitive edge technology.
  - (c) "Qualified entity" means a qualified business, an institution of higher education, a Michigan nonprofit corporation, a national laboratory, or a political subdivision of this state.

**History:** Add. 2008, Act 175, Imd. Eff. July 8, 2008 ;-- Am. 2009, Act 144, Imd. Eff. Nov. 13, 2009 ;-- Am. 2012, Act 221, Imd. Eff. June 28, 2012

**Popular Name:** Strategic Fund