

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

**125.2088f Venture capital investment program.**

Sec. 88f. (1) When creating programs for 21st century investments under this chapter, the fund shall create and operate the venture capital investment program. The fund board shall authorize investments that must invest only in or alongside a qualified venture capital fund that invests primarily in early stage businesses in this state. The venture capital investment program must do all of the following:

(a) Provide that the return on investment that is sought is greater than the return on investment under the commercial loan portion of the loan enhancement program to reflect the greater risk and track actual return on investment performance comparison between venture capital investment and commercial loan enhancement investments on an ongoing basis in the annual report.

(b) Provide that the qualified venture capital fund will have an amount at risk greater than the fund's investment.

(c) Provide that a qualified venture capital fund is not eligible to participate in a venture capital investment program unless it operates a business development office in this state staffed with at least 1 full-time equivalent employee who is actively seeking opportunities for venture capital investments in businesses located in this state.

(d) Provide that a qualified venture capital fund is not eligible to participate in a venture capital investment program unless it agrees to make venture capital investments in this state at a percentage rate that is not less than the percentage rate that the fund's investment in the qualified venture capital fund bears to the total amount in the qualified venture capital fund.

(e) Provide that a qualified venture capital fund is not eligible to participate in a venture capital investment program if its investment strategy provides for the breakup and liquidation of businesses. The fund board shall make sure that the agreements with a venture capital fund have the appropriate provisions to prohibit the actions described in this subdivision.

(f) Provide that a qualified venture capital fund may make follow-up investments that were eligible for investment at the time of initial investment but that subsequently may not be characterized as an investment in an early stage business.

(2) The fund board may limit overhead rates for recipients of awards to reflect actual overhead, administrative fees, and management fees, to an amount as determined by the fund board, which overhead rates must not exceed 25% of the award. Start-up costs may be reimbursed as determined by the fund board.

**History:** Add. 2005, Act 225, Imd. Eff. Nov. 21, 2005;—Am. 2012, Act 221, Imd. Eff. June 28, 2012;—Am. 2024, Act 190, Eff. Apr. 2, 2025.

**Popular name:** Strategic Fund