



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA February 28, 2023 10:00am

I. CALL TO ORDER & ROLL CALL

II. PUBLIC COMMENT – PLEASE LIMIT PUBLIC COMMENT TO THREE (3) MINUTES

III. COMMUNICATIONS

IV. CONSENT AGENDA

- a. Proposed Meeting Minutes: February 13, 20233
- b. SK Siltron CSS: MBDP Reauthorization7
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- e. Adelaide Pointe QOZB, LLC: Act 381 Work Plan.....32
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V. DEVELOP ATTRACTIVE PLACES

- a. City of Marquette’s Blight Elimination/Clearance Project: A resolution to approve Community Development Block Grant funds in the amount of up to \$8,000,000 with up to an additional \$30,000 for grant administration. 80
Location: City of Marquette
- b. Keweenaw Cooperative, Inc.: A resolution to approve a Michigan Community Revitalization Program Performance-Based Grant for eligible activities in the amount of up to \$1,441,873..... 96
Location: City of Hancock
- c. Uptown Redevelopment Corporation and HWD Harrison, Inc.: A resolution to approve a Michigan Community Revitalization Program Performance-Based Grant in the amount of up to \$1,500,000 and a Michigan Community Revitalization Program Performance-Based Direct Loan in the amount of up to \$5,500,000 109
Location: City of Flint
- d. 3131 Biddle, LLC: A resolution to approve state tax capture for Act 381 eligible activities capped in the amount of \$1,389,849 and a Michigan Community Revitalization Program Other Economic Assistance Loan Participation award in the amount of up to \$1,562,164. 125
Location: City of Wyandotte
- e. Howard Property Partners LLC: A resolution to approve a Michigan Community Revitalization Program Performance-Based Grant in the amount of up to \$1,450,000. 147
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- f. 120 East Superior, LLC: A resolution to approve state tax capture for Act 381 eligible activities capped in the amount of \$374,689 and a Michigan Community Revitalization Program Performance-Based Grant in the amount of up to \$1,500,000. 161
Location: City of Alma
- g. Industry Detroit QOZB, LLC: A resolution to amend the existing Michigan Community Revitalization Program Loan Agreement to modify the incentive structure and terms to conform with the New Market Tax Credit Program (NMTC); change the Borrower from Industry Detroit QOZB, LLC to Industry Detroit Leverage Lender, LLC or a related entity to be determined, with Industry Detroit remaining as Applicant; collateral substitution subject to the required NMTC structure; extend the maturity date and the interest only period to 90 months from the NMTC closing date; and extend Milestone Three: Completion of Construction Date by 180 Days. 181
Location: City of Detroit

VI. ATTRACT, RETAIN AND GROW

- a. Fuel Cell System Manufacturing, LLC: A resolution approve a Michigan Business Development Program Grant for a \$2,000,000 performance-based grant. 192

VII. SUPPORT AND GROW OUR TALENT

- a. EV Scholars Program: A resolution to approve the creation of the EV Scholars Pilot Program and corresponding Program Guidelines, and the allocation of funding from the FY23 Funding Allocations in the amount of \$3,500,000 to fund the program. 201

VIII. SUPPORT SMALL BUSINESS

- a. The Edward Lowe Foundation: A resolution to approve a Michigan Strategic Fund Performance-Based Grant in the amount of \$300,000, adoption and creation of the Second-Stage Growth Solutions Program and corresponding program guidelines, and Delegation of Authority to the MSF President and MSF Fund Manager to effectuate all final documents for implementation of the grant. 215
- b. Northern Initiatives: A resolution to approve a Michigan Strategic Fund Performance-Based Grant in the amount of \$550,000, adoption and creation of the Optimize Main Street Program and corresponding program guidelines, and Delegation of Authority to the MSF President and MSF Fund Manager to effectuate all final documents for implementation of the grant. 224
- c. Red Leaf RNG, LLC: A resolution to adopt an Inducement Resolution in the amount of \$16,000,000..... 235
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**MICHIGAN STRATEGIC FUND
APPROVED SPECIAL SESSION MINUTES
FEBRUARY 13, 2023**

Members Present

Paul Gentilozzi
Michael B. Kapp (on behalf of Acting Director Wieferich)

Members joined remotely

Britany L. Affolter-Caine
Ronald W. Beebe
Rachael Eubanks
John Groen (on behalf of Director Corbin)
Dimitrius Hutcherson
Quentin L. Messer, Jr.
Charles P. Rothstein
Susan Tellier

Member Absent

Cindy Warner

I. CALL TO ORDER & ROLL CALL

Mr. Messer called the meeting to order at 12:33 p.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with optional participation remotely. He thanked members for taking the time to participate in the special board meeting.

Mr. Messer introduced Katelyn Wilcox Surmann, MSF Board Liaison, who conducted the attendance roll call.

II. PUBLIC COMMENTS

Ms. Wilcox Surmann explained the process for members of the public to participate. John Mozena, President of the Center for Economic Accountability and a Michigan resident, encouraged MSF Board members to stop authorizing the use of millions of taxpayer dollars for projects like the one being considered today. He said there is no need to subsize large automotive manufacturers, which is a shrinking industry.

III. COMMUNICATIONS

Ms. Wilcox Surmann advised Board members that no communications were received for this meeting.

MSF Subcommittee Reports

Ronald W. Beebe, chair of the MSF Finance and Investment Subcommittee, reported members met with MEDC staff to review Ford Motor Company's proposed new electric vehicle (EV) battery manufacturing facility project and site readiness activities at the project site in Marshall necessary to complete time sensitive activities. Subcommittee members recommended support for the project. There was no MSF Policy and Planning Subcommittee report due to the absence of the chair.

IV. CONSENT AGENDA

Resolution 2023-009 Approval of Consent Agenda Item

Mr. Messer asked if there were any questions from Board members regarding the item under the Consent Agenda. There being none, Michael B. Kapp motioned for the approval of the following:

a. Proposed Meeting Minutes: January 24, 2023

Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier; Nays: None; Recused: None

V. ATTRACT, RETAIN AND GROW BUSINESS

a. **Resolutions 2023-010, 2023-011 & 2023-012 Ford Motor Company / Marshall Area Economic Development Alliance: Critical Industry Program Grant, MSF Designated Renaissance Zone, and Jobs for Michigan Investment Fund Loan**

Josh Hunt, Executive Vice President & Chief Projects Officer, provided the Board with information regarding these action items. The actions involve approval of a request from Ford Motor Company for a \$210,000,000 Strategic Site Readiness Program performance-based grant through the SOAR Fund that will lead to the creation of 2,500 new jobs and \$3,500,000,000 in investment as well as a 15-year MSF Designated Renaissance Zone with a waiver of the payment of lieu of taxes (PILOT) requirements under the Renaissance Zones Guidelines.

The actions also involve approval of a request from the Marshall Area Economic Development Alliance for a \$36,000,000 Jobs for Michigan Investment Fund loan to purchase, improve, and convey Marshall site parcels in and around Calhoun County.

Following discussion, Dimitrius Hutcherson motioned for the approval of Resolution 2023-010. Quentin L. Messer Jr. seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier; Nays: None; Recused: None

Quentin L. Messer, Jr. then motioned for the approval of Resolution 2023-011. Charles P. Rothstein seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier; Nays: None; Recused: None

Finally, Quentin L. Messer, Jr. motioned for the approval of Resolution 2023-012. Britany L. Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier; Nays: None; Recused: None

Mr. Messer adjourned the meeting at 12:54 p.m.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 28, 2023

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

From: Erik Wilford, Sr. Business Development Project Manager

Subject: Reauthorization of Performance-based Grant Request and Exemption Request
Michigan Business Development Program (“MBDP”)
State Essential Services Assessment (“SESA”)
SK Siltron CSS, LLC (“Company” or “Applicant”)

Background

On August 24, 2021, the MSF approved a MBDP performance-based grant in the amount of \$1,500,000 and a 100% SESA exemption for up to 15 years with an estimated value of \$4,488,423 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the agreement within the allowable 180 days. Due to required reviews from all parties, it has taken longer than expected to execute the agreement. At this time, the Company could not execute the agreement by the expiration of the authorization period and has requested additional time to execute the agreement. It is anticipated the Company will be in a position to execute the agreement within the allotted reauthorization timeline.

A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

Recommendation

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

- a) Reauthorization of the MBDP performance-based grant as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing, satisfactory completion of due diligence, finalization of all MBDP transaction documents; and
- c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-014**

**REAUTHORIZATION OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
SK SILTRON CSS, LLC**

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 (the “MEDC”) provides administrative services to the Michigan Strategic Fund (the “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 (the “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 Board (i) created the MBDP, and (ii) adopted the guidelines for the MBDP, as later amended on December 8, 2020, by Resolution 2020-146 (the “MBDP Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1 (the “Delegation”), the MSF Board approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MBDP in accordance with the Guidelines (the “Transaction Documents”);

WHEREAS, the MSF Act, MCL 125.2001 et seq. and the Delegation require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, the MSF Board approved a \$1,500,000 MBDP performance-based grant to SK Siltron CSS, LLC (the “Company”) on August 24, 2021, for the construction of new facilities on the Company’s site and the creation of up to 150 Qualified New Jobs and investment of \$302,655,000 in the Township of Monitor, Bay County (the “Project”);

WHEREAS, pursuant to the MBDP Guidelines, the Company is a Qualified Business, and the Project is eligible as a Standard MBDP because the Company committed to the creation of at least 50 Qualified New Jobs;

WHEREAS, the Company requests that the MSF Board approve a reauthorization of the \$1,500,000 MBDP performance-based grant as outlined in the term sheet attached as Exhibit A (the “Term Sheet”) (the foregoing, the “MBDP Grant Request”); and

WHEREAS, the MEDC recommends the MSF Board approve the MBDP Grant Request in accordance with the attached 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 120 days of the date of this Resolution (the “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 60 days (the “MBDP Reauthorization Request”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Reauthorization Request.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: Charles P. Rothstein

Lansing, Michigan
February 28, 2023



EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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”).

Date: August 4, 2021

Company Name:	SK Siltron CSS LLC and/or its affiliates and subsidiaries.
Project Location:	1311 Straits Drive Bay City, Michigan 48706
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,500,000
Base Employment Level:	At least 106, at the time of first disbursement of funds and thereafter
Qualified New Jobs (“QNJ”):	At least 75 and up to 150 Full-Time Jobs in Michigan
Municipality Supporting Project:	Monitor Township has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Date of MSF Approval
Term of the Agreement:	February 28, 2026
Milestone Based Incentive:	Disbursements will be made over a 3 year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: \$10,000 per QNJ for the creation of a minimum of 40 jobs up to a maximum of 50 jobs. \$10,000 per QNJ for the creation of a minimum of 75 jobs up to a maximum of 100 jobs. \$10,000 per QNJ for the creation of a minimum of 125 jobs up to a maximum of 150 jobs.

The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

From: Charlie Rothstein <crothstein@beringea.com>
Sent: Thursday, February 23, 2023 10:41 AM
To: Katelyn Wilcox (MEDC) <wilcoxk5@michigan.org>
Subject: Recusal

Katelyn,

Beringea is a member of the Michigan Venture Capital Association.

As such, I would like to recuse myself from the Michigan Strategic Fund board discussion and decisions relating to "Talent Initiatives: Michigan Venture Capital Association (MVCA) Fellows Program." The matter is scheduled for consideration at our next board meeting on February 28, 2023.

Please feel free to contact me with any questions or comments.

Charles Rothstein

Charles Rothstein
Founding Partner
BERINGEA
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DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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”).

Date: August 4, 2021

Company Name:	SK Siltron CSS LLC and/or its affiliates and subsidiaries.
Project Location:	1311 Straits Drive Bay City, Michigan 48706
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,500,000
Base Employment Level:	At least 106, at the time of first disbursement of funds and thereafter
Qualified New Jobs (“QNJ”):	At least 75 and up to 150 Full-Time Jobs in Michigan
Municipality Supporting Project:	Monitor Township has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Date of MSF Approval
Term of the Agreement:	February 28, 2026
Milestone Based Incentive:	Disbursements will be made over a 3 year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: \$10,000 per QNJ for the creation of a minimum of 40 jobs up to a maximum of 50 jobs. \$10,000 per QNJ for the creation of a minimum of 75 jobs up to a maximum of 100 jobs. \$10,000 per QNJ for the creation of a minimum of 125 jobs up to a maximum of 150 jobs.

The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Debbie Stehlik, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program
Direct Loan Agreement Amendment #9
Exchange Building, LLC

Request

Exchange Building, LLC (the “Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Loan Agreement dated July 2, 2021 (the “Agreement”), and any related ancillary agreements. The amendment request dated January 4, 2023, includes a request to allow the Company to modify and convert approximately 25,603 square feet of vacant commercial space to residential use. In addition, staff would like to request that Michigan Strategic Fund (the “MSF”) financial reporting requirements are modified to align with the current senior lender’s financial reporting requirements. The project’s underlying senior debt has been refinanced twice since the original financing was closed but existing MSF reporting requirements match the original senior lender. All other terms of the current Agreement will remain the same.

Background

The Michigan Strategic Fund Board approved a \$6,400,000 MCRP Other Economic Assistance Loan Participation Award (the “Award”), an Act 381 Work Plan, and MBT Brownfield Credit Amendment on December 20, 2016, to the Company for the purpose of redeveloping .6 acres of property located at 155 West Michigan Avenue in the city of Kalamazoo into a 15 story, mixed-use building with 131 market rate residential units, an integrated parking ramp for approximately 319 spaces and approximately 58,720 square feet of commercial space.

A 90-day time extension to effectuate the MCRP written agreement with Exchange Building, LLC was approved by the MSF Fund Manager on April 12, 2017.

An amendment to the Award was approved on June 27, 2017, to add language regarding the senior lender’s subordination requirements related to repayment of the MSF Share concerning certain potential future instances of default. The additional approval was necessary in order to close the loan with Chemical Bank and Old National Bank, the original senior lenders.

The MSF Board approved a reauthorization of the Award on July 25, 2017, to allow the parties extra time to execute the final documents.

An amendment to the Award was approved by the MSF Board on February 25, 2020, to extend the interest only period by six months, extend all dates related to the loan conversion and Milestone Three by six months, and also extend due dates for loan covenant testing. No amendment for these changes was executed prior to the Lenders’ approval expiration. The Covid-19 pandemic also changed the circumstances for the project at the time.

An amendment to the Award was approved by delegated authority under the Awardee Relief Initiative (the “Delegation”) on May 20, 2020, to defer payments to the Lenders for three months and to the MSF for six months, beginning in May 2020. The second participant bank, Old National Bank’s management decided not to approve that course of action, so no amendment was executed for the payment deferral.

An amendment to the Award was approved by the Delegation on July 1, 2020, for a 90-day extension to the interest-only period and a 90-day extension to all dates related to the construction loan conversion.

An amendment to the Award was approved by the Delegation on September 22, 2020, for a 90-day extension to the interest-only period and a 90-day extension to all dates related to the construction loan conversion.

An amendment to the Award was approved by the Delegation on December 7, 2020, for a 90-day extension to the interest-only period and a 90-day extension to all dates related to the construction loan conversion.

An amendment to the Award was approved by the Delegation on April 9, 2021, for an up to nine (9) month extension on the following: (1) interest-only period maturity date from April 7, 2021 to January 7, 2022, (2) Conversion Date from April 7, 2021 to January 7, 2022 and (3) due dates for Milestone Three Project Completion Status Submission and Certification of Conversion of the Loan from April 30, 2021 to January 31, 2022.

An amendment to the Award was approved by the MSF Board on May 25, 2021, to rescind the Loan Participation and replace it with a Performance-Based Direct Loan in the amount of the outstanding MSF loan balance, and consistent with the terms identified, and authorize the MSF Fund Manager to consent to approximately \$4.7 million in future funding from TCF Bank if to-be-identified financial parameters and other criteria are met by the property.

An amendment to the Award was approved by the Delegation on April 25, 2022, to substitute the existing senior lender, Huntington Bank (acquired TCF Bank), with Fifth Third Bank. The new loan with Fifth Third Bank has a more favorable interest rate and provided an additional interest only period.

The project has experienced significant challenges in the office market and slowed leasing activity relative to office space in part due to the Covid-19 pandemic. This amendment and modification to the project scope is being requested due to the challenges posed by the lack of demand for office space by businesses and employees. The proposed conversion of the entire 7th floor, consisting of approximately 25,603 square feet, will allow for the addition of an estimated 21 residential rental units.

Per a December 2022 rent roll, 130 of the 131 residential units, or 99.2%, are leased, and approximately 60% of the commercial space is occupied, including the 7th floor. Without the 7th floor included, commercial occupancy stands at 100%. The project is complete with the exception of tenant improvements for the unleased 7th floor commercial space. All other terms of the current Agreement will remain the same.

The Company is considered in compliance and payments have been made in accordance with the Agreement.

Recommendation

MEDC staff recommends approval of the following:

- 1) An amendment to the Agreement, and any related ancillary agreements, to allow the Company to modify and convert approximately 25,603 square feet of vacant commercial space, the entire 7th floor, to residential use, per the Company's request dated January 4, 2023; and
- 2) Administrative request to allow MSF compliance financial reporting requirements to align with the current senior lender's financial reporting requirements.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-015**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM DIRECT LOAN AWARD FOR
EXCHANGE BUILDING, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d) to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, (the “Delegation”) the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP; (the “Transactional Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, by Resolution 2016-262 on December 20, 2016, the MSF Board awarded a MCRP Other Economic Assistance Performance-Based Loan Participation Award to Exchange Building, LLC, in furtherance of the Project of up to \$6,400,000 (the “Award”);

WHEREAS, by Resolution 2017-081 on June 27, 2017, the MSF Board approved an amendment to the Award to allow additional subordination requirements related to repayment of the Award concerning certain instances of default;

WHEREAS, by Resolution 2017-108 on July 25, 2017, the MSF Board approved a Reauthorization of the Award to allow the parties extra time to execute the final documents;

WHEREAS, by Resolution 2020-029 on February 25, 2020, the MSF Board approved an amendment to the Award to extend the interest only period by six months, extend all dates related to the loan conversion and Milestone Three by six months, and also extend due dates for loan covenant testing; although no amendment was executed;

WHEREAS, by Resolution 2020-039 on April 14, 2020, the MSF Board approved the MSF Awardee Relief Initiative and associated Guidelines (the “Awardee Guidelines”) due to COVID-19, and by Resolution 2020-040 on April 14, 2020, delegated to the MSF President, the MSF Fund Manager, and State Treasurer (with any two required to act) the authority to amend any award consistent with the Award Guidelines (the “MSF Board Delegates”);

WHEREAS, the MSF Board Delegates approved an Awardee Relief Initiative amendment on May 20, 2020, to defer payments to the Lenders for three months and to the MSF for six months, starting in May 2020; although no amendment was executed;

WHEREAS, the MSF Board Delegates approved an Awardee Relief Initiative amendment on July 1, 2020, for a 90-day extension to the interest-only period and a 90-day extension to all dates related to the construction loan conversion;

WHEREAS, the MSF Board Delegates approved an Awardee Relief Initiative amendment on September 22, 2020, for a 90-day extension to the interest-only period and a 90-day extension to all dates related to the construction loan conversion;

WHEREAS, the MSF Board Delegates approved an Awardee Relief Initiative amendment on December 7, 2020, for a 90-day extension to the interest-only period and a 90-day extension to all dates related to the construction loan conversion;

WHEREAS, the MSF Board Delegates approved an Awardee Relief Initiative amendment on April 9, 2021, for an up to nine (9) month extension on the following: (1) interest-only period maturity date from April 7, 2021, to January 7, 2022, (2) Conversion Date from April 7, 2021, to January 7, 2022, and (3) due dates for Milestone Three Project Completion Status Submission and Certification of Conversion of the Loan from April 30, 2021, to January 31, 2022;

WHEREAS, by Resolution 2021-074 on May 25, 2021, the MSF Board approved a MCRP amendment to 1) Rescind the Loan Participation and replace it with a Performance-Based Direct Loan in the amount of the outstanding MSF loan balance, and 2) Authorize the MSF Fund Manager to consent to approximately \$4.7 million in future funding from TCF Bank if to be identified financial parameters and other criteria are met by the property;

WHEREAS, the MSF Board Delegates approved an Awardee Relief Initiative amendment on April 25, 2022, to allow for the substitution of the senior lender from Huntington Bank to Fifth Third Bank; and

WHEREAS, the Company is requesting, and MEDC is recommending, that the MSF Board amend the Award to allow for a change in project scope, to modify and convert approximately 25,603 square feet of vacant commercial space to residential use, and to allow MSF compliance financial reporting requirements to align with the current senior lender's financial reporting requirements, with all other requirements remaining in place for the Award (collectively, the "MCRP Amendment Recommendation").

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MCRP Amendment Recommendation.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: Charles P. Rothstein

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

From: Charlie Rothstein <crothstein@beringea.com>
Sent: Thursday, February 23, 2023 10:41 AM
To: Katelyn Wilcox (MEDC) <wilcoxk5@michigan.org>
Subject: Recusal

Katelyn,

Beringea is a member of the Michigan Venture Capital Association.

As such, I would like to recuse myself from the Michigan Strategic Fund board discussion and decisions relating to "Talent Initiatives: Michigan Venture Capital Association (MVCA) Fellows Program." The matter is scheduled for consideration at our next board meeting on February 28, 2023.

Please feel free to contact me with any questions or comments.

Charles Rothstein

Charles Rothstein
Founding Partner
BERINGEA
O: 248-489-9000 | M: 248-790-0617
32330 W. 12 Mile Road, Farmington Hills, MI 48334
www.beringea.com | [LinkedIn](#) | [Medium](#)

In the United States of America, Beringea operates as an SEC-registered investment advisor, Beringea, LLC. [Full Disclaimer](#)



MEMORANDUM

Date: February 28, 2023
To: Michigan Strategic Fund Board
From: Valerie Hoag, MSF Fund Manager
Subject: Appointments to Board of Directors of Develop Michigan, Inc.

REQUEST

This request is to appoint Julius Edwards, Director of Commercial Real Estate Investment for the Michigan Economic Development Corporation (the “MEDC”), to the Board of Directors for Develop Michigan, Inc. replacing Mark Morante and reappoint Lori Mullins, Vice President of Economic Incentives and Michele Wildman, Executive Vice President of Economic Development Incentives to the Board of Directors for Develop Michigan, Inc. Ms. Mullins board term has expired, Ms. Wildman’s term will expire this July and Mr. Morante is no longer an employee of the Michigan Strategic Fund (the “MSF”). Staff recommends Mr. Edwards be appointed for the remainder of a five-year term expiring July of 2024, Ms. Mullins be appointed for a new five-year term expiring July 2027, and Ms. Wildman be appointed for a new five-year term expiring in July of 2028.

BACKGROUND

In January and April of 2012 the MSF Board approved loan awards totaling \$20,000,000 to Development Michigan, Inc. (the “DMI”) to operate a Real Estate Initiative (the, “REI). The REI was created in order to address funding gaps present in the market typically related to redevelopment of real property, particularly for projects located in urban cores. The MSF loan prompted a total of \$40 million in investment from 10 banks operating in Michigan, with the banks serving as DMI’s for-profit subsidiary private equity fund investors.

DMI reports that between 2014 and 2020, the REI deployed \$68,000,000 in financing (re-investment of repaid loans allowed the number to exceed the initial fund amount) which led to approximately (i) \$444,000,000 in total development costs being financed, (ii) \$41,000,000 annual average tax revenue generated, (iii) 2,095 jobs created/retained, and (iv) 4,600,000 total square feet financed. The REI committed to have more than 50% of their portfolio receive favorable CRA consideration and it now estimates that number to be greater than 80%.

DMI and the REI have fulfilled their obligations under the loan agreement and invested in impactful real estate projects that eliminated vacancy and blight and created new employment

and increased tax base for communities across Michigan. Twenty-four loans or investments were funded through this program. DMI is current with its MSF reporting and repayment requirements.

On July 24, 2013, the MSF Board appointed three individuals to represent the MSF's interest in Develop Michigan, Inc. From its inception, DMI and its for-profit subsidiary private equity fund was designed to be a public-private partnership. As such, the composition of the nine-member Board of Directors is as follows:

- Three members appointed from private limited partner investors
- Three members appointed by the management team at Cinnaire
- Three members appointed by the Michigan Strategic Fund

The current appointees by the MSF Board are:

- Mark Morante
- Lori Mullins
- Michele Wildman

RECOMMENDATION

Staff recommends the appointment of the following individuals to the DMI Board of Directors, Julius Edwards, Director of Commercial Real Estate Investment for the MEDC for a term expiring on July 23, 2024, the reappointment of Lori Mullins for a term expiring on July 23, 2027, and reappointment of Michele Wildman for a term expiring on July 23, 2028.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-016**

**APPOINTMENT OF BOARD OF DIRECTORS FOR
DEVELOP MICHIGAN, INC.**

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

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

WHEREAS, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (the “MSDF”) as a loan enhancement program;

WHEREAS, on December 21, 2011, the MSF approved the creation and operation of a Develop Michigan – Capital Conduit Program under the MSDF (the “CCP”);

WHEREAS, on December 21, 2011, by Resolution No. 2011-189, as a subprogram of the CCP, the MSF also approved the Real Estate Initiative (the “REI”) and the program guidelines for the REI (as further amended on April 25, 2012, by Resolution No 2012-48) (the “REI Guidelines”);

WHEREAS, on January 25, 2012, by Resolution No. 2012-08, the MSF Board approved, among other things, an award in the amount of \$5,000,000 to Develop Michigan, Inc. (the “DMI”) to operate the REI pursuant to the REI Guidelines (the “Award”);

WHEREAS, on April 25, 2012, by Resolution 2012-50, the MSF Board approved a \$15,000,000 increase to the Award;

WHEREAS, pursuant to the REI Guidelines and the terms of the Award, the MSF Board has the right to appoint three members to the DMI board of directors;

WHEREAS, the current MSF appointees to the DMI board of directors are: Lori Mullins, whose term has expired, Michele Wildman, whose term is expiring in July of 2023, and Mark Morante, whose term expires in July of 2024; and

WHEREAS, MEDC staff recommends that the MSF Board reappoint Lori Mullins, Vice President of Economic Incentives for the MEDC to a new term expiring on July 23, 2027, reappoint Michele Wildman, Executive Vice President of Economic Development Incentives for the MEDC to term expiring July 23, 2028, remove Mark Morante and appoint Julius Edwards, Director of Commercial Real Estate Investment for the MEDC to a term expiring July 23, 2024, (the “Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferrich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: Charles P. Rothstein



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

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Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

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GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

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Bradley C. Wieferich, P.E.
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Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

From: Charlie Rothstein <crothstein@beringea.com>
Sent: Thursday, February 23, 2023 10:41 AM
To: Katelyn Wilcox (MEDC) <wilcoxk5@michigan.org>
Subject: Recusal

Katelyn,

Beringea is a member of the Michigan Venture Capital Association.

As such, I would like to recuse myself from the Michigan Strategic Fund board discussion and decisions relating to "Talent Initiatives: Michigan Venture Capital Association (MVCA) Fellows Program." The matter is scheduled for consideration at our next board meeting on February 28, 2023.

Please feel free to contact me with any questions or comments.

Charles Rothstein

Charles Rothstein
Founding Partner
BERINGEA
O: 248-489-9000 | M: 248-790-0617
32330 W. 12 Mile Road, Farmington Hills, MI 48334
www.beringea.com | [LinkedIn](#) | [Medium](#)

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MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Mackenzie Miller, Community Development Manager
Tori LaDuke, Program Specialist, Economic Development Incentives & Services
Rob Garza, Manager, Statutory Analysis
Julius Edwards, Director, Commercial Real Estate Investment, Economic Development Incentives & Services

Subject: Request for Approval of an Act 381 Work Plan
City of Muskegon Brownfield Redevelopment Authority (BRA)
Adelaide Pointe QOZB, LLC Project

Project Summary & Request

The request will support a mixed-use, multi-phased community development project located in the City of Muskegon. The proposed project will redevelop 35 acres of contaminated waterfront property located at the west terminus of West Western Avenue, a former industrial site. It includes revitalization of two existing site structures for commercial use, creation of a new 172 slip marina, construction of a new three-story, mixed-use building with ground level retail, second floor restaurant and third floor deck space and construction of a four-story, 55-unit residential condo building. In total, the project is expected to create approximately 100 new FTE professional and commercial jobs. Sustainable development techniques are proposed throughout the project, including mass timber construction, solar boardwalks and roof systems, electric vehicle charging stations, low-impact development stormwater management, and integrated parking. Private investment for the first three phases associated with this request is expected to total \$85,000,000, there are additional development plans contemplated as future phases, but those phases are not included in this request.

The subject site was used for industrial purposes dating back to the 1800s, specifically a lumber yard, steel foundry, and warehousing facilities. Since 2015, a portion of the property was utilized for commercial purposes while the rest remained vacant and blighted. Conversion of the site to a sustainable and accessible waterfront property has been a top priority for the community. Public infrastructure improvements will be made by both the development team and the City of Muskegon in the publicly accessible land including; public parks (Linear Park, East Peninsula Park and the commuter bike path), public roadways (Adelaide Avenue), West Western Avenue reconstruction, public/transient shopper and dockage and dock slips, new upgrades to the water main, sanitary sewer and storm sewer utilities, solar power infrastructure for the public shopper and transient dockage and marina upgrades including the breakwater with public access path. The project will increase public access to Muskegon Lake, expand transient dockage, create new waterfront dining, and retail options for residents and tourists, bringing new sources of revenue into the community.

PROJECT SUMMARY	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	737,348
Total Approximate Public Square Footage Revitalized	190,000
Total Approximate Acres Activated	35
Estimated # of Residential Units	55
Estimated Commercial Square Footage	647,348
Current Taxable Value	903,810
Projected Taxable Value at Completion	\$42,875,000
Total Anticipated Capital Investment	\$85,000,000
Brownfield TIF / MSF Eligible Activities State Capture Request	\$14,346,616

Request

The City of Muskegon Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$14,346,616 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$85,000,000.

Program Summary

The request for Brownfield support is consistent with program requirements of alleviating Brownfield conditions for the purpose of redevelopment. The project qualifies for the Brownfield Act 381 program because the site is a facility. The project is consistent with MEDC’s Strategic Plan as it develops attractive places and is also consistent with our community development objectives as the project is in a geographically disadvantaged area and will create a walkable mixed-use district that incorporates public access to waterfront activities (e.g., swimming, fishing, boating), inviting greenspace areas, and transient docking to an underutilized, contaminated waterfront property.

SHPO has reviewed the project design and determined rehabilitation of the existing buildings will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 C.F.R 67). There is an underwater archeological survey currently being conducted that is not anticipated to be completed by the February MSF Board meeting.

Act 381 of 1996 (the “Act”), as amended, authorizes the MSF to approve Work Plans that include the capture of the School Operating Millage and State Education Tax millages for the purpose of supporting projects statewide. On March 23, 2021, the MSF Board approved the Brownfield Tax Increment Financing MSF Program Guidelines (“Guidelines”). As required under the Act, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the Guidelines and programmatic requirements, and a financial review has been completed. An MSF Eligible Activities and Tax Capture Summary are included in Appendix C.

Demonstrated Need

A financing gap exists due to the high cost associated with the extensive development and restoration of a large, contaminated property. The development team has maximized all financing sources including Federal Boating Infrastructure grants, MDNR Wood Innovation and EGLE grants, local Brownfield TIF, two bank loans and owner equity contribution of over 12%. Participation in the state portion of Brownfield TIF will support cash flow through reimbursement of eligible brownfield expenses, largely associated with public infrastructure and site preparation, helping to make the project financially viable.

Local Support

The City of Muskegon is supporting the project with the local portion of the Act 381 Work Plan, valued at \$18,133,836.

Applicant Background / Qualifications

Ryan Leetsma (Adelaide Pointe QOZB, LLC) serves as the developer on the project. Mr. Leetsma has over 25 years of experience as an entrepreneur and has enjoyed successes in technology, renewable energy, and real estate management. This is the first community development project for Mr. Leetsma and he is passionate about reinventing the waterfront for the benefit of the Muskegon community. This applicant has not received incentives from the MSF for previous projects.

An Organizational Chart for Adelaide Pointe, QOZB, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Recommendation

MEDC staff recommends approval of state tax capture for Act 381 eligible activities capped at \$14,346,616 utilizing the current state to local capture ratio.

APPENDIX A – Organizational Chart

Organizational Structure

Company Name: Adelaide Pointe QOZB, LLC
 Employer Identification Number: 86-2549829
 Manager: Ryan M. Leestma

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Adelaide Pointe QOF, LLC	99.00%	86-2581031	Michigan
Ryan Leestma	78.00%		
Misc. Investors	22.00%		
Ryan Leestma	1.00%		Michigan
	100.00%		

APPENDIX B – Project Map and Renderings





APPENDIX C – MSF Eligible Activities Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Muskegon, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on February 14th, 2023. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on January 3, 2023.

There are 54.3036 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.9838 mills (44.17%) and local millage equaling 30.3198 mills (55.83%). Tax increment capture for MSF non-environmental eligible activities will begin in 2024 and is estimated to continue for 15 years. The state tax capture for MSF non-environmental eligible activities is recommended to be capped at \$14,346,616 which is the amount of tax increment revenue anticipated to be generated in 15 years. Total MSF eligible activities are estimated at \$32,480,452. MSF eligible activities breaks down as follows:

Tax Capture Summary:

State tax capture	(44.17%)	\$	14,346,616
Local tax capture	(55.83%)	\$	18,133,836
TOTAL		\$	32,480,452

Cost of MSF Eligible Activities

Infrastructure Improvements (Developer)		8,100,000
Infrastructure Improvements (City)		6,743,620
Site Preparation	+	<u>6,750,000</u>
Sub-Total		\$ 21,593,620
Contingency (15%)	+	<u>2,227,500</u>
Sub-Total		\$ 23,821,120
Interest Developer (5%)		7,281,564
Interest City (5%)	+	<u>1,357,768</u>
Sub-Total		\$ 32,460,452
Brownfield/Work Plan Preparation	+	10,000
Brownfield/Work Plan Implementation	+	<u>10,000</u>
TOTAL		\$ 32,480,452

In addition, the project is requesting \$365,354 in TIF from EGLE to assist with environmental eligible activities.

Key Statutory Criteria

Per section 15 of Act 381, the Michigan Strategic Fund shall consider the following criteria to the extent reasonably applicable to the type of activities proposed as part of that work plan when approving or denying a work plan:

a) Overall Benefit to the Public:

The redevelopment of the Property will result in, but is not limited to the following public benefits, conversion of contaminated property into a public asset, new property taxes, capital investment in

the City of Muskegon, job creation, new and upgraded infrastructure along West Western Avenue, mitigation of existing stormwater detention basins on site, and enhanced and expanded public access to Muskegon Lake.

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

This project is expected to create approximately 100 new, full-time equivalent jobs in, marina services, office, and hospitality with an average hourly wage of \$18.

c) Area of High Unemployment: 1.7.7

The unadjusted jobless rate for City of Muskegon was 8.4% in December 2022, which compares to the statewide seasonally unadjusted average of 3.8% in December 2022.

d) Level and Extent of Contamination Alleviated:

Contamination exists across the Property in both the soil and groundwater related to its past industrial usage since the 1800s. Contaminants consist primarily of heavy metals and volatile organic compounds (VOCs). Potential exposure concerns pertain primarily to ingestion. Exacerbation risks relate to management of soil and groundwater during and after redevelopment. Due care activities have been undertaken and will continue throughout the duration of the redevelopment including, but not limited to, management of contaminated groundwater derived from construction dewatering, contaminated soil management, and vapor intrusion mitigation, as applicable. These eligible activities will comply with the due care requirements under Part 201 of NREPA, mitigating potential exposure and exacerbation concerns.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

The project is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

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

h) Other Factors Considered:

The project provides significant investment in the City and will revitalize a property that is contaminated and underutilized. The Project will increase public access to Muskegon Lake, expand transient dockage, create new waterfront dining, and retail options for local residents and tourists, bringing new sources of revenue into the Muskegon community.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-017**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF MUSKEGON OF BROWNFIELD REDEVELOPMENT AUTHORITY
ADELAIDE POINTE QOZB, LLC PROJECT**

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

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

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

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

WHEREAS, the City of Muskegon Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated December 21, 2022, for property located at 1204 West Western Avenue within the City of Muskegon, known as Adelaide Pointe QOZB, LLC Project (the “Project”);

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

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 44.17% to 55.83% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available

local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$23,821,120 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$8,639,332 in interest, a maximum of \$10,000 for brownfield and work plan preparation, and a maximum of \$10,000 brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of \$14,346,616; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City of Muskegon, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: Charles P. Rothstein

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
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Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
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January 3, 2023

Ms. Rhonda Bishop
Board Relations Liaison
Michigan Strategic Fund Office
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Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

From: Charlie Rothstein <crothstein@beringea.com>
Sent: Thursday, February 23, 2023 10:41 AM
To: Katelyn Wilcox (MEDC) <wilcoxk5@michigan.org>
Subject: Recusal

Katelyn,

Beringea is a member of the Michigan Venture Capital Association.

As such, I would like to recuse myself from the Michigan Strategic Fund board discussion and decisions relating to "Talent Initiatives: Michigan Venture Capital Association (MVCA) Fellows Program." The matter is scheduled for consideration at our next board meeting on February 28, 2023.

Please feel free to contact me with any questions or comments.

Charles Rothstein

Charles Rothstein
Founding Partner
BERINGEA
O: 248-489-9000 | M: 248-790-0617
32330 W. 12 Mile Road, Farmington Hills, MI 48334
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MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Sara Bishop, Business Development Project Manager
Rob Garza, Manager, Statutory Analysis

Subject: Request for Approval of an Act 381 Work Plan
City of Taylor Brownfield Redevelopment Authority (BRA)
Metro 94 Commerce Center Redevelopment Project

Project Summary & Request

Metro 94 Commerce Center, LLC (“Developer”) intends to redevelop the proposed property consisting of five parcels totaling 70 acres of land located east of Inkster Road, north of I-94, and south of Beverly Road in the City of Taylor. The majority of the property was formerly associated with an unlicensed dump, where filling activities appear to have occurred until 1978. The development will consist of constructing an approximately 531,500 square foot modern, flexible, high-bay, multi-tenant industrial building. The building is expected to be leased to multiple tenants for light manufacturing, warehousing, and distribution uses and will occupy most of the main Beverly Road parcel. The project is expected to create up to 185 full-time equivalent jobs and generate approximately \$40,000,000 in total capital investment.

PROJECT SUMMARY	
Project Eligibility (Facility/Historic/F.O./Blighted/Other)	Facility
Total Approximate Square Feet Revitalized	531,500
Total Approximate Acres Activated	73.6
Estimated Commercial Square Footage	531,500
Current Taxable Value	\$0
Projected Taxable Value at Completion	\$10,560,000
Total Anticipated Capital Investment	\$40,000,000
Brownfield TIF / MSF Eligible Activities or State Capture Request	\$1,928,439

The development will be the final phase of the redevelopment of the former landfill. The property is ideally located east of Inkster Road, north of I-94, and south of Beverly Road and is a prominent piece of property that has been underutilized and been an eyesore for decades. This project will continue the revitalization of this industrial portion of the City of Taylor.

Act 381 of 1996 (the “Act”), as amended, authorizes the MSF to approve Work Plans that include the capture of the School Operating Millage and State Education Tax millages for the purpose of supporting projects statewide. On March 23, 2021, the MSF Board approved the Brownfield Tax Increment Financing

MSF Program Guidelines (“Guidelines”). As required under the Act, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the Guidelines and programmatic requirements and a financial review have been completed. An MSF Eligible Activities and Tax Capture Summary are included in Appendix C.

Demonstrated Needs

The property is a former unregulated landfill that has been vacant for 40 years. As a result, there are significant development challenges associated with the contaminated soil, groundwater, soil gas, and methane present on the site as well as the loose unconsolidated soils from the former landfill. The redevelopment is not economically viable without significant brownfield incentive support to offset the negative equity created by brownfield site conditions. The Work Plan is also being submitted to the Department of Environment, Great Lakes and Energy (“EGLE”) for reimbursement of environmental eligible activity costs to ensure the project’s financial viability.

Local Support

Local support for the project includes the local portion of the Work Plan valued at \$3,506,845. While the Project itself is not located in a Geographically Disadvantaged Area the property is surrounded by Geographically Disadvantaged Areas.

Applicant Background / Qualifications

The development entity, Metro 94 Commerce Center, LLC (Metro 94), is an affiliate of Ashley Capital and was created in 2022 for the development of the site in the City of Taylor. Founded in 1984, Ashley Capital has become one of the largest privately held industrial real estate investment companies in the United States. The firm has offices in Atlanta, Chicago, Detroit, Florida, and New York. Ashley Capital pursues opportunistic investments, creating value by buying brownfield parcels and transforming them into state-of-the-art industrial centers, acquiring and redeveloping underperforming industrial and office properties, and developing and managing new business parks. Ashley Capital's current portfolio consists of over 30 million square feet, with properties concentrated throughout the eastern half of the United States including over 22 million square feet in Michigan. The following Ashley Capital projects received support from the MSF:

- 2007 Approval - Steelcase Campus Redevelopment Act 381 Work Plan and MBT Credit in the City of Grand Rapids
- 2016 Approval - Tri County Commerce Act 381 Work Plan in the City of Hazel Park
- 2018 Approval – Tri County Commerce 2 Act 381 Work Plan in the City of Hazel Park
- 2021 Approval – Livonia West Commerce Center 2 Act 381 Work Plan in the City of Livonia
- 2023 Approval – Flint Commerce Center (Buick City Site) Business Development Other award in the City of Flint

An Organizational Chart for Metro 94 Commerce Center, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Recommendation

MEDC staff recommends approval of state tax capture for Act 381 eligible activities capped at \$1,928,439, utilizing the current state to local capture ratio.

APPENDIX A – Organizational Chart

Organizational Structure

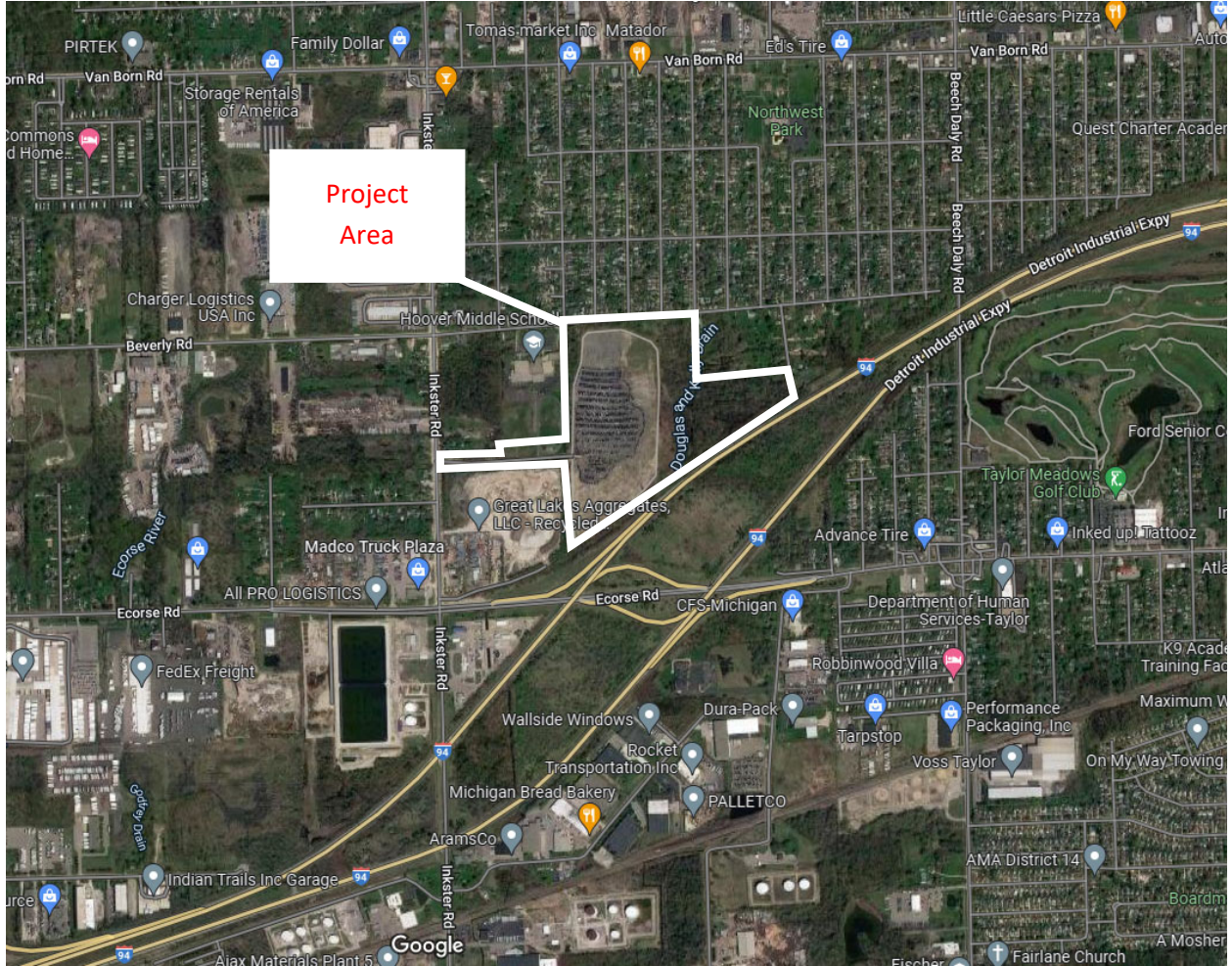
Company Name: Metro 94 Commerce Center, LLC

Employer Identification Number: 92-0287711

Manager: Susan Marie Harvey

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Metro 94 Commerce Center, LLC	100.00%	92-0287711	Michigan
Ashley Equities III, LLC	100.00%		Florida
Tar Heel Trust*	89%		Florida
Richard Ashley Morton	10%		Florida
Kyle Torrey Morton	1%		Michigan

APPENDIX B – Project Map and Renderings



APPENDIX C – MSF Eligible Activities Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Taylor, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on February 7, 2023. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on January 26, 2023.

There are 67.6354 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (35.48%) and local millage equaling 43.6354 mills (64.52%). Tax increment capture will begin in 2025 and is estimated to continue for 20 years. The project projects 85% of new state and local tax increment revenue will be used to reimburse the developer while the remaining 15% of tax increment revenue will flow through to all taxing jurisdictions.

The total MSF Eligible Activity costs are estimated to be \$6,859,611; however, the Work Plan projects the maximum capture to be \$5,435,284, with state capture limited to \$1,928,439. The state tax capture is recommended to be capped at \$1,928,439, which is the amount of tax increment revenue anticipated to be generated in 20 years. MSF eligible activities breaks down as follows:

Tax Capture Summary:

			Activities	Capture
State tax capture	(35.48%)	\$	2,433,790	1,928,439
Local tax capture	(64.52%)	\$	4,425,821	3,506,845
TOTAL		\$	6,859,611	5,435,284

Cost of MSF Eligible Activities

Demolition	\$	48,615
Infrastructure Improvements		422,250
Site Preparation	+	5,467,927
Sub-Total	\$	5,938,792
Contingency (15%)	+	890,819
Sub-Total	\$	6,829,611
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	15,000
TOTAL	\$	6,859,611

In addition, the project is requesting \$10,690,749 in TIF from EGLE to assist with environmental eligible activities.

Key Statutory Criteria

Per section 15 of Act 381, the Michigan Strategic Fund shall consider the following criteria to the extent reasonably applicable to the type of activities proposed as part of that work plan when approving or denying a work plan:

a) Overall Benefit to the Public:

The project will reactivate a prominent former industrial site and will not only create additional jobs, but also attract additional companies to Taylor, resulting in the continued expansion of the area. The current and future commercial establishments around the development would benefit from increased worker traffic and increased worker spending. Finally, the development is expected

to result in an increase of approximately \$10.5 million in the taxable value of the property within one year after project completion, increasing the economic base for the city and its schools.

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

This project is expected to create approximately 185 new, full-time equivalent jobs in light manufacturing and warehousing with an average hourly wage of \$15.

c) Area of High Unemployment:

The City of Taylor unadjusted jobless rate was 4.1% in October 2022. This compares to the statewide seasonally adjusted average of 3.7% in October 2022.

d) Level and Extent of Contamination Alleviated:

Work Plan support is being submitted to EGLE for reimbursement of environmental eligible activity costs, Both environmental and non-environmental eligible activities are being undertaken to make the site safe for redevelopment.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

The project is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

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

h) Other Factors Considered:

No additional factors need to be considered for this project.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-018**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF TAYLOR BROWNFIELD REDEVELOPMENT AUTHORITY
METRO 94 COMMERCE CENTER REDEVELOPMENT PROJECT**

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

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

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

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

WHEREAS, the City of Taylor Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated January 25, 2023, for property located at multiple parcels within the City of Taylor, known as Metro 94 Commerce Center Redevelopment Project (the “Project”);

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

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 35.48% to 64.52% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating

mills for the term of the capture period. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$6,829,611 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for brownfield and work plan preparation, and a maximum of \$15,000 for brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of \$1,928,439 (the “Max Capture”). Based on the Max Capture in the Brownfield Work Plan, the maximum amount of MSF eligible activities subject to reimbursement is \$5,435,284.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff.

BE IT FURTHER RESOLVED, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: Charles P. Rothstein

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

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Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

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Subject: Recusal

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Please feel free to contact me with any questions or comments.

Charles Rothstein

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MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Kerry Ebersole Singh, EVP, Chief Talent, and Engagement Officer

Subject: Talent Initiatives – Michigan Venture Capital Association (the “MVCA”) Fellows Program

Request

The Michigan Economic Development Corporation (the “MEDC”) requests that the Michigan Strategic Fund (the “MSF”) allocate funds, in the amount for \$500,000 for the MVCA Venture Fellows Program with an initial term of twelve months, with the option to extend the term for up to an additional four years and allocate additional funding at the sole discretion of the MSF Board, and in accordance with the terms and conditions set forth in Exhibit A to the Resolution (the “Request”).

Background

The MVCA is the voice of Michigan’s investment and entrepreneurial community, working to increase the capital and talent available to venture investors so they can support Michigan’s most innovative entrepreneurs, working closely with them to transform breakthrough ideas into new companies and industries that drive Michigan job creation and economic growth.

There is significant demand in Michigan for young professionals with career aspirations in venture capital. Although Michigan’s many business colleges and MBA programs produce qualified candidates, much of this talent is exported to other states. Many venture capital firms need associate-level resources however the economics of smaller venture funds do not allow for hiring full-time talent at competing market salaries. With matching funds for salaries for the fellows, the Venture Fellows Program is designed to increase the number of venture professionals in Michigan, helping to accelerate the fundraising and deployment of capital into early-stage companies.

The MVCA will foster a candidate pool to support the needs of Michigan’s VC’s and their portfolio companies. Overall objectives of the program include creating a broad network of venture fellow talent, establish Michigan as the leader in supporting talent in the venture capital entrepreneurial ecosystem, and accelerate growth of startups. In addition to placement, the MVCA team will assist in recruiting the statewide talent pool and support the fellows through curated events, networking, and training opportunities.

Recommendation

MEDC staff recommends approval of the Request.

Exhibit A

Summary of Terms – Direct Grant to Michigan Venture Capital Association

This memorandum summarizes the key terms for the Direct Grant to Michigan Venture Capital Association.

Objective of the Grant: To increase the number of venture professionals in Michigan to support and accelerate fundraising and development of capital into early-stage companies within the State of Michigan.

Awardee: Michigan Venture Capital Association (“MVCA”)

Amount: Allocation of \$500,000 (the “Incentive”) for the first year of the term, with the option to allocate additional funding during the term subject to available funds at the sole discretion of the MSF Board.

Term: The term will be for five years (the “Term”). Eligible grant activities for metrics and milestones will be counted beginning March 1, 2023.

Duties/Milestones:

- The MVCA will create and support a network of talent for the venture fellows program, establishing Michigan’s ecosystem as the leader in talent for venture capital firms.
- The MVCA will regularly engage the fellow network and support data sharing regarding Michigan’s entrepreneurial ecosystem, networking events, educational events, and employment opportunities.
- The MVCA will monitor the eligibility of venture capital firms and fellows within the program to ensure program eligibility requirements are met.

Eligibility:

Venture Firm

- Be headquartered in Michigan or with a Michigan office.
- Be structured in a manner that has general partners receiving a percentage of the total investment capital each year (carry).
- Be dedicated to building the entrepreneurial and investment community in Michigan.
- Firms with Assets Under Management (“AUM”) >\$100M will need to match at least 60%: Firms with AUM <\$100M will need to match at least 40% of the Venture Fellow’s annual salary.
- Priority given to firms that do not already have an existing fellow.

Venture Fellow

- Demonstrate significant ties to Michigan.
- Be interested in making a meaningful contribution to the Michigan entrepreneurial & investment community.
- Actively contribute to promoting the entrepreneurial and investment community.

Disbursements and Administrative Expenses:

- a. Initial Disbursement: An initial payment in the amount of \$250,000 will be made within 30 days of the beginning of the Term.
- b. Subsequent Disbursements: Administrative and overhead expenses will be paid on a reimbursement basis. MVCA may request additional funds from the Incentive to support program expenditures throughout the Term, provided that it demonstrates that it has expended at least 90% of funds previously disbursed for program expenses.
- c. Administrative Expenses. Not more than 15% of the Incentive may be used for administrative costs incurred by MVCA in administering the program. MVCA's administrative and overhead expenses will be paid on a reimbursement basis.

Reporting Requirements and Repayment Terms:

The direct grant agreement shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, MSF approval, and any other applicable laws. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, disbursement requirement, repayment provisions, and periodic reporting to facilitate the MSF's reporting to the Michigan legislature. The direct grant agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet measurable milestones.

MICHIGAN STRATEGIC FUND

RESOLUTION 2023-020

APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD FOR DETROIT ENTREPRENEUR DEVELOPMENT, LLC

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d) to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 (the “Delegation”), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (the “Transaction Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, on October 25, 2016, by Resolution 2016-216, the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Detroit Entrepreneur Development, LLC (the “Company”), in an amount up to \$1,300,000 (the “Award”);

WHEREAS, on May 21, 2019, by Resolution 2019-074, the MSF Board approved an amendment to the MCRP agreement for the Award to: (1) reduce the “Minimum Eligible Investment” requirement to \$5,132,000; and (2) extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019;

WHEREAS, on July 23, 2019, by Resolution 2019-110, the MSF Board approved an amendment to the MCRP agreement for the Award to extend the “Project Completion” and “Certification of Conversion” milestones to September 30, 2019;

WHEREAS, on October 22, 2019, by Resolution 2019-156, the MSF Board approved an amendment to the MCRP agreement for the Award to: (1) to extend the “Project Completion” and “Certification of Conversion” milestones to March 31, 2020; (2) provided the MSF Fund Manager authorization to extend the maturity to date on the Award to match that of Dart Bank (the “Lender”); (3) consent to the Lender to extend the maturity date on its share of the financing; and 4) consent to allow the Lender to advance an additional financing on the not exceed \$150,000 to complete buildout to the commercial units;

WHEREAS, on April 14, 2020, by Resolution 2020-039, the MSF Board approved the MSF Awardee Relief Initiative and associated Guidelines (the “Awardee Guidelines”) due to COVID-19 and by Resolution 2020-040, delegated to the MSF Fund Manager, the MSF President, and State Treasurer (with any two required to act) the authority to amend any award consistent with the Awardee Guidelines;

WHEREAS, on May 22, 2020, the MSF Fund Manager and MSF President approved an amendment to the Award for a 90-day payment deferral on the Award under the Awardee Relief Initiative;

WHEREAS, on July 28, 2020, by Resolution 2020-089, the MSF Board approved an amendment to the MCRP agreement for the Award authorizing the following: (1) extend the maturity dates on the Award and the Lender’s loan for a period of up to 120 months from closing of the amended agreement; (2) reduce the personal guarantee percentage of John Burtka from 36% to 18% in order to more closely reflect his ownership interest; (3) to allow the Lender to reduce the interest rate on their loan. Additionally, the MSF Board approved a new \$100,000 MCRP Other Economic Assistance Award (the “MSF Loan”) to assist the company in the buildout of the existing vacant commercial space.;

WHEREAS, the MSF Fund Manager and MSF President on November 19, 2021, approved an amendment to the MSF Loan and the Lender’s note to correct the maturity date from May 4, 2026, to November 4, 2026;

WHEREAS, the Company has requested an amendment to the Award to (1) extend Milestone 3 due date from March 17, 2022, to April 17, 2023, (2) extend Milestone 4 due date from September 17, 2022, to September 17, 2023, and (3) extend the maturity date on the MSF Loan from November 4, 2026, to November 4, 2027 (collectively, the “Amendment Request”); and

WHEREAS, the MEDC is recommending that the MSF Board approve the Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment Request.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

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Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
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SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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O: 248-489-9000 | M: 248-790-0617
32330 W. 12 Mile Road, Farmington Hills, MI 48334
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MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Julius L. Edwards, Director, Commercial Real Estate Investment

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance – Loan Participation Agreement Amendment #5
Detroit Entrepreneur Development, LLC

Request

Detroit Entrepreneur Development, LLC (the “Company”) and Dart Bank (the “Lender”) are requesting approval of an amendment to the Michigan Community Revitalization Program (the “MCRP”) Other Economic Assistance – Loan Participation agreement and other ancillary agreements (the “MCRP Agreement”). The amendment request includes a request to (1) extend Milestone 3 due date from March 17, 2022 to April 17, 2023, (2) extend Milestone 4 due date from September 17, 2022 to September 17, 2023, and (3) extend the maturity date on the MSF Loan (as defined below) from November 4, 2026 to November 4, 2027 (collectively, the “Request”).

Background

The Michigan Strategic Fund (the “MSF”) Board approved a \$1,300,000 MCRP Other Economic Assistance Award on October 25, 2016, for the Company for the purpose of redeveloping a 2.8-acre site in northwest downtown Jackson into an approximately 46,280 square foot four-story mixed-use building. The building is substantially complete and consists of 30 market rate residential rental units and 8,500 square feet of commercial space.

The MSF Board on May 21, 2019, approved a request to amend the existing MCRP Agreement to reduce the “Minimum Eligible Investment” requirement from \$5,200,000 to \$5,132,000, as well as extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019. This amendment was not executed.

The MSF Board on July 23, 2019, approved a request to amend the existing MCRP Agreement to extend the “Project Completion” and “Certification of Conversion” milestones to September 30, 2019. This amendment was not executed.

The MSF Board on October 22, 2019, approved a request to amend the existing MCRP Agreement to extend the “Project Completion” and “Certification of Conversion” Milestones to a period not later than March 31, 2020. Also, this amendment gave MSF Fund Manager authorization to consent to the extension of the Lender’s maturity date as well as the authority to extend the MSF’s maturity date to match that of the Lender. Lastly, this amendment authorized the Lender’s request to advance additional financing in an amount not to exceed \$150,000 in order to complete tenant buildouts for the remaining commercial space. The funding for the tenant buildouts was not advanced by the Lender. Costs to complete the buildout came back higher than originally anticipated.

On May 22, 2020, the MSF Fund Manager and MSF President approved a 90-day payment deferral on the MCRP Agreement under the MSF Awardee Relief Initiative, which matches the payment deferral period being provided by the Lender.

The MSF Board on July 28, 2020, approved a request to amend the existing MCRP Agreement as follows: (1) extension of the maturity dates on the original MCRP Agreement and the Lender's note for a period of up to 120 months from closing of the amended MCRP Agreement; (2) reduction of the personal guarantee percentage of John Burtka from 36% to 18% in order to more closely reflect his ownership interest; (3) reduction of the interest rate on the Lender's original note. Additionally, the MSF Board approved a new \$100,000 MCRP Other Economic Assistance Award (the "MSF Loan") to assist the company in the buildout of the existing vacant commercial space.

The MSF Fund Manager and MSF President on November 19, 2021, approved an amendment to the MSF Loan and Lender's note to correct the maturity date from May 4, 2026, to November 4, 2026. The previous approval from the MSF allowed for a term of up to 90 months on the MSF Loan and Lender note. The requested change extended the effective term for the MSF Loan and Lender's note from 60 months to 66 months, which was within the parameters of the previous approval.

The Company has experienced delays in the build out due to supply chain issues, rising construction costs, and the untimely passing of the lender handling this project. The Request would help to realign the due dates with the new construction schedule.

The Company will remain out of compliance with the MCRP Agreement without the approval of the Request.

Recommendation

The MEDC staff recommends approval of the Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2023-020

APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD FOR DETROIT ENTREPRENEUR DEVELOPMENT, LLC

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d) to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 (the “Delegation”), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (the “Transaction Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, on October 25, 2016, by Resolution 2016-216, the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Detroit Entrepreneur Development, LLC (the “Company”), in an amount up to \$1,300,000 (the “Award”);

WHEREAS, on May 21, 2019, by Resolution 2019-074, the MSF Board approved an amendment to the MCRP agreement for the Award to: (1) reduce the “Minimum Eligible Investment” requirement to \$5,132,000; and (2) extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019;

WHEREAS, on July 23, 2019, by Resolution 2019-110, the MSF Board approved an amendment to the MCRP agreement for the Award to extend the “Project Completion” and “Certification of Conversion” milestones to September 30, 2019;

WHEREAS, on October 22, 2019, by Resolution 2019-156, the MSF Board approved an amendment to the MCRP agreement for the Award to: (1) to extend the “Project Completion” and “Certification of Conversion” milestones to March 31, 2020; (2) provided the MSF Fund Manager authorization to extend the maturity to date on the Award to match that of Dart Bank (the “Lender”); (3) consent to the Lender to extend the maturity date on its share of the financing; and 4) consent to allow the Lender to advance an additional financing on the not exceed \$150,000 to complete buildout to the commercial units;

WHEREAS, on April 14, 2020, by Resolution 2020-039, the MSF Board approved the MSF Awardee Relief Initiative and associated Guidelines (the “Awardee Guidelines”) due to COVID-19 and by Resolution 2020-040, delegated to the MSF Fund Manager, the MSF President, and State Treasurer (with any two required to act) the authority to amend any award consistent with the Awardee Guidelines;

WHEREAS, on May 22, 2020, the MSF Fund Manager and MSF President approved an amendment to the Award for a 90-day payment deferral on the Award under the Awardee Relief Initiative;

WHEREAS, on July 28, 2020, by Resolution 2020-089, the MSF Board approved an amendment to the MCRP agreement for the Award authorizing the following: (1) extend the maturity dates on the Award and the Lender’s loan for a period of up to 120 months from closing of the amended agreement; (2) reduce the personal guarantee percentage of John Burtka from 36% to 18% in order to more closely reflect his ownership interest; (3) to allow the Lender to reduce the interest rate on their loan. Additionally, the MSF Board approved a new \$100,000 MCRP Other Economic Assistance Award (the “MSF Loan”) to assist the company in the buildout of the existing vacant commercial space.;

WHEREAS, the MSF Fund Manager and MSF President on November 19, 2021, approved an amendment to the MSF Loan and the Lender’s note to correct the maturity date from May 4, 2026, to November 4, 2026;

WHEREAS, the Company has requested an amendment to the Award to (1) extend Milestone 3 due date from March 17, 2022, to April 17, 2023, (2) extend Milestone 4 due date from September 17, 2022, to September 17, 2023, and (3) extend the maturity date on the MSF Loan from November 4, 2026, to November 4, 2027 (collectively, the “Amendment Request”); and

WHEREAS, the MEDC is recommending that the MSF Board approve the Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment Request.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: Charles P. Rothstein

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

From: Charlie Rothstein <crothstein@beringea.com>
Sent: Thursday, February 23, 2023 10:41 AM
To: Katelyn Wilcox (MEDC) <wilcoxk5@michigan.org>
Subject: Recusal

Katelyn,

Beringea is a member of the Michigan Venture Capital Association.

As such, I would like to recuse myself from the Michigan Strategic Fund board discussion and decisions relating to "Talent Initiatives: Michigan Venture Capital Association (MVCA) Fellows Program." The matter is scheduled for consideration at our next board meeting on February 28, 2023.

Please feel free to contact me with any questions or comments.

Charles Rothstein

Charles Rothstein
Founding Partner
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MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-013**

**APPROVAL OF THE FEBRUARY 28, 2023 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

WHEREAS, on November 20, 2013, Michigan Strategic Fund (“MSF”) approved use of consent agendas at MSF Board meetings, pursuant to defined consent agenda guidelines (the “Consent Agenda”);

WHEREAS, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently amended and restated by the MSF Board on December 13, 2022;

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

WHEREAS, pursuant to the recommendation of the MEDC, the MSF Board wishes to approve the Consent Agenda items listed below.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Consent Agenda items listed below and identified in the final Consent Agenda for this Board meeting:

Consent Agenda Items:

- a. Proposed Meeting Minutes: February 13, 2023
- b. SK Siltron CSS: MBDP Reauthorization
- c. Exchange Building, LLC: MCRP Amendment
- d. DMI Board Member Appointment
- e. Adelaide Pointe QOZB, LLC: Brownfield Act 381 Work Plan
- f. Metro 94 Commerce Center, LLC: Brownfield Act 381 Work Plan
- g. Talent Initiatives: Capital Association Fellows Program: Funding Allocation
- h. Detroit Entrepreneur Inc./Lofts on Louis: MCRP Milestone Amendment

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: Charles P. Rothstein

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

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Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

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Board Relations Liaison
Michigan Strategic Fund Office
300 N. Washington Square
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Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

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President & Chairman, MSF
Chief Executive Officer, MEDC

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Please feel free to contact me with any questions or comments.

Charles Rothstein

Charles Rothstein
Founding Partner
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MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Jen Tucker, Senior Community Development Manager
Vicki Schwab, Managing Director, Regional Prosperity
Greg West, Program Manager, CDBG

Subject: Community Development Block Grant Program
City of Marquette - Blight Clearance Project
City of Marquette, County of Marquette

Request Summary

The City of Marquette (the “City”) is requesting up to \$8,000,000 in Community Development Block Grant (CDBG) funds for blight elimination and clearance activities, with up to an additional \$30,000 for CDBG administration, needed for the City of Marquette Blight Clearance Project (the “Project”) located in Marquette County, Michigan. The City anticipates that eliminating conditions of blight and obsolescence throughout the project site will spur future private investment, economic and pedestrian activity, and connectivity for Northern Michigan University (NMU), neighborhoods, and the downtown’s Third Street business corridor.

Background

The Project is located in Marquette, Michigan and is a collection of buildings with the common address of 420 West Magnetic Street. The property, colloquially known as the former Marquette General Hospital, is a collection of 11 buildings spread over 17.05 acres that served as the regional hospital for the central Upper Peninsula until 2019. The original building was constructed in 1915 and dedicated purpose buildings were continually added for the next 85 years to form the entire complex.

This property has significant barriers to reuse for the original construction purpose and is facing chronic vacancy as a result. The complex was purpose built as a hospital and adaptive reuse into contemporary commercial or residential uses is exceptionally difficult due to the layout and structure. The hospital no longer holds a Michigan Certificate of Need required to operate as a hospital on this site and would not be able to obtain one in the future due to the existence of the newly constructed regional hospital that replaced this facility.

A determination of functional obsolescence has been made by a certified level IV Assessor and the project area meets the definition of and has been designated as a slum, blighted, deteriorated or deteriorating area under City resolution per the Michigan Blighted Area Rehabilitation Act 344 of 1945.

Additionally, the Project area has experienced a significant amount of activity requiring emergency services attention. Over 51 police service calls have been made over the past four years including cases of vagrancy, stalking, malicious destruction of property, a suicide attempt and a warrant arrest. There have also been 35 fire department service calls over the same time period.

Project Description

The Project will include demolition and clearance of blighted sites within the former Marquette General Hospital campus in Marquette. Demolition is expected to include building, structure, and site demolition, relocation of active utilities and temporary access to provide for demolition, proper disposal, removal of buried debris and site restoration to provide for prospective future reuse and redevelopment.

The specific project area identified in **Appendix C** encompasses a City block which has been designated as a slum, blighted, deteriorated or deteriorating area under City resolution per the Michigan Blighted Area Rehabilitation Act 344 of 1945. The project is located in a geographically disadvantaged area.

The City has identified this site as a top priority for future development and has identified elimination of blight as a necessary endeavor. The Project is supported by regional economic development partner InvestUP, Senator Ed McBroom, Representative Jenn Hill, and has received significant public input through the Northern Michigan University Foundation (the “Foundation”) hosted information sessions with community stakeholders and residents. The City is Redevelopment Ready Certified.

The CDBG funds will be wholly dedicated towards blight elimination through the complete demolition, including asbestos and environmental contaminant abatement, of the buildings in the project area. Out of the estimated \$12,782,542 required for site demolition and hazardous materials removal, the Foundation and its partners have secured \$4,782,542 in State of Michigan Fiscal Year 2022-23 appropriation in the Department of Labor and Economic Opportunity budget as part of a one-time \$75 million in blight elimination funding for strategic economic development projects statewide. Without the additional of CDBG support, the conditions of blight and obsolescence will prevail.

Program specific requirements and screening guidelines are addressed in **Appendix A**.

Terms Sheet for Project provided in **Appendix B**.

Project area map and before photos are provided in **Appendix C**.

Recommendation

The MEDC Staff recommends the Michigan Strategic Fund approve a CDBG grant in the amount of up to \$8,000,000, with up to an additional \$30,000 for CDBG administration, authorized for the City, for the Project, as outlined in the attached resolution.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

The Project was evaluated utilizing the CDBG requirements. It has been determined that the Project meets the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**
This Project qualifies for CBDG funding as the project meets the definition of blight as defined in the Brownfield Redevelopment Financing Act 381 of 1996, MCL 125.2652 (c)(i)- (vii). The Project meets a national objective by eliminating or preventing slums and blight on a spot basis.
- **Eligible Activity:**
This Project involves eligible activities identified in Section 105(a)(4) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

The Project was evaluated utilizing the CDBG guidelines. It has been determined that the Project meets the standards to qualify as an eligible project under the CDBG program.

- **Qualification:** A determination of functional obsolescence has been made by a certified level IV Assessor due to out-of-date heating, plumbing, and electrical throughout the structures. Due to the age and stone/masonry construction of the older buildings provide significant barriers to retrofitting necessary updates.
- **Minimum Local Participation:** The City of Marquette will make an anticipated contribution of serving as the Grantee, and committed to providing expedited review and permitting as part of the project process.
- **Financial Viability:** The City and NMU Foundation have secured all necessary funding to complete the project, and have been determined to be financially viable.
- **Background Check:** A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

The MEDC staff has concluded that the Project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.

Appendix B - Term Sheet

MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM Performance Based Grant - Term Sheet

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

- | | |
|--|--|
| Date: | February 28, 2023 |
| 1. Community Name (“Grantee”): | City of Marquette |
| 2. Company Name (“Company”): | Northern Michigan University Foundation (NMUF) |
| 3. Company Address: | 1401 Presque Isle Ave
Marquette, MI 49855 |
| 4. Project Address:
<i>If different than above</i> | 420 West Magnetic Street
Marquette, MI 49855 |
| 5. Project Description and Activities: | The Project will include demolition and clearance of blighted sites within the former Marquette General Hospital campus in Marquette. Demolition is expected to include building, structure, and site demolition, relocation of active utilities and temporary access to provide for demolition and removal of buried debris. As part of the demolition, engineering services will be required to assess and potentially eliminate environmental conditions and remove existing contamination on the site. |
| 6. Total Estimated Project Costs: | \$12,782,542 |
| 7. CDBG Grant Incentive Type: | Blight Elimination |
| 8. CDBG Grant Amount: | up to \$8,000,000 |

In no event shall the amount of the grant assistance exceed more than sixty-three percent (63%) of the total actual Project Costs. If the actual cost is less than shown in the Total Estimated Project Costs, the amount of the Grant shall be reduced on a proportional basis. Funds will be made available to the community on a reimbursement basis for eligible costs.

The Company and Grantee shall be responsible for any cost overruns.

9. **Project Milestones:** The final terms and conditions of each of the Project Milestones shall be included in the final Agreement. Before any disbursement is made to the Company through the Grantee, the Company must demonstrate compliance with Project Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement, and further shall include:
- | | |
|---|--------------------|
| a) Grant Agreement Executed: | March 15, 2023 |
| b) Property Acquisition Completed: | December, 2022 |
| c) Demolition Commencement: | May 1, 2023 |
| d) Demolition Completed: | September 30, 2024 |

10. **Term of Agreement:** The term of the Agreement is from execution of the Agreement for a period of two (2) years. This term includes completing all required project activities, and investment.
11. **Community Support for Project:** A condition for execution of the final Agreement(s) is that the municipality has agreed serve as the Grantee and committed to provide expedited review and permitting as part of the project process.
12. **Repayment Provisions:** It is understood and acknowledged by all parties, including the Company, that should all contributing blight elimination activities for this project not be completed, the Grantee may require the repayment of the Grant up to the full amount from the Company. The MSF may require the Grantee and Company to execute a Development Agreement that will be acknowledged by the MSF outlining repayment provisions.
13. **Environmental Review:** The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or starting project activities prior to written authorization will jeopardize or cause the withdrawal of your project for funding consideration.
14. **Davis Bacon and Related Acts:** Davis Bacon requirements do not apply per current project activities.
15. **Reporting Requirements:** The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:
 - a) Progress Reports beginning July 15 2023, and every six (6) months thereafter.
 - b) Final Progress Report 60 days after completion of the Term.
16. **Public Announcements:** The Company shall not make, or cause, any announcement of the proposed CDBG Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CDBG Incentive Award, unless authorized and coordinated in advance with the MEDC.

This Term Sheet is an outline of the structure of the proposed CDBG Incentive Award and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the CDBG Incentive Award contemplated hereby.

It should not in any way be viewed as a commitment by or an obligation of the MEDC, the MSF or any other entity to extend financial accommodations to the Company and is subject to, among other things, the approval of the request under MEDC's internal approval process and by the MSF Board. Any final CDBG Incentive Award is contingent upon several factors, including: (i) submission by the Community of a completed application and all other documentation required under the CDBG; (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, 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.

The Company cannot assign this Term Sheet without the prior written consent of the MEDC. If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible CDBG 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 A MONTH FROM SENDING, the MEDC may not be able to proceed with any recommendation to the MSF.

Michigan Economic Development Corporation

By: Vicki Schwab

Its: Mr.
 DocuSigned by:
 Signature: *Vicki Schwab* _____
 09B716582CF84CF...

Dated: 2/22/2023

Acknowledged as received by:

City of Marquette

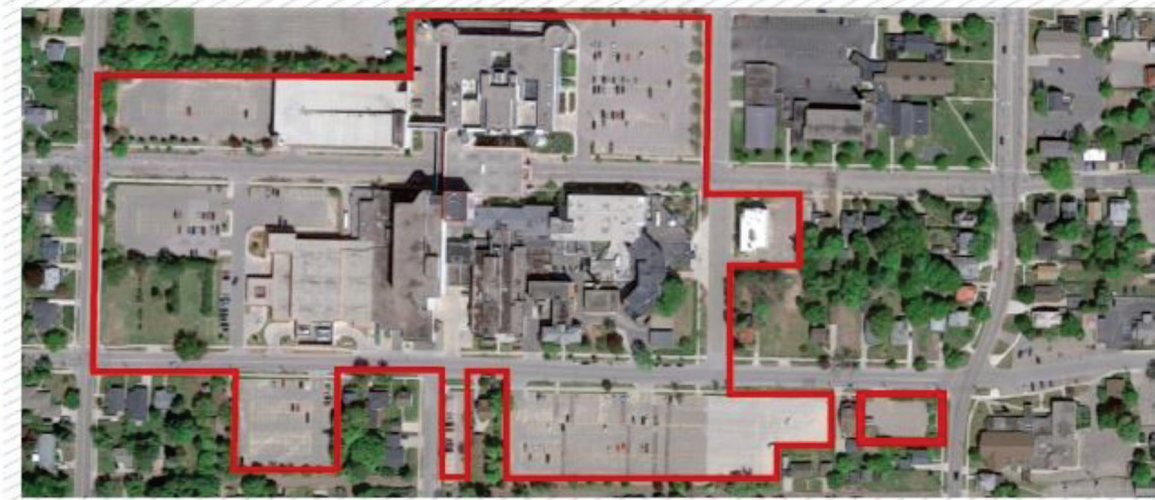
By: Karen Kovacs

Its: City Manager
 DocuSigned by:
 Signature: *Karen Kovacs* _____
 537214CEE6E0446...

Dated: 2/22/2023

Cc: Christine Whitz, Managing Director, CDBG Program
 Greg West, CDBG Manger
 Jen Tucker, Community Development Manager, Regional Prosperity

APPENDIX C – Map and Site Photos







MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-021**

APPROVAL OF CITY OF MARQUETTE’S BLIGHT ELIMINATION/CLEARANCE PROJECT

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

WHEREAS, the CDBG program has policies, criteria, and parameters that are enumerated in the 2022 Program Year Funding Guide, as amended (the “Criteria”). The MSF, by Resolution 2022-143, authorized and approved the 2022 Action Plan and the 2022 Program Year Funding Guide Excerpt which includes guidelines for CDBG grants;

WHEREAS, the City of Marquette (the “City”) has requested up to \$8,000,00 in CDBG funds for a blight elimination/clearance Project and an additional \$30,000 for CDBG grant administration as detailed in the Term Sheet attached as Exhibit A (the “Project”);

WHEREAS, the CDBG program staff reviewed the Project in light of the Criteria and HUD regulations and concluded the activities are eligible;

WHEREAS, staff recommends approval of the Project; and

WHEREAS, pursuant to SFCR 10.1-1(3), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG program.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the Project subject to available CDBG funding.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Performance Based Grant - Term Sheet

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

- Date:** February 28, 2023
1. **Community Name (“Grantee”):** City of Marquette
2. **Company Name (“Company”):** Northern Michigan University Foundation (NMUF)
3. **Company Address:** 1401 Presque Isle Ave
Marquette, MI 49855
4. **Project Address:** 420 West Magnetic Street
If different than above Marquette, MI 49855
5. **Project Description and Activities:** The Project will include demolition and clearance of blighted sites within the former Marquette General Hospital campus in Marquette. Demolition is expected to include building, structure, and site demolition, relocation of active utilities and temporary access to provide for demolition and removal of buried debris. As part of the demolition, engineering services will be required to assess and potentially eliminate environmental conditions and remove existing contamination on the site.
6. **Total Estimated Project Costs:** \$12,782,542
7. **CDBG Grant Incentive Type:** Blight Elimination
8. **CDBG Grant Amount:** up to \$8,000,000

In no event shall the amount of the grant assistance exceed more than sixty-three percent (63%) of the total actual Project Costs. If the actual cost is less than shown in the Total Estimated Project Costs, the amount of the Grant shall be reduced on a proportional basis. Funds will be made available to the community on a reimbursement basis for eligible costs.

The Company and Grantee shall be responsible for any cost overruns.

9. **Project Milestones:** The final terms and conditions of each of the Project Milestones shall be included in the final Agreement. Before any disbursement is made to the Company through the Grantee, the Company must demonstrate compliance with Project Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement, and further shall include:
- a) **Grant Agreement Executed:** March 15, 2023
- b) **Property Acquisition Completed:** December, 2022
- c) **Demolition Commencement:** May 1, 2023
- d) **Demolition Completed:** September 30, 2024

10. **Term of Agreement:** The term of the Agreement is from execution of the Agreement for a period of two (2) years. This term includes completing all required project activities, and investment.
11. **Community Support for Project:** A condition for execution of the final Agreement(s) is that the municipality has agreed serve as the Grantee and committed to provide expedited review and permitting as part of the project process.
12. **Repayment Provisions:** It is understood and acknowledged by all parties, including the Company, that should all contributing blight elimination activities for this project not be completed, the Grantee may require the repayment of the Grant up to the full amount from the Company. The MSF may require the Grantee and Company to execute a Development Agreement that will be acknowledged by the MSF outlining repayment provisions.
13. **Environmental Review:** The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or starting project activities prior to written authorization will jeopardize or cause the withdrawal of your project for funding consideration.
14. **Davis Bacon and Related Acts:** Davis Bacon requirements do not apply per current project activities.
15. **Reporting Requirements:** The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:
 - a) Progress Reports beginning July 15 2023, and every six (6) months thereafter.
 - b) Final Progress Report 60 days after completion of the Term.
16. **Public Announcements:** The Company shall not make, or cause, any announcement of the proposed CDBG Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CDBG Incentive Award, unless authorized and coordinated in advance with the MEDC.

This Term Sheet is an outline of the structure of the proposed CDBG Incentive Award and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the CDBG Incentive Award contemplated hereby.


It should not in any way be viewed as a commitment by or an obligation of the MEDC, the MSF or any other entity to extend financial accommodations to the Company and is subject to, among other things, the approval of the request under MEDC's internal approval process and by the MSF Board. Any final CDBG Incentive Award is contingent upon several factors, including: (i) submission by the Community of a completed application and all other documentation required under the CDBG; (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, 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.

The Company cannot assign this Term Sheet without the prior written consent of the MEDC. If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible CDBG 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 A MONTH FROM SENDING, the MEDC may not be able to proceed with any recommendation to the MSF.

Michigan Economic Development Corporation

By: Vicki Schwab

Its: Managing Director

Signature: 
09B716582CF84CF...

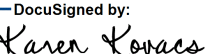
Dated: 2/22/2023

Acknowledged as received by:

City of Marquette

By: Karen Kovacs

Its: City Manager

Signature: 
537214CEE6E0446...

Dated: 2/22/2023

Cc: Christine Whitz, Managing Director, CDBG Program
Greg West, CDBG Manger
Jen Tucker, Community Development Manager, Regional Prosperity



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Jen Tucker, Senior Community Development Manager, Region 1
Debbie Stehlik, Commercial Real Estate Investment Manager
Sarah McKinley, Program Specialist, ED Incentives & Services
Jake Winder, Manager, CD Incentives

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP) Grant
Keweenaw Cooperative, Inc. - Keweenaw Co-op Downtown Relocation Project

Project Summary & Request

Keweenaw Cooperative, Inc. is requesting a MCRP Performance-Based Grant in the amount of \$1,441,873 for eligible activities for a 1.27-acre site located at 610 Quincy Street in downtown Hancock. This request will support the transformation of a vacant, underutilized former car dealership into the new location of the Keweenaw Co-op Grocery store, expanding the business operation in square feet and employees. The 9,694 square foot building and 4,728 square foot addition will be developed for retail and office operations of the Co-op, including a full deli with indoor and outdoor seating, fresh produce, meat, dairy, frozen foods, and a line of packaged groceries.

PROJECT SUMMARY	
Project Eligibility	Functionally Obsolete
Total Approximate Square Feet Revitalized	14,422
Total Approximate Acres Activated	1.27
Estimated Commercial Square Footage	14,442
Current Taxable Value	\$307,272
Projected Taxable Value at Completion	\$1,123,554
Total Anticipated Capital Investment	\$7,636,618
MCRP Grant Request	\$1,441,873

This project meets MEDC community development priorities including an end use that supports the vision and goals of the local downtown plan as well as region-wide economic development strategy, which is demonstrated through financial support by the community. This project also supports the MEDC’s organizational priorities due to its traditional urban design, along with the rehabilitation of an existing downtown building. The project promotes walkable, mixed-use, and mixed income neighborhoods, and is located in a Geographically Disadvantaged Area. Finally, the project has significant square footage revitalized, significant financial contribution by the developer, and the demonstrated financial need for the incentive, thus aligning further with community development priorities.



On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and programmatic requirements, and a financial review has been completed.

Demonstrated Needs

The project's financial need is driven by the level and extent of rehabilitation necessary to transform a former car dealership into a modern grocery operation, and the associated cost of that extensive rehabilitation. The Applicant has maximized traditional bank financing and fundraising and is contributing equity of over 24% of total project costs. With MCRP support, the projected return over a 20-year time horizon is 7.4%. This project offers an opportunity to expand an existing grocery operation while activating a vacant building in the heart of downtown Hancock and would not be feasible without MCRP support.

Local Support

Local support for the project includes a \$20,000 façade grant contribution to the project through the City's Downtown Development Authority and City support of \$15,000 in water main and associated infrastructure upgrades. The City of Hancock is certified with the MEDC's Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Applicant Background / Qualifications

Keweenaw Cooperative, Inc. has not taken on a development project of their own nor utilized MSF assistance in the past. Curt Webb, General Manager of the 50-year-old Co-op, is taking the lead on their expansion, and holds 29 years in cooperative grocery management. Throughout the expansion process, Curt has consulted with the National Cooperative Grocers (NCG) Store Development team. NCG Store Development is advising and assisting the Co-op throughout the life of the project, providing targeted development services to strengthen the operations of food co-ops, help them expand, and to support the development of new co-op stores. These services include pre-project planning and feasibility analysis, real estate and lease negotiation, store design and build-out management, equipment sourcing, store setup and merchandising, post-opening monitoring and operational improvement.

An Organizational Chart for Keweenaw Cooperative, Inc. is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Financial Highlights

- Construction cost per square foot is \$296.24. This number includes some of the specialized buildout and equipment used to revitalize space for a modern grocery store operation.
- The property will be fully occupied at completion by the Keweenaw Cooperative, a local entity that has been in existence and operating in the community for 50 years.
- Owner equity contribution of approximately \$1,859,745 or just over 24%, real estate and equipment debt financing provided by LISC of \$4,000,000 or roughly 52%, and grants from the USDA and MDARD totaling \$300,000.
- Developer return over a 20-year timeframe is projected at 7.4%.

From the materials received and reviewed, staff considers the project to be financially and economically sound. Detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C.

Recommendation

MEDC staff recommends approval of an MCRP performance-based Grant in an amount up to \$1,441,873 for Keweenaw Cooperative, Inc.

APPENDIX A – Organizational Chart

Keweenaw Cooperative, Inc. Organizational Structure
Employer Identification Number: 27 1403038
Manager: Curtis A. Webb

Member	Ownership	Interest	EIN	State of Organization
Keweenaw Cooperative, Inc. Curt Webb,	0.05%	0.45%	27 1403038	Michigan

This entity is a co-op with multiple members and is managed by Curt Webb. No member owns more than 20% of the entity.

APPENDIX B – Project Map and Renderings



APPENDIX C – Financial Terms

Summary of Development Sources:

Bank Loans	\$	4,000,000	52.38%
MSF Grant	\$	1,441,873	18.88%
Other Grants	\$	335,000	4.39%
Developer Equity	\$	1,859,745	24.35%
TOTAL	\$	7,636,618	100.00%

Summary of Development Uses:

Acquisition	\$	545,000
Hard Construction Costs	\$	4,279,152
Eligible Soft Costs	\$	2,208,447
Other	\$	604,019
TOTAL	\$	7,636,618

Grant Terms

MSF Incentive: MCRP Performance-Based Grant

Grantee: Keweenaw Cooperative, Inc.

Total Capital Investment: Currently estimated at \$7,636,618

MSF Eligible Investment: Currently estimated at \$6,487,599

Minimum Eligible Investment: Currently estimated at \$5,190,100

MSF Share: Up to the lesser of 23% of “Eligible Investment” or \$1,441,873. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Hancock is less than 15,000.

Disbursement: The MSF will fund up to \$1,441,873 to be disbursed following construction completion and achievement of other to be determined performance criteria.

Other Conditions: Project completion will be a required term of the MSF Agreement. If requested by Lender, MSF may allow for the assignment of the Grant rights and responsibilities to the Lender, per section 8.8 of the Grant Agreement.

MCRP Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered. The project meets the MCRP Guidelines and a financial review has been completed.

As required under the MCRP, the following statutory criteria have been reviewed:

A. The importance of the project to the community in which it is located:

The City of Hancock has identified goals and strategies that were prioritized by the residents and included in Hancock's Master Plan including a focus on Downtown Hancock as a thriving, attractive community center; attracting a variety of sustainable businesses to the downtown including a grocery store, such as the Keweenaw Co-op, or a similar; installing electric vehicle parking stations in the downtown, all of which this project emulates.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

Due to the nature of this project being a grocery store, the City expects that this will act as a catalyst for additional mixed-use and residential development and therefore increasing density to Hancock's downtown district.

C. The amount of local community and financial support for the project:

Local support for the project includes two Downtown Development Authority façade grants, totaling \$20,000, and City water main upgrades and associated infrastructure valued at \$15,000.

D. The applicant's financial need for a community revitalization incentive:

The project's financial need is driven by the extensive level of rehabilitation necessary to transform a former car dealership into a modern grocery operation, and the associated cost of that transformation. The Applicant has maximized all sources of financing including bank financing through LISC, USDA and MDARD grants, and is contributing equity of over 24% of total project costs. The projected return over a 20-year time horizon is 7.4%. This project offers an opportunity to expand an existing grocery operation while activating a vacant building in the heart of downtown and would not be feasible without MCRP support.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

This development will accomplish reuse of the above by converting a vacant, underutilized, obsolete building into one commercial unit, activating the entire building.

F. Creation of jobs:

Keweenaw Cooperative, Inc. who will occupy the full building, is anticipating retention of 28 full time equivalent positions, and creating 11 full time equivalent positions, with an average hourly wage estimated to be \$15.09.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:

The Co-op is contributing over 76% of total development costs in the form of cash equity and bank financing. Additional sources of funds being applied to the capital stack include USDA Healthy Food Financing Initiative (HFFI) grant of \$200,000, Michigan Department of Agriculture and Rural Development Value-Added Food Systems Grant of \$100,000, and City of Hancock support totaling \$35,000.

H. Whether the project is financially and economically sound:

The projected debt service coverage ratio, as a going-concern operation, ranges from 1.27 to 1.37 to 1.0 over the first five years with a 30-year average of 1.84 to 1.0. The development team is contributing equity of approximately \$1,859,745 or 24% and bank financing has been maximized at \$4,000,000. Staff considers the project to be financially and economically sound.

I. Whether the project increases the density of the area:

This project contributes to increasing the density of Hancock by providing an additional commercial space and additional employees downtown, activating the entire building. The nature of the development being grocery also lends itself to an environment for higher density and mixed-use development downtown into the future.

J. Whether the project promotes mixed-use development and walkable communities:

The Keweenaw Co-op's relocation and expansion project will directly contribute to walkability by adding this anchor destination. The project is located in a mixed-use district and is adjacent to traditional neighborhoods surrounding downtown, which promotes increased economic and pedestrian activity.

K. Whether the project converts abandoned public buildings to private use:

The project does not include abandoned public buildings.

L. Whether the project promotes sustainable development:

The redevelopment of 610 Quincy Street promotes sustainable development through increased energy efficiencies including LED lighting, insulation and hot water heat reclaimed from the refrigeration equipment. The new equipment will utilize efficient EVM motors. Outside plans include a rain garden to capture the parking lot runoff and the installation of a dual EV charging station, to be the first in the City of Hancock.

M. Whether the project involves the rehabilitation of a historic resource:

The project does not include rehabilitation of a historic structure.

N. Whether the project addresses area-wide redevelopment:

The project contributes to area-wide redevelopment by adding density, addressing area needs for additional commercial spaces, while creating vibrancy in existing vacant space.

O. Whether the project addresses underserved markets of commerce:

Downtown Hancock is a food desert. The project is centered to serve the downtown and surrounding residential area, and will be easily accessible by foot, bicycle, public transit, or car. The Co-op has a nearly 50-year history in the community and will continue its participation in the Supplemental Nutrition Assistance Program (SNAP), the Double Up Food Bucks Program, and is developing a Prescription for Health program to launch with the opening of the new store. Moving to a centralized, easily accessible location with good visibility will vastly increase the Co-op's impact on community health and allow further reach with local initiatives and partnerships.

P. The level and extent of environmental contamination:

No environmental concerns were found to impact the project property based on investigation through a Phase I and Phase II Environmental Site Assessment.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):

Not applicable.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

This project will relocate a grocery operation to a location which is currently considered a food desert. It is expected to contribute to retention of other downtown businesses and residents and will add to the economic activity of the downtown, affecting existing downtown businesses in a positive way.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

Not applicable.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-022**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
GRANT AWARD TO KEWEENAW COOPERATIVE, INC.**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d), to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 (the “Delegation”), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (the “Transaction Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, Keweenaw Cooperative, Inc. (the “Company”) has requested a performance- based Grant of up to \$1,441,873 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”); and

WHEREAS, the MEDC has recommended that the MSF Board approve the Award 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 180 days of the date of this Resolution (the “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 120 days (collectively, the “MCRP Award Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

EXHIBIT A
“TERM SHEET”

Grant Terms

MSF Incentive:	MCRP Performance-Based Grant
Grantee:	Keweenaw Cooperative, Inc.
Total Capital Investment:	Currently estimated at \$7,636,618
MSF Eligible Investment:	Currently estimated at \$6,487,599
Minimum Eligible Investment:	Currently estimated at \$5,190,100
MSF Share:	Up to the lesser of 23% of “Eligible Investment” or \$1,441,873. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Hancock is less than 15,000.
Disbursement:	The MSF will fund up to \$1,441,873 to be disbursed following construction completion and achievement of other to be determined performance criteria.
Other Conditions:	Project completion will be a required term of the MSF Agreement. If requested by Lender, MSF may allow for the assignment of the Grant rights and responsibilities to the Lender, per section 8.8 of the Grant Agreement.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Charles Donaldson, Managing Director, Regional Prosperity
Julius L. Edwards, Director, Commercial Real Estate Investment
Jake Winder, Manager, Community Development Incentives

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP)
Performance-Based Grant and Performance-Based Direct Loan
Uptown Reinvestment Corporation and HWD Harrison, Inc. - Flint YMCA Living

Project Summary & Request

Uptown Reinvestment Corporation and HWD Harrison, Inc. (“Co-Applicants”) are proposing to construct a new 5-story mixed-use building on the 2.74-acre site totaling an estimated 110,405 square feet. The new development will contain the relocated Flint YMCA with an estimated 57,500 square feet of space on the first and second floors. The building will also feature a 2,400 square foot medical rehabilitation facility, approximately 7,583 square feet of office space, and 50 new apartments.

The Flint YMCA Living project is located at 719 Harrison Street in downtown Flint. The current property was previously two separate addresses with two separate owners; and both contained single story buildings. Both buildings were vacant and declared functionally obsolete and the property is a facility. The owners determined it was in the best interest of the community to demolish the buildings in 2019. The owners and the City of Flint agreed to temporarily turn the site into surface parking in anticipation of future development. The current YMCA located at 411 E 3rd Street, will be demolished, and the site will be made available for future development.

The building will operate as a full-service YMCA, including a competitive lap pool, family splash pad, basketball court, exercise studios, a running/walking track, men, women’s and universal locker rooms, community, and afterschool rooms. The YMCA will also sublease to Hurley Medical Center, and another commercial tenant (7,583 square feet). Floors 2-5 will have 50 new rental housing units including a mixture of studios, 1-BR, and 2-BR units. Rents are estimated to range between \$412 for a Studio, up to \$1,199 for a 2-BR unit, with the average rent estimated at approximately \$1.21 per square foot.

This project promotes sustainable development by renovating the blighted, and vacant property. The project site is located on a key block in downtown Flint at the corner of East 3rd Street and Harrison Street. Positioned just two blocks away from the center of downtown and across the street from the MTA bus station, this location is prime for Flint residents and visitors alike with its ease of access from public transportation and connection to new housing options.

The project will act as a catalyst for additional private investment. To support this community development project, the Co-Applicants are requesting a Michigan Community Revitalization Program (MCRP) Performance-Based Grant of \$1,500,000 and \$5,500,000 Performance-Based Direct Loan.

PROJECT SUMMARY	
Project Eligibility (Facility/Historic/F.O./Blighted/Other)	Facility
Total Approximate Square Feet Revitalized	110,405
Total Approximate Acres Activated	2.75
Estimated # of Residential Units	50
Estimated Commercial Square Footage	65,445
Current Taxable Value	\$163,400
Projected Taxable Value at Completion	\$1,185,144
Total Anticipated Capital Investment	\$40,878,414
MCRP Grant Request	\$1,500,000
MCRP Loan Request	\$5,500,000

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and programmatic requirements, and a financial review has been completed.

Demonstrated Needs

Costs to redevelop the property into a new mixed-use development are substantial due to the current condition of the property. Additionally, market rental rates in downtown Flint and resulting revenue are not high enough to support the value and corresponding debt required to activate important downtown properties. The project will add new commercial and residential tenants to the downtown. These additions are expected to act as a catalyst for new development and growth. The addition of new people in the downtown is also expected to increase the economic vitality of local businesses. The development team anticipates receiving approximately \$2.9 million in debt financing from Michigan Community Capital (MCC) and anticipates receiving approximately \$25.8 million grants and donations to support the project. Additionally, the development team has been able to secure a New Market Tax Credit allocation that is anticipated to generate approximately \$5.2 million in equity proceeds. Despite their efforts, without the proposed support from the MCRP program, this project’s ability to create new housing and commercial units by reactivating a facility property in downtown Flint would not be financially feasible.

MEDC Conflict Disclaimer: Michigan Community Capital (MCC) organized as a nonprofit (non-stock) on a directorship basis. MCC is designated as a § 501(c)(3) organization under the Internal Revenue Code (the "Code") and classified as a Type 1 supporting organization under Section § 509(a)(3) of the Code. MCC receives public charity status because of their supporting relationship with the MEDC and MSHDA. Both MEDC and MSHDA have a designated seat on the MCC Board of Directors. MCC's articles of incorporation and bylaws grant effective control over the organization to the MEDC through provisions in the governing documents which provides that all actions of the board require the affirmative vote of the director representing MEDC. The current MEDC representative on the MCC board is Valerie Hoag.

Local Support

It's anticipated the City of Flint will be assisting the project with a payment in lieu of taxes (PILOT) at 10% for 30 years, with an estimated value of over \$1.5 million.

Applicant Background / Qualifications

HWD Harrison, Inc. is the single purpose non-profit entity formed by Uptown Reinvestment Corporation and the YMCA and created for the redevelopment project. Uptown Reinvestment Corporation (URC) has over 15 years of experience serving as a developer of downtown properties in Flint. Most of the developments from this period included involvement of the MEGA or MSF. The most recent projects were a 101 room Hilton Garden Inn, which received a MSF MCRP equity award, Mott Community College Culinary School with a MSF MCRP grant, and Flint Market Place Apartments featuring 92-units, which was awarded an MSF Loan. URC also oversaw the development of a 60,000 square foot Children's Health Facility for Genesee Health System, which will not be owned long-term by URC.

Both applicants (Uptown Reinvestment Corporation and HWD Harrison, Inc.) are non-profit organizations. Their officers are listed in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Financial Highlights

- Construction cost of \$306.29/SF
- Average residential rental rate of \$1.21/SF
- 30% of the units targeted to residents at 80% or less of Area Median Income (AMI)
- Debt service coverage ratio of greater than 1.20 to 1.00
- Nearly 76% of the development cost is anticipated to come from either private grants, donations, and equity
- Rental rate for the YMCA is below market to help ensure financial viability

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP incentive are included in Appendix C.

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) A MCRP performance-based Grant in the amount of up to \$1,500,000 for Uptown Reinvestment Corporation and HWD Harrison, Inc. ("Co-Applicants").
- b) A MCRP performance-based Loan in the amount of up to \$5,500,000 for Uptown Reinvestment Corporation and HWD Harrison, Inc. ("Co-Applicants"), on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Organizational Chart

- Uptown Reinvestment Corporation is the developer of the project. It will have zero ownership in the building.
 - Uptown Reinvestment Corporations officers are as follows:
 - Tim Herman, President
 - Greg Viener, Vice-President
 - Jack Stock, Secretary
 - Deb Cherry, Treasurer
 - Stephanie Fenton CFO/COO
- HWD Harrison, Inc. will be the 100% owner of the building – It is also a non-profit.
 - Its officers are as follows:
 - Tim Herman, President
 - Jack Stock, Secretary
 - Stephanie Fenton CFO/COO

APPENDIX B – Project Map and Renderings



APPENDIX C – Financial Terms

Summary of Development Sources:

MCC Loan	\$	2,900,000	7.09%
MCRP Awards	\$	7,000,000	17.12%
Grants and Donations	\$	14,472,000	35.40%
NMTC Equity	\$	5,208,000	12.74%
Developer Equity	\$	\$11,298,414	27.65%
TOTAL	\$	40,878,414	100.00%

Summary of Development Uses:

Acquisition	\$	1
Hard Construction Costs	\$	34,428,527
Eligible Soft Costs	\$	4,365,976
Other	\$	2,083,910
TOTAL	\$	40,878,414

Incentive Terms:

Grantees/Borrowers: Uptown Reinvestment Corporation and/or HWD Harrison, Inc. or Related Entities

Total Capital Investment: Currently estimated at \$40,878,414

MSF Eligible Investment: Currently estimated at \$38,794,503

Minimum Eligible Investment: Currently estimated at \$35,000,000

Total MSF Award: Up to the lesser of 20% of “Eligible Investment” or \$7,000,000

Funding/Disbursement: The MSF will fund up to \$7,000,000 to be disbursed following demonstration of the completion of all applicable milestone requirements, anticipated to be receipt of all financing documents in substantially complete form and and/or evidence of available capital contributions/donations/grants in the minimum amount of \$28,600,000.

Reserves/Contingencies: Anticipated to be approximately \$3,670,000.

Developer Fees: Anticipated to \$150,000.

Other Conditions: The MSF’s investment will be contingent upon the following:

- Executed Construction Documents (includes “Guaranteed Maximum Price” construction contract)
- Final Development Budget and Projections
- NMTC Flow of Funds Chart
- Adopted Resolution for the PILOT
- Other legal due diligence documentation, as may be required.

MSF Incentive #1:	MCRP Performance-Based Grant
Grant Amount:	\$1,500,000
MSF Incentive #2:	Performance-Based Direct Loan
Loan Amount:	\$5,500,000
Term:	To match that of the senior lender not to exceed 240 months
Amortization:	480 months, following the interest only period
Interest Rate:	1.00% per annum
Repayment Terms:	Monthly interest only payments for up to 90 months, followed by equal monthly payments of principal and interest for the remaining 150 months, with principal due at maturity.
Collateral:	Anticipated to be a security interest in all subject property and assignment of rents and leases, subject to the requirements of the NMTC structure.
Guarantees:	Anticipated to be the corporate guaranty of Uptown Reinvestment Corporation.
MSF Fees:	1.0% of the Loan Amount. Additionally, the Borrower is responsible for any third-party costs incurred by the MEDC in closing the transaction.

MCRP Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered. The project meets the MCRP Guidelines, and a financial review has been completed.

As required under the MCRP, the following statutory criteria have been reviewed:

A. The importance of the project to the community in which it is located:

The project helps implement a number of goals referenced in the City's Master Plan including developing mixed use multi-story buildings in the Downtown, demolishing substandard structures, and clearing vacant sites in order to prepare sites for reinvestment, provide recreational amenities, facilities, and uses necessary to accommodate a healthy lifestyle for residents at all stages of life. The existing YMCA building was designed during a period where universal access was not considered a priority. This makes large portions of their building non-accessible to a large portion of the population, including those with mobility problems such as the elderly.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

This project is part of a growing number of developments in and around downtown Flint, such as the Flint Hotel and Flint Marketplace Apartments, that are improving the overall economic climate and perception of the community. This project has the potential to spur additional revitalization efforts. This development would be the second largest new residential development in Flint since the Flint Marketplace Apartments (92 units) were constructed and opened to the public in the beginning of 2020. The project will continue to build on the revitalization which is occurring with the downtown area of Flint. This project will be a catalyst for representing how a larger scale, more dense mixed-use project can not only be successful in the community but aide in demonstrating the demand for quality and vibrant opportunities for commercial and resident interests.

C. The amount of local community and financial support for the project:

The City of Flint is assisting the project with a payment in lieu of taxes (PILOT) at 10% for 30 years, with an estimated value of over \$1.5 million.

D. The applicant's financial need for a community revitalization incentive:

Costs to redevelop the property into a new mixed-use development are substantial due to the current condition of the property. Additionally, market rental rates in downtown Flint and resulting revenue are not high enough to support the value and corresponding debt required to activate important downtown properties. Approximately 76% of the total project costs is anticipated to be contributed to the project in the form of either private grants or equity. Without the proposed MCRP investment the project would not be financially viable.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

The current property is a partially completed surface parking lot and does not contain any buildings. The remaining two structures on the property were demolished in Fall of 2019. The property remained vacant for 2 years, before the City of Flint required an active use be put in its place following the demolition of the two buildings. The current owner, Harrison Street Property, LLC, committed to a surface parking lot as a temporary use until a permanent structure could be built in its place. The new development will construct a new 5-story mixed-use building on the site totaling an estimated 110,405 square feet (SF); and includes the YMCA, office space, 50 new apartments.

F. Creation of jobs:

The project is expected to create 27 permanent, full-time equivalent jobs. The average hourly wage is estimated to be \$12.69.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:

Total development costs are estimated at \$40.8 million. The project is receiving senior financing from Michigan Community Capital (MCC) totaling \$2.9 million. It is anticipated that approximately \$26.8 million of the project cost will come from private grants and equity.

H. Whether the project is financially and economically sound:

Upon reaching stabilized occupancy it is anticipated that the project will be able to adequately service its debt requirements. All of the commercial space is accounted for through tenant LOI's. Additionally, the project will be supported financially by Uptown Reinvestment Corporation. The project's residential rental structure is in line with other projects in the area and vacancies in comparable properties are under 5%.

I. Whether the project increases the density of the area:

The current property is a partially completed surface parking lot. The property formerly contained two single story structures on the property that were demolished in Fall of 2019. The project increases the density of the area by constructing a new 5 story mixed-use building on the site.

J. Whether the project promotes mixed-use development and walkable communities:

The project is adding new commercial and residential space to the downtown. It promotes walkable communities by filling in long-vacant space, which will drive additional foot-traffic to the area. The building is zero-lot line developed, offers large retail windows on the first floor and is fronted by large, walkable sidewalks. The project site is located on a key block in downtown Flint at the corner of East 3rd Street and Harrison Street. Positioned just two blocks away from the center of downtown and across the street from the MTA bus station, this location is prime for Flint residents and visitors alike with its ease of access from public transportation and connection to new housing options.

K. Whether the project converts abandoned public buildings to private use:

This project is not an abandoned public property.

L. Whether the project promotes sustainable development:

The project is located within the traditional downtown, reducing the infrastructure needs. All lighting will be LED, and the project includes new energy efficient mechanical and appliances. The project has emphasized the use of energy efficient electric HVAC systems in the apartment, which is overall cleaner energy and will result in \$5,000 per unit rebates from Consumers Energy.

M. Whether the project involves the rehabilitation of a historic resource:

The site is not qualifying as a historic resource.

N. Whether the project addresses area-wide redevelopment:

This project is part of a series of downtown investments in alignment with the most recent collaborative downtown planning efforts. URC was a key stakeholder, along with others, in the creation of the Downtown Development Authority's Downtown Flint Gameplan in 2018. This planning document determined what critical land use, placemaking and mobility enhancements were needed in downtown, mapped out their respective locations and identified the critical next steps to maintain and accelerate recent momentum. The Gameplan sought to fit within the context of Flint's latest Citywide master plan but provided greater specificity on downtown issues and strategic opportunities. This project site was identified by community stakeholders for mixed-use redevelopment.

O. Whether the project addresses underserved markets of commerce:

This project improves the ability of Flint residents to find safe and affordable places to engage in recreation and physical fitness. The rate of recreation and fitness facilities in Flint and Genesee County (5.87 per 100,000 residents) is lower than the state (8.3) or national (9.7) averages. Genesee County ranked 80th out of 83 counties in Michigan for community health in the 2021 Robert Wood Johnson County Health Rankings National Findings Report, and the 2019 Joint Community Health Needs Assessment Report showed that Flint and Genesee County have among the highest rates of obesity in the nation. The project will incorporate a new branch of the Hurley Medical Center's physical therapy operations in Flint. This will be the only location for physical therapy services in the downtown core. The offices will hold approximately 2,200 space of commercial square footage. This bolsters the offerings of the Health & Wellness District of downtown Flint, which is an anchor for downtown economic development activity.

P. The level and extent of environmental contamination:

A Phase I Environmental Site Assessment revealed the presence of soil contamination on the property from historical operations. The subject property operated as a car dealership with a 1,000-gallon gasoline underground storage tank that was removed in 2001. A Baseline Environmental Assessment (BEA) was completed, and due care plan created. Currently, to the extent the project removes contaminated soils they will need to go to a regulated land fill, otherwise, the soils can remain onsite and capped.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):

The project is not qualifying as a historic resource.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

The project is not expected to provide undue competition with other Michigan businesses within the same industry.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

No additional criterial needs to be considered.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-023**

**APPROVAL OF MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE-BASED GRANT AND DIRECT LOAN AWARDS TO
UPTOWN REDEVELOPMENT CORPORATION AND HWD HARRISON, INC.**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d), to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 (the “Delegation”), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (the “Transaction Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, Uptown Reinvestment Corporation and HWD Harrison, Inc. (“the Companies”) have requested a Michigan Community Revitalization Program Performance-Based Grant of up to \$1,500,000 and Performance-Based Direct Loan of up to \$5,500,000, (the “Award Request”) which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”); and

WHEREAS, the MEDC has recommended that the MSF approve the Award 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 180 days of the date of this Resolution (the “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 180 days; (collectively, the “MCRP Award Recommendation”)

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

EXHIBIT A

“TERM SHEET”

Incentive Terms:

Grantees/Borrowers: Uptown Reinvestment Corporation and/or HWD Harrison, Inc. or Related Entities

Total Capital Investment: Currently estimated at \$40,878,414

MSF Eligible Investment: Currently estimated at \$38,794,503

Minimum Eligible Investment: Currently estimated at \$35,000,000

Total MSF Award: Up to the lesser of 20% of “Eligible Investment” or \$7,000,000

Funding/Disbursement: The MSF will fund up to \$7,000,000 to be disbursed following demonstration of the completion of all applicable milestone requirements, anticipated to be receipt of all financing documents in substantially complete form and/or evidence of available capital contributions/donations/grants in the minimum amount of \$28,600,000.

Other Conditions:

The MSF’s investment will be contingent upon the following:

- Executed Construction Documents (includes “Guaranteed Maximum Price” construction contract)
- Final Development Budget and Projections
- NMTC Flow of Funds Chart
- Adopted Resolution for the PILOT
- Other legal due diligence documentation, as may be required

MSF Incentive #1: MCRP Performance-Based Grant

Grant Amount: \$1,500,000

MSF Incentive #2: Performance-Based Direct Loan

Loan Amount: \$5,500,000

Term: To match that of the senior lender not to exceed 240 months

Amortization: 480 months, following the interest only period

Interest Rate: 1.00% per annum

Repayment Terms: Monthly interest only payments for up to 90 months, followed by equal monthly payments of principal and interest for the remaining 150 months, with principal due at maturity.

Collateral:	Anticipated to be a security interest in all subject property and assignment of rents and leases, subject to the requirements of the NMTC structure.
Guarantees:	Anticipated to be the corporate guaranty of Uptown Reinvestment Corporation.
MSF Fees:	1.0% of the Loan Amount. Additionally, the Borrower is responsible for any third-party costs incurred by the MEDC in closing the transaction.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Dominic Romano, Senior Community Development Manager
Julius L. Edwards, Director, Commercial Real Estate Investment
Rob Garza, Manager of Statutory Analysis

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation and a Request for Approval of an Act 381 Work Plan
3131 Biddle, LLC and City of Wyandotte Brownfield Redevelopment Authority (BRA)
The Federal Building Redevelopment Project

Project Summary & Request

The request will support a community development project in the City of Wyandotte consisting of the rehabilitation of an existing two-story building and new construction of three additional floors resulting in a mixed-use development on a 0.69 acre site downtown Wyandotte. The project will include 35 rental units on floors two through four with retail & restaurant space below, rooftop restaurant, lobby, and adjacent surface parking. The building will include one three-bedroom unit with multiple two-bedroom and one-bedroom units. The project also includes roughly 83,700 square feet of public improvements which would include new right-of-way, parking, and alleyway improvements.

PROJECT SUMMARY	
Project Eligibility	Functionally Obsolete
Total Approximate Square Feet Revitalized	62,918
Total Approximate Acres Activated	0.69
Estimated # of Residential Units	35
Estimated Commercial Square Footage	14,674
Current Taxable Value – city owned	\$0
Projected Taxable Value at Completion	\$1,909,500
Total Anticipated Capital Investment	\$9,727,164
Brownfield TIF State Capture Request	\$1,389,849
MCRP Other Economic Assistance Loan Participation	\$1,562,164

SHPO has reviewed the project design and determined it will have no negative impact.



December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and programmatic requirements, and a financial review has been completed.

Act 381 of 1996 (the “Act”), as amended, authorizes the MSF to approve Work Plans that include the capture of the School Operating Millage and State Education Tax millages for the purpose of supporting projects statewide. On March 23, 2021, the MSF Board approved the Brownfield Tax Increment Financing MSF Program Guidelines (“Guidelines”). As required under the Act, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the Brownfield TIF Guidelines and programmatic requirements, and a financial review has been completed.

Demonstrated Needs

A financing gap exists due to the limited revenue generated by workforce rated rents (80%-100% AMI) combined with the project’s brownfield related costs to utilize an existing structure and improve the surrounding infrastructure. Multiple means of financing have been explored and maximized, including a BRA revolving fund loan in addition to the senior financing, state and local TIF participation, and a Wyandotte Downtown Development Authority (“DDA”) grant. The Applicant is contributing over \$1,323,000 in equity or 13.6% of the total development cost. The proposed MCRP incentive will fill the remaining financing gap and allow the project to remain financially feasible. With MCRP support, the projected return over a 20-year time horizon is projected to be 10.3% from operations, with an average debt service coverage ratio above 1.20 to 1.00.

Local Support

Local support for the project includes a \$100,000 DDA grant, local TIF valued at \$2,392,053, and a Local Brownfield Revolving Fund (“LBRF”) loan of \$1,242,000. Wyandotte is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Applicant Background / Qualifications

3131 Biddle, LLC (the “Applicant”) is led by Ron Thomas, owner of Rise Above Ventures. Mr. Thomas has been a licensed contractor for 18 years and a licensed real estate broker for six years. He is a Wyandotte native and resident, with experience in development including single family residential, industrial, commercial, restaurant, multifamily, and mixed-use. His most recent project located at 100 Maple was a 100% vacant 24,000 square foot building that previously housed a 5,000 square foot bank branch and office space. 100 Maple was a full remodel and was completed in June of 2021 resulting in a 13,000 square foot modernized downtown office space designed for small, local businesses, six apartments and one restaurant named The Vault, and it is currently 100% occupied. Mr. Thomas has not received previous incentives from the Michigan Strategic Fund (MSF).

An Organizational Chart for 3131 Biddle, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Financial Highlights

- construction costs of \$138.82/SF
- average residential rental rate of \$1.65/SF
- commercial rents range from approximately \$13/SF to \$24/SF
- 100% of residential units will be priced at rental levels for tenants earning 80% of Area Median Income or below
- average debt service coverage ratio of greater than 1.20 to 1.00
- equity contribution of 13.6% of the total development cost
- developer return of 10.3% from operations

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C.

An MSF Eligible Activities and Tax Capture Summary are included in Appendix D.

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) State tax capture for Act 381 eligible activities capped at \$1,389,849, utilizing the current state to local capture ratio.
- b) A MCRP Other Economic Assistance Loan Participation award in the amount of up to \$1,562,164 for 3131 Biddle, LLC on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Organizational Chart

Organizational Structure

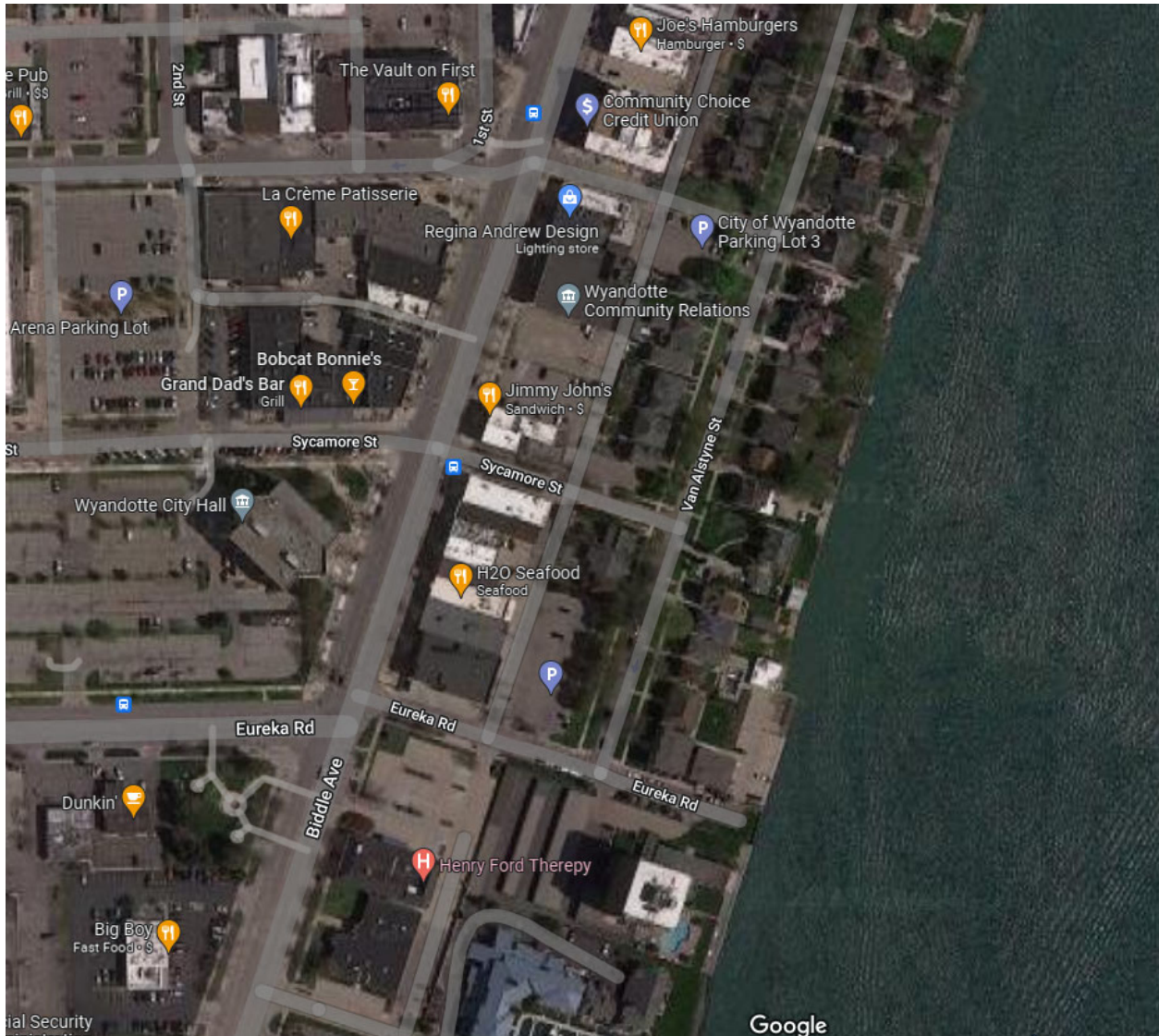
Company Name: 3131 Biddle, LLC

Employer Identification Number: 87-4612187

Manager: Ronald Richard Thomas

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
3131 Biddle Investors LLC - Ron Thomas, Manager	100.00%	88-4344597	Michigan
Justin Bise	4.00%		
Against All Odds LLC	2.00%	86 1655221	Ohio
Benjamin Randall Rhart & Pavadee Poowuttikul, Jointly	5.56%		
Lance Latkiewicz	1.85%		
Rise Above Entertainment LLC, D.B.A Rise Above Ventures <i>Ronald Thomas 100% owner of Rise Above Ventures</i>	86.59%	75-3251729	Michigan

APPENDIX B – Project Map and Renderings





APPENDIX C – Financial Terms

Summary of Development Sources:

Bank of Ann Arbor	\$	5,500,000	56.52%
MSF Share	\$	1,562,164	16.05%
EPA RLF Loan	\$	1,242,000	12.76%
DDA Grant	\$	100,000	1.03%
Developer Equity	\$	1,323,000	13.64%
TOTAL	\$	9,727,164	100.00%

Summary of Development Uses:

Acquisition	\$	100,000
Hard Construction Costs	\$	8,734,279
Eligible Soft Costs	\$	318,541
Other	\$	574,344
TOTAL	\$	9,727,164

Loan Terms

MSF Incentive:	MCRP Other Economic Assistance Loan Participation
Borrower:	3131 Biddle, LLC
Senior Lender:	Currently anticipated to be Bank of Ann Arbor or other federally insured lender acceptable to the MSF
Total Amount of Loans:	Currently estimated at \$7,062,164
Lender Share:	Currently estimated at \$5,500,000
Total Capital Investment:	Currently estimated at \$9,727,164
MSF Eligible Investment:	Currently estimated at \$9,052,820
Minimum Eligible Investment:	Currently estimated at \$7,242,260
MSF Share:	Up to the lesser of 20% of “Eligible Investment” or \$1,562,164
Term:	To match that of the Lender anticipated to be 72 months
Amortization:	To match that of the Lender anticipated to be 300 months
Interest Rate:	1.00% per annum
Repayment Terms:	Currently anticipated to be monthly interest only payments for 24 months, followed by equal monthly principal and interest payments for 60 months with principal due at maturity.

- Collateral:** To reasonably match that of the Lender, currently anticipated to be 1st priority security position in the real estate. MSF share of collateral will be subordinated to that of the Lender.
- Guarantee:** To reasonably match that of the Lender, currently anticipated to be the personal guarantee of Ron Thomas and related trusts, if applicable. MSF share of guarantee will be subordinated to that of the Lender.
- MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the loan. The Lender may charge the borrower for this fee.
- Contingencies Reserves:** Estimated to be approximately \$1 million
- Deferred Developer Fees:** No developer fees
- Funding:** The MSF will fund up \$1,562,164 disbursed following closing of the financing and other performance criteria.
- Other Conditions:** The MSF's investment will be contingent upon the following:
- Receipt of final construction documents, including a "Guaranteed Maximum Price" construction contract
 - Final development budget
 - Minimum owner equity investment of \$1,323,000

-

APPENDIX D – MSF Eligible Activities Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Wyandotte, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on March 28, 2022. The property has been determined to be deemed functionally obsolete as verified Michigan Master Assessing Officer (MMAO) assessor on January 28, 2022.

There are 65.3045 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (36.75%) and local millage equaling 41.3045 mills (63.25%). Tax increment capture will begin in 2023 and is estimated to continue for 30 years. The state tax capture is recommended to be capped at \$1,389,849, which is the amount of tax increment revenue anticipated to be generated in 30 years. Total MSF eligible activities are estimated at \$3,781,902. MSF eligible activities breaks down as follows:

Tax Capture Summary:

State tax capture	(36.75%)	\$	1,389,849
Local tax capture	(63.25%)	\$	2,392,053
TOTAL		\$	3,781,902

Cost of MSF Eligible Activities

Demolition		\$	718,850
Lead and Asbestos Abatement			228,000
Infrastructure Improvements (Developer)			35,200
Infrastructure Improvements (City)			2,568,470
Site Preparation	+		133,100
Sub-Total		\$	3,683,620
Contingency (1.9%)	+		68,282
Sub-Total		\$	3,751,902
Brownfield/Work Plan Preparation	+		15,000
Brownfield/Work Plan Implementation	+		15,000
TOTAL		\$	3,781,902

In addition, the project is requesting \$79,250 in TIF from EGLE to assist with environmental eligible activities.

Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:

The City of Wyandotte unadjusted jobless rate was 3.6% in October 2022.

B. Reuse of functionally obsolete buildings and/or redevelopment of blighted property:

The project will rehabilitate an existing functionally obsolete building.

C. Whether project will create a new brownfield property in the State:

No new Brownfields will be created by this project.

MCRP Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered. The project meets the MCRP Guidelines, and a financial review has been completed.

As required under the MCRP, the following statutory criteria have been reviewed:

A. The importance of the project to the community in which it is located:

This project was listed as the highest priority development in the City's most recent Master Plan in 2019 and will be transformational for the Biddle Avenue corridor and surrounding residents. Those living in surrounding properties will see an increase in property value, enhanced public spaces, and increased access throughout the downtown. The development will increase both daytime and evening foot traffic, extending spending in nearby local businesses. Overall, the project will attract new residents and businesses into Wyandotte and catalyze future growth and investment.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

The project will act as a catalyst for additional revitalization in Wyandotte and is a necessary component in attracting resident and visitor interest in the downtown. It is also anticipated to spur further development of the downtown corridor between Eureka Road and Elm off of Biddle Avenue.

The public infrastructure improvements adjacent and contiguous to the property will provide optimized vehicular traffic for residents, commercial vehicles and enhanced pedestrian and bicycle safety. The public improvements will create vibrant public spaces and increase the access to and through this important mixed-use development project.

C. The amount of local community and financial support for the project:

Local support for the project includes a \$100,000 Downtown Development Authority grant, Local TIF at \$2,392,053, and an LBRF loan of \$1,242,000.

D. The applicant's financial need for a community revitalization incentive:

A financing gap exists due to the limited revenue generated by workforce rated rents (80%-100% AMI) for combined with the project's related costs to utilizing an existing structure and improving the surrounding infrastructure. Multiple means of financing have been explored and maximized, including a BRA revolving fund loan in addition to the senior financing, state and local TIF participation, and a Wyandotte Downtown Development Authority ("DDA") grant. The Applicant is contributing over \$1,323,000 in equity or 13.6% of the total development cost. The proposed MCRP incentive will fill the remaining financing gap and allow the project to remain financially feasible. With MCRP support, the projected return over a 20-year time horizon is projected to be 10.3% from operations, with an average debt service coverage ratio above 1.20 to 1.00.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

The existing building is vacant and will be redeveloped.

F. Creation of jobs:

It is anticipated the project will create 60 new jobs. The average hourly wage is estimated to be \$24.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:

The development team has obtained financing through Bank of Ann Arbor for \$5,500,000 which represents 56.54% of the total development costs.

H. Whether the project is financially and economically sound:

Upon reaching stabilized occupancy it is anticipated that the project will be able to achieve an average debt service coverage ratio above 1.20 to 1.00. Additionally, the project will be supported financially by the personal guarantee of Ron Thomas.

The proposed residential rental rates are in line with comparable properties. Over 11,000 square feet of the commercial space is under LOI with anticipated 10-year lease term.

I. Whether the project increases the density of the area:

The project will increase residential density with 35 new apartment units and commercial density with over 14,000 square feet of retail and restaurant uses.

J. Whether the project promotes mixed-use development and walkable communities:

The project promotes mixed-use development and walkability in the community by redeveloping the site for multiple uses including residential, retail and restaurant, and these uses will be directly adjacent to the streetscape and sidewalks of the downtown where users of the project will be able to walk in the downtown to other commercial properties.

K. Whether the project converts abandoned public buildings to private use:

The existing building is publicly owned and will be transferred to the developer for private use.

L. Whether the project promotes sustainable development:

The project promotes sustainable development through the implementation of green infrastructure and stormwater management in adjacent parking lots along the 3-block thoroughfare adjacent to the development. In addition, upgrades to the building structural integrity and HVAC will add additional energy efficiencies.

M. Whether the project involves the rehabilitation of a historic resource:

Although, the project involves a property older than 50 years, the project is not qualifying as a historic resource.

N. Whether the project addresses area-wide redevelopment:

The project addresses area-wide redevelopment by redeveloping a vacant, unused site into a place of commercial and housing opportunities for the city and downriver region.

O. Whether the project addresses underserved markets of commerce:

This project addresses underserved markets of commerce by adding new residential units to meet an ever increasing local and regional housing demand.

P. The level and extent of environmental contamination:

The developer is requesting environmental eligible activity cost reimbursement through an EGLE Work Plan submission.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):

Not applicable.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

The project will not compete with or affect existing Michigan businesses within the same industry.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

There are no other additional criteria for this purpose.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-024**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION
AWARD TO
3131 BIDDLE, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d), to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 (the “Delegation”), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (the “Transaction Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, 3131 Biddle, LLC (“Company”) has requested an MCRP Other Economic Assistance Loan Participation of award of up to \$1,562,164 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as exhibit A (the “Term Sheet”), and

WHEREAS, the MEDC has recommended that the MSF approve the Award 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 180 days of the date of this Resolution (the “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 90 days (collectively, the “MCRP Award Recommendation”)

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

EXHIBIT A
“TERM SHEET”

Loan Terms

MSF Incentive:	MCRP Other Economic Assistance Loan Participation
Borrower:	3131 Biddle, LLC
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Total Amount of Loans:	Currently estimated at \$7,062,164
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Guarantee:	To reasonably match that of the Lender, currently anticipated to be the personal guarantee of Ron Thomas and related trusts, if applicable. MSF share of guarantee will be subordinated to that of the Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan. The Lender may charge the borrower for this fee.
Funding:	The MSF will fund up \$1,562,164 disbursed following closing of the financing and other performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- Receipt of final construction documents, including a “Guaranteed Maximum Price” construction contract- Final development budget- Minimum owner equity investment of \$1,323,000



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-025**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF WYANDOTTE BROWNFIELD REDEVELOPMENT AUTHORITY
THE FEDERAL BUILDING REDEVELOPMENT PROJECT**

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

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

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

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

WHEREAS, the City of Wyandotte Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated December 15, 2022, for property located at 3131 Biddle within the City of Wyandotte, known as The Federal Building Redevelopment Project (the “Project”);

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

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 36.75% to 63.25% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of

taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$3,751,902 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for brownfield and work plan preparation, and a maximum of \$15,000 for brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of \$1,389,849.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff.

BE IT FURTHER RESOLVED, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

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If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

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Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

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BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

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To Whom It May Concern:

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Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Daniel Leonard, Redevelopment Services Director
Debbie Stehlik, Commercial Real Estate Investment Manager
Lisa Edmonds, Sr. Program Specialist, Economic Development Incentives & Services

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP) Grant
Howard Property Partners, LLC – 316 Lake Street Revitalization

Project Summary & Request

The project is located within the City of Petoskey’s historic Gaslight District, a popular boutique shopping destination for tourists and residents of the region. The subject property is comprised of two adjacent existing buildings located at 316 and 318 Lake Street. The eastern structure is comprised of a vacant three-story building with commercial space on the first floor and residential units within the second story and third stories; the upper floors have been vacant since the 1930s. The adjacent building to the west is a two-story vacant structure. Within the basements of each structure cedar stumps and posts act as structural supports with various levels of degradation and settling of the floors above. The upper floors of each building suffer from water damage and a lack of investment of any kind for many years. To correct the existing blighted nature of each structure, all new mechanical, electrical service, foundations, and ADA accessibility will be implemented. To better balance the look and capacity of the buildings, the two-story building will add a third floor and together the two buildings will host six new market-rate residential units. The exterior will be completely redesigned with a new historic façade with large first floor windows to maintain the two first-floor commercial spaces on Lake Street. The rear of the buildings will be improved adding an elevator and new doors for ADA accessibility for residential tenants.

PROJECT SUMMARY	
Project Eligibility	Blighted
Total Approximate Square Feet Revitalized	11,137
Total Approximate Acres Activated	.15
Estimated # of Residential Units	6
Estimated Commercial Square Footage	3,337
Current Taxable Value	\$245,890
Projected Taxable Value at Completion	\$714,739
Total Anticipated Capital Investment	\$3,684,686
MCRP Grant	\$1,450,000



Each building's improvements will better match the surrounding character of the Gaslight District, as well as bring additional taxable value and interest in the space for new commercial tenants downtown. This traditional downtown corridor has several long-term commercial tenants; however, this area has not seen robust residential rental development activity due to the high costs of renovation and commensurate rents that can be charged.

Locally, this project will support the goals and objectives of the Downtown Management Board (the "DTMB") by reactivating a long-time vacant structure in the center of a popular commercial district. Additionally, the creation of downtown residential rental units will support a significant housing need in the area as demonstrated in the 2019 annual report created by Housing North, a regional housing non-profit. Within their needs analysis, over 1,800 new residential rental units are needed in Emmet County, the majority to be implemented in Petoskey. This needs statement is reinforced via local business outreach with companies such as McLaren Health Care, Petoskey Plastics and others who have verbally expressed the need for this type of product within the City of Petoskey.

The exterior building design was reviewed and supported locally by the DTMB through a financial contribution of \$10,000 for façade renovations. The SHPO has also reviewed the project design and determined it will have no negative impact.

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (the "MCRP") and on January 25, 2022, the MSF Board approved its restated program guidelines. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and programmatic requirements, and a financial review has been completed.

Demonstrated Needs

A financial need exists due to the extensive cost of rehabilitating these severely blighted historic structures. The current trends with labor and supply shortages that are contributing to escalating construction costs are further exacerbating the need. Without MCRP support, this project's ability to create housing units and commercial space and activate a vacant significant property in downtown Petoskey would not be financially feasible. The developer is contributing 12% equity and has maximized bank financing. Even with MCRP support, the projected return over a 20-year time horizon is 2.5%.

Local Support

This project is identified as a redevelopment priority site for the City of Petoskey, which is Certified in the Redevelopment Ready Communities program. The City of Petoskey demonstrated financial support in two different forms; one from the DTMB for a \$10,000 façade grant as well as via approval of their first ever obsolete property rehabilitation act abatement. This local approval will support the project with a six-year tax abatement valued at roughly \$84,114. Moving forward, properties that are selected as a "priority redevelopment site" will have preference when considering local incentives as a policy of the City of Petoskey.

Applicant Background / Qualifications

The development team is comprised of a father and daughter, Robert and Katie Berg, who are residents of the City of Petoskey. They have executed property improvements around the greater Petoskey area for several years, however, have never utilized state or federal funding to support their efforts. The following is a list of local projects completed by Howard Property Partners, LLC which are similar in scope to 316 Lake Street:

- 416 Mitchell Street – Mixed-use commercial and multifamily renovation project consisted of existing first floor commercial space and addition of two upper floors consisting of eight residential units. Project scale: 15,000 square feet; \$1.9 million

- 308-310 Howard Street - Project consisted of renovation of three existing commercial spaces and conversion of long vacant commercial space on second floor to three residential units.
Project scale: 6,000 square feet; \$700,000
- 210 Howard Street - Conversion of long vacant boarding house on second floor to two residential units.

Organizational Chart for Howard Property Partners, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Financial Highlights

- Construction cost per square foot is \$264.57.
- Rental rates are projected at \$1,500 for one-bedroom units and \$2,200 for two-bedroom units, with an average of \$2.07 per square foot. Commercial rates are projected to average \$19.50 per square foot.
- Proforma debt service coverage is projected at 1.14 to 1.0 which is below the underwriting preference of 1.20 to 1.0. Staff is comfortable with this given the experience of the developer with comparable projects and as the average debt service coverage ratio is 1.21 to 1.0 and only Year 1 falls below 1.15 to 1.0.
- Owner equity contribution of approximately \$450,000 or 12.2% and senior debt of \$1,774,686 or roughly 48%.
- Developer return over a 20-year timeframe is projected at 2.5%.

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C.

Recommendation

MEDC staff recommends approval of a MCRP performance-based Grant in an amount up to \$1,450,000 for Howard Property Partners, LLC.

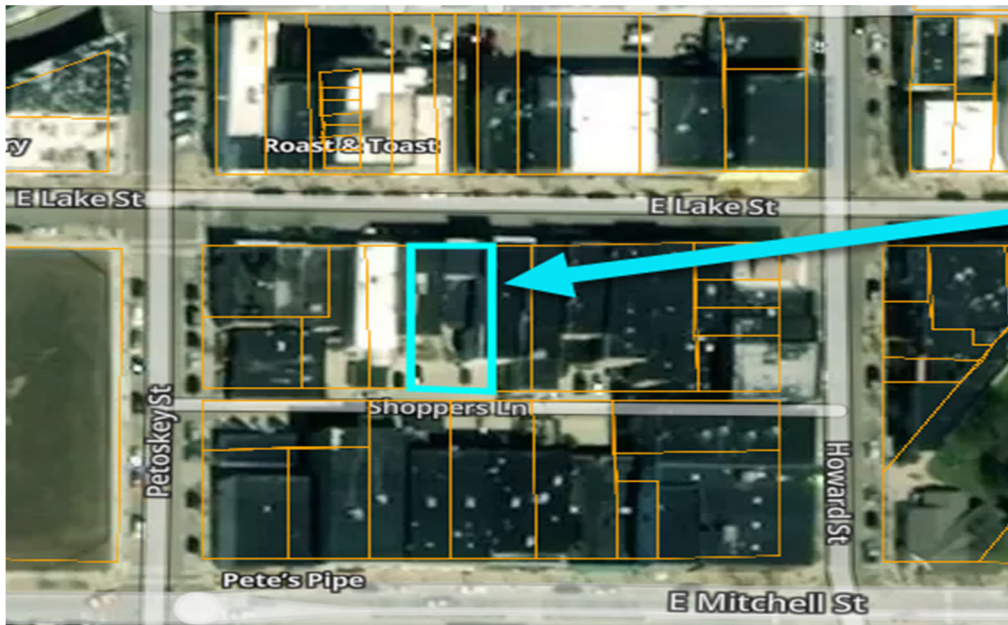
APPENDIX A – Organizational Chart

Organizational Structure
Company Name: Howard Property Partners, LLC
State of Organization: Florida
Employer Identification Number: 45-3128068
MANAGER: Kathrine Cristman Berg

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Berg Family Limited Partnership	100.00%	27-3543072	Florida

100.00%

APPENDIX B – Project Map and Rendering



PROJECT
SITE



NORTH (LAKE STREET) ELEVATION
1/4" = 1'-0"

APPENDIX C – Financial Terms

Summary of Development Sources:

Bank Loan	\$	1,774,686	48.17%
MSF Grant	\$	1,450,000	39.35%
Other Grants	\$	10,000	.27%
Developer Equity	\$	450,000	12.21%
TOTAL	\$	3,684,686	100.00%

Summary of Development Uses:

Acquisition	\$	450,000
Hard Construction Costs	\$	2,946,511
Eligible Soft Costs	\$	66,500
Other	\$	221,675
TOTAL	\$	3,684,686

Grant Terms

MSF Incentive: MCRP Performance-Based Grant

Grantee: Howard Property Partners, LLC

Total Capital Investment: Currently estimated at \$3,684,686

MSF Eligible Investment: Currently estimated at \$3,013,011

Minimum Eligible Investment: Currently estimated at \$2,410,500

MSF Share: Up to the lesser of 50% of “Eligible Investment” or \$1,450,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Petoskey is less than 15,000.

Disbursement: The MSF will fund up to \$1,450,000 to be disbursed following construction completion and achievement of other to be determined performance criteria.

Other Conditions: The MSF’s investment will be contingent upon the following:
 1) Receipt of final construction drawings and construction contract.
 2) Project completion will be a required term of the MSF Agreement.
 3) If requested by Lender, MSF may allow for the assignment of the Grant rights and responsibilities to the Lender, per section 8.8 of the Grant Agreement.

MCRP Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered. The project meets the MCRP Guidelines and a financial review has been completed.

As required under the MCRP, the following statutory criteria have been reviewed:

A. The importance of the project to the community in which it is located:

This project will support the historic character of the community while reactivating two adjacent vacant structures that physically have fallen into a state of obsolescence. The creation of two (2) new commercial spaces and six (6) residential units will infill this commercial corridor with an appropriate and desirable building product.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

Redevelopment of these existing structures will act as a catalyst for other downtown investments. As projects are completed, the City of Petoskey realizes their priority redevelopment sites to encourage new investments throughout town.

C. The amount of local community and financial support for the project:

The City of Petoskey and Downtown Management Board combined have contributed roughly \$94,000 in financial support split between an OPRA tax abatement and façade grant.

D. The applicant's financial need for a community revitalization incentive:

These historic buildings are over 100 years old and have several features making it more expensive to develop including an old foundation partially held up with cedar posts, balloon construction that does not support the weight of modern renovations, fire and water damage to the upper floor roof joists, and totally obsolete construction materials and design on the upper floors. The extensive renovation costs combined with the current trends of labor and supply shortages that are contributing to escalating construction costs further exacerbate the project's financial need. Without MCRP support, this project's ability to create housing units and commercial space and activate a vacant significant property in downtown Petoskey would not be financially feasible. The developer is contributing 12% equity and has maximized bank financing. Even with MCRP support, the projected return over a 20-year time horizon is 2.5%.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

Within this historic property, the construction methods supporting today's infrastructure are heavily dilapidated and outside of the state's construction code requirements for inhabitants. Through redevelopment of the buildings in play all new foundations, structural supports, electrical, mechanical systems, and ADA accessibility will be upgraded to bring both spaces into usable order.

F. Creation of jobs:

Reactivation of the commercial spaces within the subject buildings will likely support retail endeavors, to which should produce up to six (6) new FTEs averaging roughly \$20.00 per hour.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:

Private investment tied to the redevelopment of this structure is anticipated at \$2,224,686 including 12.2% equity valued at \$450,000.

H. Whether the project is financially and economically sound:

The development team is contributing equity of approximately \$450,000 or 12.2% and bank financing has been maximized at \$1,774,686. Proforma debt service coverage is projected at 1.14 to 1.0 which is below the underwriting preference of 1.20 to 1.0. Staff is comfortable with this given the experience of the developer with comparable projects and as the average debt service coverage ratio is 1.21 to 1.0 and only Year 1 falls below 1.15 to 1.0. Staff considers the project to be financially and economically sound.

I. Whether the project increases the density of the area:

Renovation of this existing vacant asset will increase both commercial activity throughout the corridor as well as increase residential capacity downtown. Staff anticipates that the creation of these new residential units will raise significant awareness of other vacant upper floor building owners in Petoskey with the goal of additional new investment taking place.

J. Whether the project promotes mixed-use development and walkable communities:

The redevelopment of this mixed-use asset in downtown promotes more walkability for future tenants of the residential spaces as well as increases commercial activity on a high-priority redevelopment site for the City of Petoskey.

K. Whether the project converts abandoned public buildings to private use:

The subject properties are privately held and will remain privately owned for the foreseeable future.

L. Whether the project promotes sustainable development:

Redevelopment of the subject buildings will have all new structural steel foundations, electrical capacity, mechanical systems, and with the intent that the building will be stabilized through sustainable best practices to support the community for another 100 years.

M. Whether the project involves the rehabilitation of a historic resource:

This project rehabilitates a historic resource, and the State Historic Preservation Office has been consulted and determined that the project will have no adverse effect, with no conditions.

N. Whether the project addresses area-wide redevelopment:

This project addresses an area-wide redevelopment issue which is the creation of new housing units for Emmet County and the City of Petoskey. Infill development such as this will act as a catalyst for other underutilized properties across the community.

O. Whether the project addresses underserved markets of commerce:

This project provides housing solutions for downtown, walkable residential rental units, of which are very desirable and limited in number. The creation of these six new residential units will support the surrounding business district and community at large in addressing housing need.

P. The level and extent of environmental contamination:

The property is clean and clear of environmental contamination issues.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):

Redevelopment of these assets will not adhere to the federal Secretary of Interior's standards for rehabilitation; however, it will physically transform the subject buildings into an attractive asset that will support the character of the Gas Light district of Petoskey.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

Redevelopment of these two buildings will not compete with existing businesses, nor degrade the commercial nature of downtown Petoskey.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

This project will support both the goals of the community as well as act as a catalyst for redevelopment in downtown Petoskey.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-026**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
GRANT AWARD TO HOWARD PROPERTY PARTNERS LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d), to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 (the “Delegation”), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (the “Transaction Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, Howard Property Partners LLC (the “Company”) has requested a performance-based Grant of up to \$1,450,000 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”); and

WHEREAS, the MEDC has recommended that the MSF Board approve the Award 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 180 days of the date of this Resolution (the “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 120 days (collectively, the “MCRP Award Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

EXHIBIT A
“TERM SHEET”

Grant Terms

MSF Incentive:	MCRP Performance-Based Grant
Grantee:	Howard Property Partners, LLC
Total Capital Investment:	Currently estimated at \$3,684,686
MSF Eligible Investment:	Currently estimated at \$3,013,011
Minimum Eligible Investment:	Currently estimated at \$2,410,500
MSF Share:	Up to the lesser of 50% of “Eligible Investment” or \$1,450,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Petoskey is less than 15,000.
Disbursement:	The MSF will fund up to \$1,450,000 to be disbursed following construction completion and achievement of other to be determined performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon the following: 1) Receipt of final construction drawings and construction contract. 2) Project completion will be a required term of the MSF Agreement. 3) If requested by Lender, MSF may allow for the assignment of the Grant rights and responsibilities to the Lender, per section 8.8 of the Grant Agreement.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Joe Frost, Community Assistance Team Specialist, Region 5
Julius L. Edwards, Director, Commercial Real Estate Investment
Jake Winder, Manager, Community Development Incentives

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP) Grant and an Act 381 Work Plan
120 E. Superior, LLC, and County of Gratiot Brownfield Redevelopment Authority (BRA) – Highland Lofts Project

Project Summary & Request

The Highland Lofts project is the full redevelopment and reactivation of 20,199 square feet of vacant and underutilized space in the heart of downtown Alma into market rate residential apartment units and storefronts, including two storefronts and 14 market rate apartments – 12 on the second floor and two ADA accessible units on the ground floor facing the rear alley of the building. The property is identified as functionally obsolete by the City of Alma Assessors Office and is a contributing historic resource to the Alma Downtown Historic District as listed on the National Register of Historic Places. One of the first-floor commercial spaces has already been renovated by this development team and this project includes renovation of the second floor of all three buildings as well as the first floors of two buildings.

The property consists of three separate parcels and was constructed over time between 1890 and 1917. The project is utilizing Historic Tax Credits and is following the Secretary of the Interior Standards for the Rehabilitation of Historic Properties. The scope of work includes the retention of historic character defining features, including original bank vaults. New mechanical systems, plumbing, electrical, fire suppression, and a new elevator are included in the scope of work. Two storefronts will be white boxed for future tenants. The third storefront was recently rehabilitated and is occupied by Gallagher, Everitt & Associates law office. This project expands that initial vision to the remainder of the property including the vacant and long underutilized second floor.

PROJECT SUMMARY	
Project Eligibility	Functionally Obsolete & Historic
Total Approximate Square Feet Revitalized	21,399
Total Approximate Acres Activated	0.3
Estimated # of Residential Units	14
Estimated Commercial Square Footage	7,087
Current Taxable Value	\$138,824
Projected Taxable Value at Completion	\$810,100
Total Anticipated Capital Investment	\$4,278,695
Brownfield TIF State Capture Request	\$374,689
MCRP Grant Request	\$1,500,000

The Highland Lofts project meets local planning goals as identified in the City of Alma’s master plan to increase density within the downtown. This project is spurred on by other recent MCRP projects, like the Alma Opera House project, and 3one3 Boutique Hotel. The project in turn is both catalytic, but also in response to other catalytic projects that have fostered additional demand for downtown living in the City of Alma. This project includes much needed market rate apartment living. This project also includes two ADA accessible ground floor units on the rear of two of the storefronts.

SHPO has reviewed the project design and determined it will have no adverse effect with the condition the rehabilitation of the historic resource must conform federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 C.F.R. 67) as identified through National Park Service Federal Tax Credit Part II approval.

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and programmatic requirements, and a financial review has been completed.

Act 381 of 1996 (“the Act”), as amended, authorizes the MSF to approve Work Plans that include the capture of the School Operating Millage and State Education Tax millages for the purpose of supporting projects statewide. On March 23, 2021, the MSF Board approved the Brownfield Tax Increment Financing MSF Program Guidelines (the “Brownfield TIF Guidelines”). As required under the Act, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the Brownfield TIF Guidelines and programmatic requirements, and a financial review has been completed.

Demonstrated Needs

A financing gap exists on the project due to relatively high costs to develop that are not supported by the anticipated rental levels that can be achieved in the market. The development team has maximized available debt by securing a \$1,498,000 loan from Mercantile Bank and utilizing the Federal Historic Tax Credit program which it is anticipated will generate approximately \$575,000 in proceeds for the project. Additionally, the ownership team is contributing \$705,695 in equity which equates to over 16% of the total development cost. The proposed MCRP and TIF support will help to fill the remaining financing gap and help ensure the project is financially viable. It is estimated with the MSF support the development team will be able to achieve a return from operations of under 1.0%.

Local Support

The City of Alma is financially supporting this project through an Obsolete Property Rehabilitation Act tax abatement valued at \$275,751 over a 12-year period. Additionally, the Gratiot County Brownfield Redevelopment Authority has approved a TIF reimbursement of the local portion of the Brownfield Tax Increment Financing at \$312,018.

Applicant Background / Qualifications

The project is being developed by 120 E. Superior, LLC, owned by Nancy Gallagher and Zack Everitt, who were the developers of the law office located at 120 E. Superior, which was a full interior rehabilitation of dilapidated space. This rehabilitated storefront now serves as their law office. The project, Highland Lofts, as presented rehabilitates the 2nd floor of 120 Superior, and 1st and 2nd floors and exterior of adjoining buildings at 116 and 118 E. Superior. Zack and Nancy have compiled a development team with great experience in the renovation of projects similar to this in: Revitalize, LLC is the lead consultant, DK Design is the lead architect, Preservation Forward, is the lead Historical consultant, Triterra, is the lead Brownfield and OPRA consultant, and First Contracting, INC is the general contractor/project estimator for the project. All team members have extensive experience in Historical rehabilitation, historic tax credit projects, and working with the MEDC and MCRP program as well.

An Organizational Chart for 120 E. Superior, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Financial Highlights

- Construction cost is \$178.05 per square foot
- Rental rates range from \$800 for a 596 square foot 1-bedroom to \$1,100 for a 902 square foot 2-bedroom, and average rental rates are \$1.24 per square foot
- 100% of the units are considered attainable with rents below 120% of Area Median Income
- Average debt service coverage ratio is above 1.20 to 1.00

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix B. An MSF Eligible Activities and Tax Capture Summary are included in Appendix C.

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) State tax capture for Act 381 eligible activities capped at \$374,689, utilizing the current state to local capture ratio.
- b) A MCRP performance-based Grant in the amount of up to \$1,500,000 for 120 E. Superior, LLC.

APPENDIX A – Organizational Chart

Organizational Structure

Company Name: 120 E. Superior, LLC

Employer Identification Number: 81-2262236

MANAGER: Zachary Bruce Everitt

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
120 E. Superior, LLC	100.00%	81-2262236	Michigan
Members:			
Zachary Bruce Everitt 50.00%			
Nancy Elizabeth Gallagher 50.00%			
100.00%			

APPENDIX B – Project Map and Renderings



APPENDIX C – Financial Terms

Summary of Development Sources:

Bank Share	\$	1,498,000	29.60%
MSF Share	\$	1,500,000	35.52%
Historic Tax Credits	\$	575,000	13.61%
Developer Equity	\$	705,695	15.40%
TOTAL	\$	4,278,695	100.00%

Summary of Development Uses:

Acquisition	\$	350,000
Hard Construction Costs	\$	3,596,520
Eligible Soft Costs	\$	142,000
Other	\$	190,175
TOTAL	\$	4,278,695

Grant Terms

MSF Incentive: MCRP Performance Based Grant

Grantee: 120 E. Superior, LLC

Total Capital Investment: Currently estimated at \$4,278,695

MSF Eligible Investment: Currently estimated at \$3,738,520

Minimum Eligible Investment: Currently estimated at \$2,990,900

MSF Share: Up to the lesser of 45% of “Eligible Investment” or \$1,500,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Alma is less than 15,000.

Funding: The MSF will fund up \$1,500,000 disbursed following construction completion and achievement of other to be determined performance criteria.

Other Conditions: The MSF’s investment will be contingent upon the following:

- Receipt of final construction documents, including a “Guaranteed Maximum Price” construction contract
- Final development budget
- Minimum owner equity investment of \$705,000
- Project completion will be a required term of the MSF agreement

APPENDIX D – MSF Eligible Activities Summary

Tax Capture Summary:

In order to alleviate brownfield conditions and prepare the site for redevelopment, the County of Gratiot has duly approved a brownfield plan for this property on May 12, 2021. The City of Alma, a Qualified Local Government Unit, has concurred by resolution on May 25, 2021. The property has been deemed functionally obsolete as verified by a Michigan Master Assessing Officer on March 17, 2021 *and* was determined to be a historic resource within the Alma Downtown Historic District, National Register of Historic Places, by the local jurisdiction.

There are 57.5021 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.9370 mills (41.63%) and local millage equaling 33.5651 mills (58.37%). Tax increment capture will begin in 2023 and is estimated to continue for 24 years. The state tax capture is recommended to be capped at \$374,689, which is the amount of tax increment revenue anticipated to be generated in 24 years. The tax capture ratio is impacted by the OPRA abatement, and the blended ratio is shown below. Total MSF eligible activities are estimated at \$686,707. MSF eligible activities breaks down as follows:

Tax Capture Summary:

State tax capture	(54.56%)	\$	374,689
Local tax capture	(45.44%)	\$	312,018
TOTAL		\$	686,707

Cost of MSF Eligible Activities

Demolition		\$	325,500
Lead, Asbestos, or Mold Abatement			45,000
Site Preparation		+	18,000
Sub-Total		\$	388,500
Contingency (15%)		+	57,525
Sub-Total		\$	446,025
Interest (5%)		+	222,282
Sub-Total		\$	668,307
Brownfield/Work Plan Preparation		+	15,900
Brownfield/Work Plan Implementation		+	2,500
TOTAL		\$	686,707

MCRP Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered. The project meets the MCRP Guidelines, and a financial review has been completed.

As required under the MCRP, the following statutory criteria have been reviewed:

A. The importance of the project to the community in which it is located:

Once complete, the 120 E. Superior – Highland Lofts project will contribute to the vibrancy, density, and walkability of downtown Alma through the creation of fourteen (14) market-rate downtown residential units. This is a priority for the City of Alma because it is reactivating vacant, historic, and functionally obsolete space, thereby creating needed downtown residential housing.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

This project will be a catalyst for additional revitalization within the Alma community by creating residential density, by enabling more residents to live directly in the downtown.

C. The amount of local community and financial support for the project:

The City of Alma is financially supporting this project through a OPRA property tax abatement valued at \$275,751 over a 12-year period. Additionally, the Gratiot County Brownfield Redevelopment Authority has approved a TIF reimbursement of the local portion of the Brownfield Tax Increment Financing at \$312,018.

D. The applicant's financial need for a community revitalization incentive:

A financing gap exists on the project due to relatively high costs to develop that are not supported by the anticipated rental levels that can be achieved in the market. The development team has maximized available debt by securing a \$1,498,000 loan from Mercantile Bank and utilizing the Federal Historic Tax Credit program which it is anticipated will generate approximately \$575,000 in proceeds for the project. Additionally, the ownership team is contributing \$705,695 in equity which equates to over 16% of the total development cost. The proposed MCRP and TIF support will help to fill the remaining financing gap and help ensure the project is financially viable. It is estimated with the MSF support the development team will be able to achieve a return from operations of under 1.0%.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

The 120 E Superior – Highland Lofts project reuses and repurposed a large mostly vacant former bank building in downtown Alma. The project is certified historic and is utilizing federal Historic Tax Credits. This project fits into the MEDC's regional prosperity priorities as it pertains to the revitalization of the community's historic downtown.

F. Creation of jobs:

The development team anticipates the completed project will create four full-time jobs with an average hourly wage of \$25.00 per hour.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits: The developer has maximized all financing sources, including senior financing from Mercantile Bank \$1.498 million. The development team is contributing \$705,695 in equity which equates to over 16% of the total development cost. The developer is also utilizing federal historic tax credits which are being syndicated at \$575,000 through a local trust, to assist in closing the construction GAP. Federal Historic Tax Credits make up 13.61% of the capital stack.

H. Whether the project is financially and economically sound:

Upon reaching stabilized occupancy it is anticipated that project will be able to adequately support its required debt service requirements and maintain a debt service coverage ratio of greater than 1.20 to 1.00.

Additionally, the proposed rental structure is supported by comparable properties.

I. Whether the project increases the density of the area:

Within the existing building footprint, the project increases the density of the area by creating 14 new market-rate apartments.

J. Whether the project promotes mixed-use development and walkable communities:

This project promotes a walkable community by renovating a two-story historic building and by creating 14 new residential apartments. This project fosters and improves a walkable community by creating new enhanced residential living spaces in downtown Alma and will increase foot traffic in the surrounding downtown area. Through the redevelopment and re-activation of the property, the project provides a vibrant active walkable connection and attracts new residential tenants.

K. Whether the project converts abandoned public buildings to private use:

This project does not convert an abandoned public building to private use.

L. Whether the project promotes sustainable development:

This is a rehabilitation project that will fully rehabilitate the exteriors of a historic resource, therefore, providing a watertight exterior for the first time in decades. A new cool roof that will have an insulation value required per 2022 code is included in the scope of work. All LBP and Asbestos materials will be abated. Additionally, the project will utilize energy star appliances, high efficiency furnaces and mechanical systems, and water saving faucets & showers. Finally, all mechanical, electric, and plumbing systems will be brought up to 2022 energy code requirements.

M. Whether the project involves the rehabilitation of a historic resource:

The project involves the rehabilitation of a historic resource. The project rehabilitates an existing 100-year-old set of buildings that are registered as contributing resources on the National Register of Historic Places. The property will be rehabilitated in compliance with the Secretary of the Interior Standards for the treatment of historic properties. The project has received a Part 1 Approval to certify the property as historic.

N. Whether the project addresses area-wide redevelopment:

The project is an important element to the area-wide redevelopment of downtown Alma. The rehabilitation of this property will contribute to the growing density in the downtown area by creating much-needed downtown residential housing and reactivating vacant upper space in a historic property.

O. Whether the project addresses underserved markets of commerce:

In Alma there is a demand for market rate housing within the community and downtown. This project will deliver a strong product to this underserved market component, by providing 14 market rate units to the downtown, this includes 2 ADA compliant first-floor units.

P. The level and extent of environmental contamination:

This project includes lead and asbestos survey and abatement, and demolition.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 C.F.R. 67):

This project includes the rehabilitation of a historic resource, and the use of federal Historic Tax Credits. The project will adhere to the Secretary of the Interior's Standards for the Rehabilitation of historic buildings.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

This project will add new residential living space in downtown Alma. In recent years, there is a growing demand for downtown residential housing options. This project enhances the variety of housing available and does not adversely impact existing Michigan businesses within the same industry.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

There are no additional criteria pertinent to this project.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-027**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
GRANT AWARD TO 120 E. SUPERIOR, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d), to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1 (the “Delegation”), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP, (the “Transaction Documents”);

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, 120 E. Superior, LLC (“Company”) has requested a performance-based grant of up to \$1,500,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”); and

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 150 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 60 days (collectively the “MCRP Award Recommendation”);

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

EXHIBIT A
“TERM SHEET”

Grant Terms

MSF Incentive:	MCRP Performance Based Grant
Grantee:	120 E. Superior, LLC
Total Capital Investment:	Currently estimated at \$4,278,695
MSF Eligible Investment:	Currently estimated at \$3,738,520
Minimum Eligible Investment:	Currently estimated at \$2,990,900
MSF Share:	Up to the lesser of 45% of “Eligible Investment” or \$1,500,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Alma is less than 15,000.
Funding:	The MSF will fund up \$1,500,000 disbursed following construction completion and achievement of other to be determined performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- Receipt of final construction documents, including a “Guaranteed Maximum Price” construction contract- Final development budget- Minimum owner equity investment of \$705,000- Project completion will be a required term of the MSF agreement



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-028**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
COUNTY OF GRATIOT BROWNFIELD REDEVELOPMENT AUTHORITY
116-120 E. SUPERIOR STREET REDEVELOPMENT PROJECT**

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

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

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

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

WHEREAS, the County of Gratiot Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan dated August 2, 2021, (the “Brownfield Work Plan”) for property located at 116-120 E. Superior Street within the City of Alma, known as Highland Lofts (the “Project”);

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

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and has reviewed the application and recommends approval of the Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 54.56% to 45.44% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and lead, asbestos, or mold abatement as presented in the Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating

purposes is based on costs of MSF eligible activities with a maximum of \$446,025 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$222,282 in interest, a maximum of \$15,900 for Brownfield Work Plan preparation, and a maximum of \$2,500 for Brownfield Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$374,689.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the County, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wiefelich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

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Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

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Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Debbie Stehlik, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program
Direct Loan Agreement Amendment #1
Industry Detroit QOZB, LLC

Request

Industry Detroit QOZB, LLC (the “Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Loan Agreement and any related ancillary agreements (the “Agreement”). The amendment request dated January 13, 2023 includes a request to modify the incentive structure and terms to conform with the New Market Tax Credit (NMTC) Program, allowing the Company to add NMTC equity to the project. The proposed modifications to the Michigan Strategic Fund (the “MSF”) loan incentive structure in the Agreement include: 1) change the Borrower from Industry Detroit QOZB, LLC to Industry Detroit Leverage Lender, LLC or a related entity to be determined, with Industry Detroit QOZB, LLC remaining as an Applicant; 2) collateral substitution subject to the required NMTC structure, currently anticipated to be an assignment of the leverage loan documents; 3) extending the maturity date and interest only period to 90 months from the NMTC closing date, to comply with the NMTC compliance period and allow time for unwinding of the NMTC structure; and 4) to extend Milestone Three: Completion of Construction Date by 180 days, from March 31, 2024, to September 30, 2024. All other terms of the current Agreement will remain the same.

Background

The MSF Board approved a \$4,000,000 Michigan Community Development Program (MCRP) Direct Loan Award on March 22, 2022, to the Company for the purpose of supporting a community development project located in the City of Detroit that will rehabilitate the former Jefferson School into entrepreneurial office space. The building sits on a 2.9 acre site in Detroit’s Midtown neighborhood and upon completion will include approximately 119,437 square feet of flexible office space.

The Company has secured four commitments from Chase Community Equity (wholly owned subsidiary of JPMorgan Chase Bank), The Community Builders, Inc., Urban Action Community Development (UACD) and MBS Urban Initiatives for NMTC allocations that are anticipated to generate approximately \$6.7 million of additional capital for the project. The project has experienced challenges during construction and the additional capital will be used to assist in covering unforeseen costs associated with the extensive renovation of the property. Total project costs have risen from \$36.5 million to approximately \$44 million. The NMTC equity and an additional equity contribution from the development team will combine to fill this gap.

The requested amendment to the Agreement is necessary in order to help facilitate the inclusion of NMTC funding to the project. It is anticipated that the MSF’s loan will be contributed to the project through the New Market Tax Credit (NMTC) structure. As part of that structure, the MSF is not able to take a direct security interest in the property during the NMTC compliance period. Therefore, the MSF’s security

interest will be subject to the NMTC structure which is consistent with other NMTC transactions the MSF has invested in. In addition, the term and interest only period of the MSF loan must also match the NMTC compliance period. All other terms of the original approval will remain the same. Please see Appendix A for details of the requested changes identified in strikethrough and ALL CAPS bolded text. Staff is supportive of this modification in structure given the significant positive impact of the NMTC equity to the project.

The Company closed on its original financing structure in June 2022 and construction is underway. The project is approximately 40% complete. Milestones One and Two are complete and the Company is considered in compliance and current with reporting requirements.

Recommendation

MEDC staff recommends approval of an amendment to the Agreement, per the Company's request dated January 13, 2023, detailed as follows:

- 1) Change the Borrower from Industry Detroit QOZB, LLC to Industry Detroit Leverage Lender, LLC or a related entity to be determined, with Industry Detroit remaining as an Applicant;
- 2) Collateral substitution subject to the required NMTC structure, currently anticipated to be an assignment of the leverage loan documents;
- 3) Extension of the maturity date and the interest only period to 90 months from the NMTC closing date; and
- 4) Extension of Milestone Three: Completion of Construction Date by 180 days, from March 31, 2024, to September 30, 2024.

APPENDIX A

MSF Loan Terms

MSF Facility:	MCRP Performance-based Direct Loan
Borrower:	Industry Detroit QOZB, LLC INDUSTRY DETROIT LEVERAGE LENDER, LLC OR RELATED ENTITY
Total Capital Investment:	Currently estimated at \$36,492,780 \$43,971,179
MSF Eligible Investment:	Currently estimated at \$24,222,340 \$27,929,409
Minimum Eligible Investment:	Currently estimated at \$20,000,000 \$22,343,600
Loan Amount:	Up to the lesser of 20% of “Eligible Investment” or \$4,000,000.
Term:	To reasonably match that of the senior loan, currently anticipated to be up to 60 months CURRENTLY ANTICIPATED TO BE UP TO 90 MONTHS
Amortization:	Currently anticipated to be NOT TO EXCEED 360 months, FOLLOWING 90-MONTH INTEREST ONLY PERIOD
Interest Rate:	1.0% per annum
Repayment Terms:	Monthly QUARTERLY interest only payments for up to 36 90 months with principal due at maturity.
Collateral:	Currently anticipated to be a second priority security interest in all real estate, assignment of rents and leases, assignment of TIF reimbursements, assignment of construction contracts and documents and any other assignments deemed necessary or to match Senior Loan. CURRENTLY ANTICIPATED TO BE AN ASSIGNMENT OF THE LEVERAGE LOAN DOCUMENTS OR AS OTHERWISE REQUIRED BY THE NMTC STRUCTURE.
Guarantee:	To reasonably match that of the senior loan, currently anticipated to be the guaranty of Q Factor and the personal guaranties of Jason and Ellen Winkler.
MSF Fees:	The MSF shall be paid a one-time fee equal to 1.0% of the MSF’s Loan amount.
Reserves:	Currently anticipated to be over \$3,900,000 \$4,400,000 in construction interest, rent up, operating and construction reserves and contingencies.

Deferred Developer Fees: ~~\$810,000~~ of a total ~~\$1,246,714~~ **\$1,772,061 (100%)** in developer fees will be deferred.

Funding: The MSF will fund up to \$4,000,000 to be disbursed following closing of the financing and other performance criteria or following Certificate of Occupancy.

Other Conditions: The MSF's investment will be contingent upon receipt of the following:

- Copies of final construction documents, including a "Guaranteed Maximum Price" construction contract.
- Final development budget.
- Minimum owner equity investment of ~~\$3,672,000~~ **\$4,150,000**
- Copies of executed master leases and subleases as required by senior lender.
- Other legal due diligence documentation as may be required by legal counsel.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-029**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM DIRECT LOAN AWARD FOR
INDUSTRY DETROIT QOZB, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d) to enable the Michigan Strategic Fund (the “MSF”) to create and operate the Michigan Community Revitalization Program (the “MCRP”) to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, (the “Delegation”) the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MCRP; (the “Transaction Documents”)

WHEREAS, the Act and the Delegation require that MCRP awards over \$1 million must be approved by the MSF Board;

WHEREAS, by Resolution 2022-046 on March 22, 2022, the MSF Board awarded a MCRP Direct Loan award to Industry Detroit QOZB, LLC (the “Company”), in furtherance of the project of up to \$4,000,000 (the “Award”); and

WHEREAS, the Company is requesting that the MSF Board approve amendments to the Award to meet the requirements of the New Market Tax Credit Program, including the following: 1) change the Borrower from Industry Detroit QOZB, LLC to Industry Detroit Leverage Lender, LLC or a related entity to be determined, with Industry Detroit QOZB, LLC remaining as an Applicant; 2) collateral substitution subject to the required NMTC structure, currently anticipated to be an assignment of the leverage loan documents; 3) extension of the maturity date and the interest only period to 90 months from the NMTC closing date; all as also identified in the Term Sheet attached as Exhibit A with the requested changes in strikethrough and ALL CAPS bolded font; and 4) extension of Milestone Three: Completion of Construction Date by 180 days, from March 31, 2024, to September 30, 2024; with all other requirements remaining in place for the Award (the “Amendment Request”); and

WHEREAS, the MEDC recommends that the MSF Board approve the Amendment Request subject to (i) final due diligence performed to the satisfaction of the MEDC and (ii) execution of the Transaction Documents for the requested amendment must be completed within 240 days of the date of this Resolution (the “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 120 days (collectively, the “MCRP Amendment Recommendation”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MCRP Amendment Recommendation.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wiefelich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

EXHIBIT A
“TERM SHEET”

MSF Loan Terms

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Minimum Eligible Investment:	Currently estimated at \$20,000,000 \$22,343,600
Loan Amount:	Up to the lesser of 20% of “Eligible Investment” or \$4,000,000.
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Amortization:	Currently anticipated to be NOT TO EXCEED 360 months, FOLLOWING 90-MONTH INTEREST ONLY PERIOD
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Repayment Terms:	Monthly QUARTERLY interest only payments for up to 36 90 months with principal due at maturity.
Collateral:	Currently anticipated to be a second priority security interest in all real estate, assignment of rents and leases, assignment of TIF reimbursements, assignment of construction contracts and documents and any other assignments deemed necessary or to match Senior Loan. CURRENTLY ANTICIPATED TO BE AN ASSIGNMENT OF THE LEVERAGE LOAN DOCUMENTS OR AS OTHERWISE REQUIRED BY THE NMTC STRUCTURE.
Guarantee:	To reasonably match that of the senior loan, currently anticipated to be the guaranty of Q Factor and the personal guaranties of Jason and Ellen Winkler.
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Deferred Developer Fees:	\$810,000 of a total \$1,246,714 \$1,772,061 (100%) in developer fees will be deferred.

Funding:

The MSF will fund up to \$4,000,000 to be disbursed following closing of the financing and other performance criteria or following Certificate of Occupancy.

Other Conditions:
following:

The MSF's investment will be contingent upon receipt of the

- Copies of final construction documents, including a "Guaranteed Maximum Price" construction contract.
- Final development budget.
- Minimum owner equity investment of ~~\$3,672,000~~ **\$4,150,000**
- Copies of executed master leases and subleases as required by senior lender.
- Other legal due diligence documentation as may be required by legal counsel.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

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Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

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Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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Sincerely,

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Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

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

From: Erik Wilford, Sr. Business Development Project Manager

Subject: Grant Request
Michigan Business Development Program (“MBDP”)
Fuel Cell System Manufacturing LLC (“Company” or “Applicant”)

Background

On January 24, 2017, the MSF approved a MBDP performance-based grant in the amount of \$2,000,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days. The Company was a newly formed joint venture. Due to project delays, difficulties posed by the Covid-19 pandemic and reviews from all parties, it has taken longer than expected to execute the agreement. The Company could not execute the Agreement by the expiration of the Authorization Period and has requested additional time to execute the Agreement. It is anticipated the Company will be in a position to execute the agreement within the allotted reauthorization timeline.

Summary

This is a request from the Applicant for a \$2,000,000 performance-based grant. This project involves the creation of 64 Qualified New Jobs, with the potential for up to 70 total jobs as a result of the project, and a capital investment of up to \$48,905,000 in Brownstown Charter Township, Wayne County, Michigan.

The Applicant has demonstrated a need for the funding. The Company also considered various locations throughout the United States, including one existing site in an adjacent state. The Company also considered a greenfield development for this project. The Company evaluated implementation costs, long-term cost of doing business, and incentives available in other states when determining where to locate. Further explanation of need will also be included in considerations section.

Background

The Applicant, developed in 2016, is a joint venture project between two existing automotive companies: General Motors (“GM”) and Honda Motor Company (“Honda”). The creation of the Company represents a first ever joint venture between the two Automotive OEMs. The Company is a newly created entity and therefore does not have any existing employees.

The Applicant has not received any incentives from the MSF in the past. However, GM has two active MEGA Tax Credits in Michigan. Language will be included in the final agreement that job creation as a result of this project will not count toward the GM MEGA Tax Credit.

GM and Honda have collaborated since 2013 on a next-generation advanced propulsion system. This project will represent the fruition of this partnership with the creation of an assembly operation in Brownstown Charter Township. The project will include renovation within an existing facility, including installation of machinery and equipment for assemble of advanced automotive technology.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project.

Considerations

- 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 Brownstown Charter Township. Brownstown Charter Township has offered a “staff, financial, or economic commitment to the project” in the form of expedited permit processing.
- c) The Applicant has demonstrated a need for the funding. The Applicant has demonstrated a need for the funding. When determining where to locate, the Company evaluated sites outside of Michigan, including one existing site in an adjacent state. The Company also considered a greenfield development for this project. In addition to implementation costs and long-term cost of doing business, the Company also took incentives into consideration when determining where to locate the project. The grant assistance will help offset some of the upfront implementation and training costs. The training assistance will help ensure the Company has the ability to train its workforce in safety as well as the new processes needed to assemble the advanced propulsion technology.
- d) The Applicant plans to create 64 Qualified New Jobs above a statewide base employment level of 0.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: project is not a retail project; project is not a retention project; involves out-of-state competition; product diversification; has a net positive return to Michigan; and level of investment.

Recommendation

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

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (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
- c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-030**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
FUEL CELL SYSTEM MANUFACTURING LLC**

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 (the “MEDC”) provides administrative services to the Michigan Strategic Fund (the “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 (the “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 Board (i) created the MBDP, and (ii) adopted the guidelines for the MBDP, as later amended on December 8, 2020 by Resolution 2020-146 (the “Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1 (the “Delegation”), the MSF Board approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the MBDP in accordance with the Guidelines (the “Transaction Documents”);

WHEREAS, the MSF Act, MCL 125.2001 et seq. and the Delegation require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, Fuel Cell System Manufacturing LLC (the “Company”) has requested a performance based MBDP grant of up to \$2,000,000 (the “Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) establish a next generation propulsion system facility (the “Project”);

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business, and the Project is eligible as an Innovation MBDP because the Company committed to the creation of at least 25 Qualified New Jobs and Project falls within motor vehicle parts, an innovation industry;

WHEREAS, the MEDC has completed the background check in accordance with the MSF policy, and the Project may proceed for MSF consideration; and

WHEREAS, the MEDC recommends that the MSF Board approve the 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 120 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 60 days (collectively, the “MBDP Award Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wiefelich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023



MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Grant Amendment - Term Sheet

The following is a summary of the highlights of the amendment and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP").

Date: February 6, 2023

Company Name: Fuel Cell System Manufacturing LLC ("Company")

Company Address ("Project"): 20001 Brownstown Center Drive Brownstown Township, Michigan 48183

MBDP Incentive Type: Performance Based Grant

Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):

- o Maximum Amount of MBDP Incentive: Up to \$2,000,000 ("MBDP Incentive Award")
o Base Employment Level: 0
o Total Qualified New Job Creation: 64 (above Base Employment Level)
o Company Investment: \$48,905,000 in Machinery and Equipment and Special Tooling, or any combination thereof, for the Project.
o Municipality supporting the Project: Brownstown Charter Township
o Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
o Disbursement Milestone 1: Up to \$1,550,000 Upon demonstrated creation of 48 Qualified New Jobs above the Base Employment Level, verification that at least one 20 Company Group employees are enrolled in or completed at least one community college or Training Vendor certificate, and verification of final approval of municipality support by no later than December 31, 2021.
o Disbursement Milestone 2: Up to \$450,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 16 additional Qualified New Jobs (for a total of 64 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2023.

- **Term of Agreement:** Execution of Agreement to June 30, 2024.

Proposed MBDP Incentive Amendment

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award

- **Disbursement Milestone 1:** Up to \$1,550,000 Upon demonstrated creation of 48 Qualified New Jobs above the Base Employment Level, verification that at least one 20 Company Group employees are enrolled in or completed at least one community college or Training Vendor certificate, and verification of final approval of municipality support by no later than December 31, 2023.

- **Disbursement Milestone 2:** Up to \$450,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 16 additional Qualified New Jobs (for a total of 64 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2024.

- **Term of Agreement:** Execution of Agreement to June 30, 2025.

Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory municipality support, if applicable (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 Amendment 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 Amendment 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, the MEDC may not be able to proceed with any recommendation to the MSF.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Kerry Ebersole Singh, EVP, Chief Talent, and Engagement Officer

Subject: Talent Initiatives – EV Scholars Pilot Program

Request

The Michigan Economic Development Corporation (the “MEDC”) requests that the Michigan Strategic Fund (the “MSF”) Board approve the creation of the EV Scholars Pilot Program (the “EV Program”) and allocate \$3,500,000 in funds to the EV Program (the “EV Program Grants”). Of the \$3,500,000, \$1,500,000 will be provided to Eligible Institutions in the amounts noted in the chart below and the remaining \$2,000,000 will be disbursed to the Eligible Institutions at the discretion of the MSF Fund Manager in the event an Eligible Institution can demonstrate sufficient demand for additional funding. The EV Program shall have an initial term of twelve months with the option to extend the term for up to an additional four one-year terms and include the ability to allocate additional funding to the EV Program at the sole discretion of the MSF Board.

<u>Eligible Institution</u>	<u>Initial Award Amount</u>
University of Michigan	\$500,000
Michigan State University	\$500,000
Michigan Technological University	\$500,000

The MEDC further recommends that the MSF Board approve the EV Scholars Program Eligibility Criteria and Guidelines attached hereto as Exhibit A (the “EV Program Guidelines”). A term sheet for the EV Program is attached hereto as Exhibit B (the aforementioned, collectively, the “Request”).

Background

Over the past year the MEDC has been focused on building responsive programming to a) attract and retain top talent for our strategic industries, b) increase educational/experiential opportunities to diversify the talent and c) forge deeper collaboration between higher education partners and employers to right size pipelines. Accomplishments include: a stakeholder engagement process, development of a strategic plan to grow talent in our state; launch of the first Talent Action Team (the “TAT”), in May 2022, as a statewide initiative to grow our talent pipeline and give Michigan employers a competitive advantage with ready-to-deploy talent sourcing & training solutions. To begin to address the talent needs throughout the state the TAT is proposing to launch a new program, the EV Program.

The EV Scholars Pilot Program

The EV Program is a priority initiative for the TAT with the goal of retaining top talent in Michigan, focused first on the Electric Vehicle (“EV”) and Mobility industry (the “EV Industry”). The EV Program will provide scholarships of up to \$10,000 for students that meet the eligibility requirements in the proposed EV Program Guidelines.



By 2030, ~5.3M EV jobs and \$82B in investment are in play across North America; in Michigan alone, the auto manufacturing and mobility sectors could represent ~\$8B+ and 10k+ jobs based on projected private investment pipeline over the next 12-24 months. Based on recent estimates regarding EV production, Michigan winning its fair share of EV Industry growth could represent more than 420K jobs by 2030 in a sector that makes up more than 20% of the State's workforce today. To offer all Michiganders access to well-paid jobs in the auto industry, Michigan urgently needs to create new, rapid pathways to critical jobs.

The EV Program has already received great enthusiasm from both employer and higher education partners. The EV Program is the result of 6+ months of regular engagements with several Michigan employers (many of them with relevant talent needs committed), 7 student focus groups, and multiple working sessions with higher education institutions. In addition, the EV Program aims to bring unique programming and a financial incentive together to create a curated job search experience for top university engineering and computer science students.

In this way, the EV Program's design is unique, seeking to blend cross-industry engagement and return-of-service incentive. The EV Program will aim to address both often outdated conceptions of the industry as well as build critical relationships with students early in their college experiences. In addition, the EV Program will provide an incentive to students who may otherwise not have explored the EV Industry in Michigan, given today's competitive marketplace.

Throughout this pilot phase, data will be collected on the EV Program awardees to understand the proportion of recipients who were out-of-state students attending college in Michigan and/or were considering out-of-state job offers but chose to stay in Michigan after participating in the EV Program and receiving the scholarship.

Recommendation

The MEDC Staff recommends approval of the Request.

Exhibit A
EV Scholars Pilot Program
Eligibility Criteria and Guidelines

Undergraduate students are eligible to receive a \$10,000 scholarship if they meet the following criteria (the “Job Requirement”):

- They are a current, graduating student at an Eligible Institution.
- They accept a job offer for full-time (post-graduation) employment as an Electrical Engineer or Software Developer at a participating EV Scholar Core Employer.
- The position accepted is based in Michigan, and the student signs a Letter of Intent committing to remain in the position in Michigan for at least one year.

Students will receive a \$5,000 scholarship if they meet the following criteria (the “Internship Requirement”):

- They are a current Junior/third year student at an Eligible Institution.*
- They accept an internship offer as an Electrical Engineer or Software Developer at a participating EV Scholar Core Employer.
- The internship accepted is based in Michigan, and the student signs a Letter of Intent committing to completing the internship in Michigan.

**Students meeting the Internship Requirement will be eligible for an additional scholarship of \$5,000 if they meet the Job Requirement within one year of meeting the Internship Requirement.*

Scholarships will be awarded on a first come, first serve basis. EV Scholars Pilot Program funds will be disbursed to each student through the Student Finance Office at the student’s Eligible Institution. The Eligible Institution will be responsible for confirming student eligibility for the scholarship and reporting to MSF.

Eligible Institutions are:

1. University of Michigan
2. Michigan State University
3. Michigan Technological University

Additional universities may be added to the EV Program as an Eligible Institution at the discretion of the MSF Board.

EV Scholar Core Employers include the following entities and their affiliates:

1. BorgWarner
2. Bosch
3. Denso
4. Ford Motor Company
5. Gentex Corporation
6. General Motors Corporation
7. Gotion
8. LG Energy Solutions
9. Mahle
10. Nexteer Automotive
11. Our Next Energy
12. Shape Corp.

13. Toyota

14. Ultium

15. ZF Group

Additional companies may be added to the EV Scholars Pilot Program as an EV Scholar Core Employer at the discretion of the MSF Board.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-031**

EV SCHOLARS PILOT PROGRAM GRANT AWARDS

WHEREAS, the Michigan Legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (the “MSF Act”) to authorize the Michigan Strategic Fund (the “MSF”) to provide incentives in the form of grants, loans, and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, pursuant to Section 88b(2)(c) of the MSF Act, MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF Act shall be expended or invested for activities authorized under the MSF Act as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to MCL 125.2007(c), the MSF has, among other things, the power to make grants and investments;

WHEREAS, on September 27, 2022, the MSF Board allocated \$58,942,251 for Business and Community Development Programs and Activities (the “FY23 Funding Allocation”);

WHEREAS, attracting and retaining top talent for our strategic industries, including the electric vehicle (“EV”) and mobility industries; b) increasing educational and experiential opportunities to diversify the talent in Michigan; and c) forging deeper collaboration between higher education partners and employers to right size pipelines are critical measures toward ensuring well-paid job opportunities for Michigan residents;

WHEREAS, the MEDC recommends that the MSF Board i) create the EV Scholars Program (the “Program”) and ii) approve the Program Guidelines attached as Exhibit A to this Resolution;

WHEREAS, MEDC staff recommends that the MSF Board allocate \$3,500,000 in funding from the FY23 Funding Allocation to the Program, with \$1,500,000 provided to the Eligible Institutions in accordance the table below and an additional \$2,000,000 to be disbursed to the Eligible Institutions at the discretion of the MSF Fund Manager in the event an Eligible Institution can demonstrate sufficient demand for additional funding in accordance with the Term Sheet set forth in Exhibit B to the Resolution:

Eligible Institution	Initial Award Amount
Michigan State University	\$500,000
Michigan Technological University	\$500,000
University of Michigan	\$500,000

(the aforementioned, collectively, the “EV Scholar Program Grants”); and

WHEREAS, the MSF Board wishes to approve i) creation of the Program; ii) the Program Guidelines; and iii) the EV Scholar Program Grants; (collectively, the “Request”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the Request; and

BE IT FURTHER RESOLVED, that the MSF Fund Manager or the MSF President are authorized to negotiate final terms and conditions of the EV Scholar Program Grants and to execute all documents necessary to effectuate the EV Scholar Program Grants in accordance with the terms of this Resolution.

Ayes: Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
February 28, 2023

Exhibit A
EV Scholars Pilot Program
Eligibility Criteria and Guidelines

Undergraduate students are eligible to receive a \$10,000 scholarship if they meet the following criteria (the “Job Requirement”):

- They are a current, graduating student at an Eligible Institution.
- They accept a job offer for full-time (post-graduation) employment as an Electrical Engineer or Software Developer at a participating EV Scholar Core Employer.
- The position accepted is based in Michigan, and the student signs a Letter of Intent committing to remain in the position in Michigan for at least one year.

Students will receive a \$5,000 scholarship if they meet the following criteria (the “Internship Requirement”):

- They are a current Junior/third year student at an Eligible Institution.*
- They accept an internship offer as an Electrical Engineer or Software Developer at a participating EV Scholar Core Employer.
- The internship accepted is based in Michigan, and the student signs a Letter of Intent committing to completing the internship in Michigan.

**Students meeting the Internship Requirement will be eligible for an additional scholarship of \$5,000 if they meet the Job Requirement within one year of meeting the Internship Requirement.*

Scholarships will be awarded on a first come, first serve basis. EV Scholars Pilot Program funds will be disbursed to each student through the Student Finance Office at the student’s Eligible Institution. The Eligible Institution will be responsible for confirming student eligibility for the scholarship and reporting to MSF.

Eligible Institutions are:

1. University of Michigan
2. Michigan State University
3. Michigan Technological University

Additional universities may be added to the EV Program as an Eligible Institution at the discretion of the MSF Board.

EV Scholar Core Employers include the following entities and their affiliates:

1. BorgWarner
2. Bosch
3. Denso
4. Ford Motor Company
5. Gentex Corporation
6. General Motors Corporation
7. Gotion
8. LG Energy Solutions
9. Mahle
10. Nexteer Automotive
11. Our Next Energy
12. Shape Corp.
13. Toyota

14. Ultium
15. ZF Group

Additional companies may be added to the EV Scholars Pilot Program as an EV Scholar Core Employer at the discretion of the MSF Board.

Exhibit B

Summary of Terms EV Scholars Pilot Program

This term sheet summarizes the key terms for the EV Scholars Pilot Program grant awards.

Objective of the Program: To retain top talent in Michigan, focused on the EV and Mobility industry.

Awardees: University of Michigan, Michigan State University and Michigan Technological University.

Grant Amount: \$500,000 per Awardee, and an additional \$2,000,000 to be disbursed among the Awardees at the discretion of the MSF Fund Manager in the event any Awardee can demonstrate sufficient demand for additional funding.

Term: An initial term of twelve months, with the option to extend up to an additional four one-year terms at the sole discretion of the MSF Board (the “Term”). Grant activities for metrics, milestones, and reimbursement will be counted beginning March 1, 2023.

Duties/Milestones:

- The Awardees will administer the EV Scholars Pilot Program in accordance with the Program Guidelines approved by the MSF Board.
- The Awardees will create and support a network of students for the EV Scholars Pilot Program, by hosting on campus events, company tours and relevant programs to support placing students in the program.
- The Awardees will support employer engagement across campus and work with EV Scholar Core Employers (as defined in the Program Guidelines) to connect with students, collaborate on key roles for software developers and electrical engineers, and report outcomes from the scholarships to the MSF.
- The Awardees will be responsible for confirming student eligibility for the scholarships and all related and required reporting to the MSF.

Disbursements and Administrative Expenses:

- No portion of the Grant Amount may be used for any Awardee’s administrative expenses.
- Grant Amount funds will be disbursed monthly to the Awardees on a reimbursement basis.

Reporting Requirements and Repayment Terms:

The direct grant agreement shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, the EV Scholars Pilot Program Guidelines, MSF approval, and any other applicable laws. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, disbursement requirement, repayment provisions, and periodic reporting to facilitate the MSF's reporting to the Michigan legislature. The direct grant agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet measurable milestones.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



February 20, 2023

MSF Fund Manager
MEDC
300 N. Washington Square
Lansing, Michigan

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, February 28, 2023.

- EV Scholars

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees as administrators of the proposed talent program.

Sincerely,

A handwritten signature in cursive script that reads 'Britany Affolter-Caine'.

Britany Affolter-Caine
Executive Director
Michigan's University Research Corridor



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Rodney Parkkonen, Senior Business Strategy Manager

Subject: Small Business Services Program – Grant to The Edward Lowe Foundation (Second-Stage Growth Solutions Program)

Request

The Michigan Economic Development Corporation (the “MEDC”) requests that the Michigan Strategic Fund (the “MSF”) authorize a grant in the amount of \$300,000 to The Edward Lowe Foundation (the “Foundation”), with initial term of 12 months from date of fully executed agreement, with the option to extend the contract for up to four, one year term(s), and allocate additional funding at the sole discretion of the MSF Board. The proposed funding would be used by the Foundation to administer the Second-Stage Growth Solutions Program in accordance with the guidelines attached as Exhibit A, that will support second-stage small businesses in Michigan. A Summary of Grant Terms are attached as Exhibit B.

Background

In support of second-stage companies in Michigan the MEDC has partnered with the Foundation, a Michigan-based foundation that serves as the national leader in second-stage entrepreneurship, for nearly 20 years. The partnership has led to the support of more than 1,200 second-stage companies since 2005. In the past, the MEDC has recruited companies and received recommendations from local, regional and state level support organizations along with referrals. Once recruited companies are provided data, best practices, connections and peer-to-peer learning to promote growth and help it make decisions that will positively impact the business. The partnership will continue in this way through the proposed MSF program. The partnership provides the opportunity to maximize state allocated funds while delivering a comprehensive suite-of-programs designed to support second-stage companies and their leaders to address issues impacting the ability to grow and scale.

The Second-Stage Growth Solutions Program does not grant any funds, but instead focuses on providing programs and services and allows the state to leverage philanthropic dollars to support a greater number of companies. For example, for every dollar the MSF invests to send a company to an in-person retreat hosted at the Foundation headquarters in Cassopolis, Mich., the Foundation invests two dollars.

The Foundation was founded because as an entrepreneur Edward Lowe often felt like he was on an island. He didn’t have a network of people he could rely on to share his obstacles and learn from their experiences. Mr. Lowe wanted to leave a legacy of support that could help entrepreneurs overcome obstacles he himself faced. Today, the Foundation is uniquely positioned to serve as the lead partner for second-stage support programming. The Foundation works nationally with states including Louisiana, Florida and Washington. This national perspective allows the Foundation to share a higher level of expertise with Michigan companies and the MSF.

The suite-of-programs is iterative by design, driven by insights and trends identified in real time through the Foundation’s work with its partner states across the country. These insights position the Foundation to

design programming that is relevant and timely based on indicators found in the market. For Michigan's second-stage companies, the Foundation's expertise delivers valuable information, connections and facilitation that brings second-stage entrepreneurs resources they likely would not have the ability, time or finances to find on their own. Current programs include technical assistance/strategic information, retreats and roundtables.

Recommendation

MEDC staff recommends approval of the following related to the Direct Grant to the Foundation:

- Approval of the direct grant of \$300,000 to the Foundation in accordance with the Summary of Terms as set forth in Exhibit B;
- Creation of the Second-Stage Growth Solutions Program and approval of guidelines for the Second-Stage Growth Solutions Program as set forth in Exhibit A; and
- Delegation of authority to MSF President or MSF Fund Manager to effectuate all final documents for the grant to the Foundation.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-032**

THE EDWARD LOWE FOUNDATION GRANT AWARD

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “MSF Act”) to enable the Michigan Strategic Fund (the “MSF”) to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy, including through blight removal and job creation;

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

WHEREAS, pursuant to MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF Act shall be expended or invested for activities authorized under the MSF Act, as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to MCL 125.2007(c), the MSF has, among other things, the power to make grants and investments;

WHEREAS, on September 27, 2022, the MSF Board allocated \$58,942,251 for Business and Community Development Programs and Activities (the “FY23 Funding Allocation”);

WHEREAS, the MEDC recommends that the MSF Board approve (1) the creation of the Second-Stage Growth Solutions Program (the “Program”) and 2) the guidelines attached as Exhibit A to this Resolution (the “Program Guidelines”) for use by the Foundation in operating the Program;

WHEREAS, The Edward Lowe Foundation (the “Foundation”) has requested an MSF performance-based grant in the amount of \$300,000 from the FY23 Funding Allocation to operate the Program (the “Grant Request”);

WHEREAS, the MEDC recommends that the MSF Board approve the Grant Request in accordance with the term sheet attached hereto as Exhibit B; and

WHEREAS, the MSF Board wishes to approve the 1) The Creation of the Program 2) the Program Guidelines and 3) the Grant Request (collectively, the “Request”)

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Request; and

BE IT FURTHER RESOLVED, the MSF Fund Manager or the MSF President are authorized to negotiate the final terms and conditions of the Foundation Grant and to execute all documents necessary to effectuate the Foundation Grant, consistent with the terms of this Resolution.

Ayes: Britany L. Affolter-Caine, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Abstained: Paul Gentilozzi

Lansing, Michigan
February 28, 2023



Exhibit A
Second-Stage Growth Solutions Program

Program Guidelines

Program Overview

- Second-stage entrepreneurs face unique challenges as they grow and scale their business. Often times they started and achieved initial success with the business because they were good at making a “thing” or providing a service. Once the business takes off, a whole new set of skills is required and different information is needed to support sustained growth.
- Often times, entrepreneurs will fall back into doing the work they are familiar with and may not have the know-how to take the business further.
- The Second-Stage Growth Solutions Program delivers valuable information, connections and facilitation that brings second-stage entrepreneurs resources they likely would not have the ability, time or finances to find on their own. Current programs include technical assistance/strategic information, Retreats and Roundtables.
- Entrepreneurs are introduced to tools, resources, best practices, peer-to-peer learning opportunities and the space to step away from the day-to-day of the business so they can take time to work “on” the business versus “in” the business.

Required Eligibility of Applicants

- The business is headquartered in Michigan.
- The business is a for-profit, privately held entity.
- The business has 10 or more employees or at least \$1,000,000 in annual revenue, or expects to achieve one or both of these targets within two years from the date of application to the program.
- The business has demonstrated growth in number of employees or annual revenue or both in at least two of the last five years (taking COVID into account).
- The business demonstrates a capacity and desire to grow through growth-oriented outcomes such as diversification of revenue streams, physical expansion and/or the strengthening of internal operations.

Eligibility Preferences

- Business has between 10-99 employees.
- Business has demonstrated \$1 million - \$50 million in annual revenue.
- Business is in one of the following State or regional focus industries: Mobility and Automotive Manufacturing; Advanced Manufacturing; Engineering, Design, and Development; Life Sciences and Medical Devices; Tech; Professional and Corporate Services; Agribusiness; Tourism and Outdoor Recreation; Logistics; Financial Services; and Other Manufacturing.

Exhibit B

Summary of Terms – Direct Grant to The Edward Lowe Foundation

This term sheet summarizes the key terms for the Direct Grant to The Edward Lowe Foundation.

- Objective of the Grant:** Best-in-class support to Michigan’s second-stage companies through the Second-Stage Growth Solutions Program.
- Grantee:** The Edward Lowe Foundation (the “Foundation”)
- Grant Amount:** \$300,000, with the option to allocate additional funding throughout the term at the sole discretion of the MSF Board.
- Term:** Initial term of 12 months from date of fully executed agreement, with the option to extend the contract for up to four, one year terms.
- Disbursement of Funds:** Grant funds will be disbursed monthly after receipt and approval of the Grantee’s invoice by the grant manager.
- Duties/Milestones:** The Foundation will fulfill the following duties in administrating the Second-Stage Growth Solutions Program.
- a) The Foundation will provide programming based on the following three categories.:
 - a. **Technical Assistance/Strategic Information (System for Integrated Growth®, SIG):** SIG enables second-stage CEOs to tap into vetted experts in specific operational areas. This provides best practices and valuable data to help CEOs better manage and grow their companies.
 - b. **Retreats:** The retreats focused on a business planning process that identifies how companies create value for customers in every facet of their business. This process provides CEOs the opportunity to learn from the experiences of other second-stage business leaders and focus on maximizing his or her company’s growth.
 - c. **PeerSpectives® Roundtables:** PeerSpectives® is a unique CEO roundtable system designed especially for leaders of second-stage companies.
 - b) The Foundation will support recruitment of companies to participate in the Second-Stage Growth Solutions Program
 - c) The Foundation will train partner organizations in the facilitation of PeerSpectives® Roundtables enabling further development of second-stage business support at the regional and local level.
 - d) The Foundation will facilitate trainings and workshops as a means for collaboration with other states and learning opportunities for best practices adhered to by other state and local economic development organizations.
 - e) The Foundation will maintain the Greenhouse online application portal.



Reporting Requirements and Repayment Terms:

The direct grant agreement shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, the Second-Stage Growth Solutions Program Guidelines, MSF approval, and any other applicable laws. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, disbursement requirements; repayment provisions and periodic reporting to facilitate the MSF's report to the Michigan legislature. The direct grant agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet disbursement requirements.





GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 1, 2023

To: Michigan Strategic Fund Board

From: Suzanne Perreault, Interim Director – Small Business Services

Subject: Small Business Services Program – Grant to Northern Great Lakes Initiatives
(Optimize Main Street Program)

Request

The Michigan Economic Development Corporation (the “MEDC”) requests that the Michigan Strategic Fund (“MSF”) authorize a grant in the amount for \$550,000 to Northern Great Lakes Initiatives (the “NI”), a Community Development Financial Institution (the “CDFI”) regulated by the US Department of Treasury, with an initial term of twelve months, with the option to extend the contract for up to four, one year terms and allocate additional funding at the sole discretion of the MSF Board. The proposed funding would be used by NI to administer the Optimize Main Street Program in accordance with the guidelines attached as Exhibit A, that will leverage systems and technology to support small business growth and sustainability through the implementation of training, the facilitation of peer-to-peer learning, the administration of technical assistance and the deployment of grant funding. A Summary of Grant Terms are attached as Exhibit B.

Background

NI is a non-profit 501(c)(3) formed in 1992 by Northern Michigan University’s College of Business to help build economic resiliency in the face of declining resource extraction in Michigan’s Upper Peninsula. As a lender, they have provided over 1,600 loans totaling over \$90 million to small businesses who add jobs and help their communities thrive. In addition to its lending activities, NI provides robust technical assistance to borrowers through face-to-face business coaching and blended learning.

As a nationally recognized leader in the CDFI community, NI is the only entity within the state to have developed their own entrepreneur education platform called *Initiate*. The Initiate platform provides users with on demand access to hundreds of entrepreneurial resources on starting a business, money, marketing, and management, available in both English and Spanish. This self-paced learning content has been developed by NI to provide their borrowers with tools, templates, and best practices to help individuals build business and financial acumen. The Initiate platform is being utilized by over 20 entrepreneur support organizations across the United States. In addition, to experience as a lender and TA provider, NI has a successful history of administering grant programs on behalf of other entities such as a COVID recovery mini-grant program funded by TCF Bank and WK Kellogg Foundation.

Recommendation

MEDC staff recommends approval of the following related to the Direct Grant to NI:

- Approval of \$550,000 direct grant to NI in accordance with the Summary of Terms as set forth in Exhibit B;
- Creation of the Optimize Main Street Program and approval of adoption of guidelines for the Optimize Main Street Program as set forth in Exhibit A; and
- Delegation of authority to MSF President or MSF Fund Manager to effectuate all final documents for the direct grant to NI.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2023-033**

NORTHERN GREAT LAKES INITIATIVES GRANT AWARD

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “MSF Act”), to enable the Michigan Strategic Fund (the “MSF”) to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, pursuant to MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF Act shall be expended or invested for activities authorized under the MSF Act, as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to MCL 125.2007(c), the MSF has, among other things, the power to make grants and investments;

WHEREAS, on September 27, 2022, the MSF Board allocated \$58,942,251 for Business and Community Development Programs and Activities (the “FY23 Funding Allocation”);

WHEREAS, the MEDC recommends that the MSF Board (i) create the Optimize Main Street Program (the “Program”) and (ii) approve the Program Guidelines attached as Exhibit A to this Resolution (the “Program Guidelines”);

WHEREAS, Northern Great Lakes Initiatives (“NI”) has requested an MSF performance-based grant in the amount of \$550,000 from the FY23 Funding Allocation to operate the Program (the “Grant Request”);

WHEREAS, the MEDC recommends that the MSF Board approve the Grant Request in accordance with the term sheet attached hereto as Exhibit B (the “NI Grant”); and

WHEREAS, the MSF Board wishes to approve the 1) the creation of the Program, 2) the Program Guidelines and 3) the NI Grant (the “Request”).

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Request; and

BE IT FURTHER RESOLVED, the MSF Fund Manager or MSF President are authorized to negotiate the final terms and conditions of the NI Grant and to execute all documents necessary to effectuate the NI Grant, consistent with the terms of this Resolution.

Ayes: Britany L. Affolter-Caine, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023

Exhibit A

Optimize Main Street Program Guidelines

Program Overview

- The Optimize Main Street Program leverages systems and technology for small business growth and sustainability through the implementation of training, facilitation of peer-to-peer learning, and deployment of technical assistance and grant funding.
- The program is designed to support both 1) Michigan communities, DDAs, business support organizations, economic development organizations and other non-profit entities through training and peer-to-peer learning to advance local business retention efforts utilizing technology and 2) Michigan small businesses by providing technology-related technical assistance, 1:1 business coaching, and grant funding to increase business technology and digital tool expertise and support the implementation of a technology-integration project.
- The Optimize Main Street Program is a tool for eligible, local entities, including communities, DDAs, Main Street programs, business support organizations, chambers, and other partner organization to support small businesses. Eligible entities may elect to attend training or may select eligible businesses to participate in the technical assistance and grant initiative. To ensure regional relevancy, eligible entities select businesses for participating in this program.
- Participating businesses are required to participate in two, virtual 1:1 business coaching sessions with NI, complete relevant online training modules through the Initiate Entrepreneur Education Platform (an online business education tool), and will work with the business coach to identify a technology related project to implement. Once these milestones are completed, participating businesses will receive \$2,500 to implement the technology project.

Program Goals

- Support business resiliency and sustainability by increasing awareness and skills on technology and digital tools through a blended learning, including training, 1-on-1 coaching and self-paced learning modules.
- Provide funding to participating small businesses to support the implementation of a technology-related project that will lead to improve business operations, diversify sales channels, and/or attract new customers.
- Support Michigan's entrepreneurial ecosystem by providing a small business support tool that eligible organizations can leverage.

Eligibility Requirements

- Michigan communities, DDAs, Main Street programs, business support organizations, chambers, and other non-profit entities that desire to utilize systems and technology to support their local business retention efforts are eligible for training and peer-to-peer learning community meetings.

- An Eligible Entity may select an eligible business to participate in Optimize Main Street’s one-on-one coaching and technology grant activities. Eligible Entities include:
 - Michigan Main Street programs,
 - Redevelopment Ready Communities designated as Essentials or Certified, with a population of under 15,000, or
 - Non-profit business support organizations, or community or economic development organizations who have previously participated in the Initiate Business Retention Training.

- Eligible entities may submit up to two eligible businesses within their community to participate in the Optimize Main Street program’s one-on-one coaching and technology grant activities.

- An eligible business must:
 - Have a physical storefront located within a dense, commercial corridor or traditional downtown district,
 - Must be headquartered in Michigan, and
 - Must have a need for business technology integration.

- In order to receive grant funds, a participating eligible business must:
 - Complete an online Business Technology Assessment in advance of beginning the program
 - Complete the minimum required coaching hours and the required learning module within 45 days of application award notification
 - Have a technology-related project identified and ready to be implemented that will result in improved business operations, diversify sales channels, and/or the ability to attract new customers.
 - Complete a post-engagement survey 90 days after grant funds are disbursed.

Use of Sub-Grant Funds

- Sub-grant awards will be made within 30 days of the program engagement being completed. Grant funds may be used to purchase hardware, software, or third-party contract services that will incorporate or advance the usage of technology within the business to increase efficiency in business operations, improve connectivity to customers and/or increase sales.
 - Examples of eligible expenses include:
 - Hardware – computer, laptop, tablet, modem, WiFi equipment, printer, point of sale system, camera, lightbox, or similar equipment to advance technology operations for the business
 - Software –website development including domain name, web hosting and/or e-commerce integration, web platform subscriptions including QuickBooks, point of sale, printing, graphic design, content management, email marketing, or similar platforms
 - Contract Services from a third party – grantee may work with a small business or third-party contractor that has expertise to help grantee meet technology goals, ex. mobile optimization, social media content calendar creation, SEO, email marketing, etc.

- Grant funds may not be used for advertising expenses, lead generation (such as online advertisements, paper advertisements, and/or purchasing customer lists), or other expenses deemed unacceptable to the MEDC. Grant funds may not be used as reimbursement for prior expenses incurred.
- The Eligible Business will work directly with the Northern Initiatives Business Coach to identify eligible use of grant funds and estimated costs prior to grant funds being disbursed.

Program Operations

- Eligible Entities may select an eligible business to participate in Optimize Main Street’s one-on-one coaching and technology grant activities. Eligible entities will be notified in advance of the program application opening and MEDC Staff will conduct targeted email outreach to eligible entities, provide educational webinars, – in addition to providing updated program materials.
- During the application period, eligible entities will submit eligible business to participate in the Optimize Main Street program. Applications will be submitted to the MEDC, staff will review applications and notify eligible entities and businesses of their selection/denial status.
- Every effort will be made to ensure broad geographic coverage. Participation awards will be made on a rolling basis until all funding is allocated.
- Once selected, Participating Businesses will be connected to a Northern Initiative’s business coach to begin receiving technical assistance and support to identify their technology project.
- When programmatic milestones are met, Participating Businesses will receive \$2,500 in grant funding towards the implementation of their technology project. This grant disbursement will come directly from NI to the participating business.
- The program administrator will provide any necessary financial documents to the business for the sub-grant award.

Exhibit B

Summary of Terms – Direct Grant to Northern Great Lakes Initiatives

This memorandum summarizes the key terms for the Direct Grant to Northern Great Lakes Initiatives.

Objective of the Grant: To provide funding to administer the Optimize Main Street Program (the “Program”), that will leverage systems and technology to support small business growth and sustainability through the implementation of training, peer-to-peer learning, technical assistance, and the deployment of grant funding.

Awardee: Northern Great Lakes Initiatives (“NI”)

Amount: Allocation of \$550,000 (the “Incentive”) with the option of allocate additional funding throughout the Term at the sole discretion of the MSF Board.

Term: Initial term beginning April 1, 2023 through March 31, 2024, with the option to extend the contract for up to four, one year terms (the “Term”) at the sole discretion of the MSF Board.

Duties/Milestones:

NI will fulfill the following duties as part of administering the Program:

- a) NI will provide three business retention training cohorts for up to 30 participants per cohort, consisting of four virtual learning sessions to Michigan communities, DDAs, business support organizations, economic development organizations and other entities. Organizations will register for training through the MEDC and will be connected to NI for training implementation.
- b) NI will facilitate three “Learning Community Meetings” virtual for training cohort alumni. NI will communicate with past training participants to register for meetings.
- c) NI will provide a shared subscription license to *Initiate* Entrepreneur Education Platform, allowing up to 500 total customers to use the Initiate platform. MEDC staff will have access to administrative functions of the site.
- d) NI will provide support of *Initiate* Entrepreneur Education Platform by identifying and performing continued updates to resources, including regular identification and implementation of new resources, in collaboration with the MEDC.
- e) NI will provide a minimum of 110 small business with one-on-one technical assistance and coaching and will disburse a \$2,500 technology grant to each business that completes Program milestones. Businesses will apply for the program through eligible entities and will be connected to the NI team who will by provide 2 hours of one on one coaching to each participating business, complete an individualized business performance plan, provide direction on supplemental blended



learning tracks the business will utilize, verify that online learning milestones were completed by each business, disburse the subgrant award in an amount of \$2,500 to each business that completes program milestones, and will survey participating businesses 90 days from Program completion.

- f) NI will utilize 50% of funding to deploy direct grants to small businesses; 30% of funding to implement training and technical assistance and 20% of funding may be used for Program management and evaluation.
- g) The Program will be administered in accordance with the Program Guidelines included as Attachment A and includes all other administrative duties necessary to complete these tasks.

Disbursement Schedule:

- a) Initial disbursement: An initial payment in the amount of \$275,000 or 50% of the total contract will be made to NI within 30 days of grant agreement execution.
- b) Subsequent Disbursements: A subsequent payment of \$137,500 or 25% of the total contract will be made to NI after the first round of Program grant funds are disbursed.
- c) Subsequent Disbursement: A subsequent and final payment of \$137,500 or 25% of the total contract will made to NI after the second round of Program grant funds are disbursed.

Reporting Requirements and Repayment Terms:

The direct grant agreement shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, the Optimize Main Street Program Guidelines, MSF approval, and any other applicable laws. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, disbursement requirement, repayment provisions, and periodic reporting to facilitate the MSF's reporting to the Michigan legislature. The direct grant agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet measurable milestones.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", written in a cursive style.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MEMORANDUM

Date: February 28, 2023

To: Michigan Strategic Fund Board

From: Chris Cook, Managing Director – Capital Access

Subject: *Private Activity Bond – Inducement*
Red Leaf RNG, LLC
Sewage/Solid Waste - \$16,000,000

Request

Red Leaf RNG, LLC (“Red Leaf” or the “Company”) is seeking financing in connection with the Company’s Renewable Natural Gas (RNG) facility to be located in Saranac, Michigan, co-located with the Maple Row Dairy. Red Leaf was formed to develop, own and operate the RNG facility in Saranac.

The Red Leaf RNG facility will be comprised of a single 2.5-million-gallon anaerobic digester, gas upgrading equipment and other related equipment where it will process dairy manure biogas into pipeline quality RNG. The Company will produce pipeline-quality methane which is expected to be injected into the local pipeline grid owned/operated by Consumers Energy. Renewable methane produced by Red Leaf is expected to be used as a transportation fuel and dispensed into compressed natural gas vehicles in California.

There are many benefits to a dairy RNG facility to both the dairy farm operator and the community including:

- Emissions Reduction and Waste to Energy – Dairy RNG operations remove methane emissions from the atmosphere and generates renewable natural gas. Red Leaf’s renewable natural gas is expected to be considered carbon negative since it removes methane from escaping into the atmosphere, reducing the carbon emissions of the partner dairy, and turning farm waste into a beneficial fuel.
- Farmer Benefits – Lowers the carbon intensity of the underlying dairy operations and provides financial benefits to the farmer due to revenue sharing structure. Dairy RNG operations improve farm manure management practices as the farmer retains the nutrients post anaerobic digestion and can use it as bedding for their herd and apply it to crops as fertilizer.
- Community Benefits – Improves air quality and reduces odor in the surrounding community and job creation.

Red Leaf will be the owner and operator of the project, and it is expected to be completed in the second quarter of 2023. The total estimated cost of the project is \$16 million, largely comprised of a single 2.5-million-gallon anaerobic digester, gas upgrading equipment and other related equipment. The footprint of

the project is expected to be approximately 5.5 acres of land involving the digester to be filled with dairy manure and a series of equipment pads / housings.

Background

Red Leaf RNG, LLC was formed in September 2021 to develop the RNG facility in Saranac. Red Leaf RNG, LLC is organized under the laws of the State of Delaware and is registered as a foreign limited liability company in the State of Michigan as of January 2023. The Company is majority owned by Novilla Project Holdings, LLC, a wholly owned subsidiary of Novilla Investment Holdings, LLC (NIH). NIH and its affiliated entities self-construct, own and operate RNG facilities throughout the U.S. NIH has two RNG projects currently under construction, one in WI and one in MI (Red Leaf). Red Leaf is minority owned by John-Ash Holdings, LLC, an affiliate of the dairy farmer who owns Maple Row Dairy.

There is currently one employee of Red Leaf, a Facility Manager. Closer to the commercial operations date in the second quarter of 2023, the Company anticipates employing a Facility Technician with an average hourly rate of \$30-35/hr. Red Leaf expects to employ a total of 2 or 3 employees. 15 jobs are expected to be created during the construction period.

The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy and no issues were identified.

Plan of Finance:

Morgan Stanley has indicated an interest in underwriting this bond issue through a public offering.

Recommendation

After reviewing the private activity bond application for the Company, staff finds this project meets the requirements and recommends the adoption of an Inducement Resolution in the amount of \$16,000,000.

MICHIGAN STRATEGIC FUND

INDUCEMENT RESOLUTION 2023-034

WHEREAS, Red Leaf RNG, LLC (the “Company”), a Delaware limited liability company qualified to do business in Michigan, is presently located at 435 Joe Hall Drive, Ypsilanti, Michigan 48197;

WHEREAS, the Company desires to construct a renewable natural gas (“RNG”) facility in Saranac, Michigan, to allow for the production of pipeline quality methane expected to be injected into the local pipeline grid (the “Project”);

WHEREAS, the Project will include a single 2.5 million gallon anaerobic digester, gas upgrading equipment and other related equipment where it will process dairy manure biogas into pipeline quality RNG;

WHEREAS, the Company has applied to the Michigan Strategic Fund (the “MSF”) for a loan (the “Loan”) to finance the Project as defined in 1984 PA 270 (the “Act”);

WHEREAS, the Company has advised the MSF that the cost of the Project will not exceed Sixteen Million Dollars (\$16,000,000);

WHEREAS, the Act authorizes the MSF to loan moneys to business enterprises for the purpose of financing projects and to obtain the moneys for such loans by the issuance of bonds pursuant to the Act; and

WHEREAS, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141 and 142(a)(6) of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

NOW, THEREFORE, BE IT RESOLVED, by the Michigan Strategic Fund that:

1. The MSF intends to provide the Loan to the Company subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Company's Tax-Exempt Application Form dated December 19, 2022.
3. The maximum principal amount of the bonds (the “Bonds”) expected to be issued to provide the Loan to finance the Project shall not exceed Sixteen Million Dollars (\$16,000,000). The Company shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the Bonds under applicable federal and state laws, b) receipt of an allocation from the State Treasurer pursuant to 1988 PA 496 as it relates to limitations on the issuance by states of private activity bonds under the Code, and c) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.
6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the “Attorney General”) and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.

7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the “Bond Resolution”) for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Company and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General and bond counsel to the MSF.

8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Company to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid from the Bond proceeds or, if they are insufficient, by the Company.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds. Any authorized signatory is authorized to prepare and file with the Michigan Department of Treasury a request for allocation as it relates to the State limitations on the issuance of private activity bonds.

11. Bond counsel to the MSF and the Attorney General are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the MSF to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any authorized signatory is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the bond proceeds or by the Company.

12. A preliminary official statement or other offering materials may be used in connection with the sale of the Bonds; provided, however, that no preliminary official statement or other offering materials shall be circulated unless any description of the MSF, the Bonds and documents to which the MSF is a party shall have been approved by bond counsel to the MSF and the Attorney General.

13. All resolutions and parts of resolutions insofar as they conflict with this Resolution are rescinded.

ADOPTED

Ayes: Britany L. Affolter-Caine, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Acting Director Wierich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 28, 2023



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

Ms. Katelyn Wilcox
Board Relations Liaison
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen in addition to Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

January 12, 2022

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Jennifer Nelson

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Quentin L. Messer, Jr.", with a stylized flourish at the end.

Quentin L. Messer, Jr.
President & Chairman, MSF
Chief Executive Officer, MEDC



MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: February 28, 2023
To: Michigan Strategic Fund (“MSF”) Board Members
From: Quentin Messer, Jr., Chief Executive Officer
Subject: Monthly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board, featuring a review of our delegated authority activity over the previous month. The following pages provide a narrative centered around the types of projects supported through delegated approval from January 1, 2023, to January 31, 2023, as well as information about the impact that those projects have had on communities across the state.

We remain committed to maintaining transparency in our efforts to communicate with you all about our work to create equitable opportunities throughout the state. Over time, we will continue identifying ways to evolve and grow this report based on the feedback and requests we receive from Board members.

As always, we are committed to evaluating the ways in which we can continue to ensure we are transparent and accountable to Board members moving forward. Please let me or Val Hoag know if you have any questions or comments about this new reporting layout or with the contents of these reports.

Monthly Impacts



To continue providing transparent, intentional and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from January 1, 2023 to January 31, 2023.

Throughout the Fiscal Year, MSF delegates – with authority granted by the MSF Board – approve various projects within MSF programs in accordance with each program’s guidelines, as approved by the MSF Board. Under no circumstances will MSF delegates approve a project that does not meet the Board- approved guidelines for the program. Furthermore, each project approved through delegated authority must undergo the same rigorous vetting and verification process as do projects that come before the MSF Board for approval. By ensuring consistent safeguards are in place for both delegate-approved and Board-approved projects, we are ensuring fairness and uniformity in our process, as we work to enable long-term economic prosperity for the people of our state.

MONTHLY IMPACTS

We are pleased to share the January delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout January 2023, 3% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all January approved projects through delegated authority have committed to create just over 320 jobs and just over \$67 million in private investment.

MSF Report

Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during January 2023, which satisfy Board-approved guidelines for each program and have been vetted and approved through the same safeguards as those projects that come before the Board for consideration.

Michigan Business Development Program (MBDP)

The Michigan Business Development Program is available from the MSF, in cooperation with MEDC. The program is designed to provide grants, loans, or other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
L&L Products	1/3/2023	Romeo	\$450,000	L&L Products, Inc. is a family-owned, technology-driven business-to-business company with unique expertise in static sealing, acoustics, vibration reduction, structural reinforcements, and composite components for automotive, aerospace, commercial vehicle, and other industrial applications. The project is expected to generate a total capital investment of approximately \$25 million and create 65 advanced manufacturing jobs, supported by a \$450,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over a competing site in South Carolina. The company plans to expand its production footprint in the village of Romeo to accommodate finished goods for the auto industry. The new space will include expansive warehousing.
Miller Industries, LLC	1/4/2023	Fenton	\$450,000	Miller Industries, LLC, a subsidiary of Miller Industries Holdings, specializes in custom steel fabrication and air supply systems and sales. The company also represents numerous national companies in heating, ventilation, and air conditioning applications. Miller Industries is headquartered in Fenton Township and currently employs 150 Michigan residents. The company continues to experience increased sales and plans to expand at its Fenton Township headquarters, where it will add manufacturing, warehouse, and office space. The expansion will also allow for extra capacity and high bays along with mechanical cranes. The project is expected to generate a total capital investment of \$11 million and create 115 jobs.
Wheel.Me	1/12/2023	Detroit	\$240,000	Wheel.me launched the first prototype of its autonomous robots in 2018 and has since grown rapidly and caught the attention of large companies globally. As its first international office in North America, they are now establishing their operations in a leased facility at the Michigan Central Innovation District in the Corktown neighborhood of Detroit. The office will house sales, operations, and supply chain to support customers throughout North America. The company's future plans also include constructing a manufacturing facility in Michigan. The project is expected to generate a total capital investment of \$1 million and create 40 high-wage jobs. It is supported by a \$240,000 Michigan Business Development Program performance-based grant. Wheel.me chose Michigan over competing sites in other states due to Michigan's leadership in automotive manufacturing and proximity to the company's stakeholders.

Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
ABB, Inc.	1/20/2023	Auburn Hills	\$450,000	The company plans to expand its Auburn Hills facility to add to its robotic assembly operations and assist with onshoring efforts. The expansion will provide robotic solutions to its Michigan customers as well as North American and South American customers, providing increased opportunities for export sales. The project is expected to generate a total capital investment of approximately \$18 million and create 72 jobs, supported by a \$450,000 Michigan Business Development Program performance-based grant. ABB chose Michigan for the project over a competing site in Georgia due to Michigan's automotive leadership.

Capital Access

The Capital Access team partners with lenders to assist in helping small businesses obtain financing that would otherwise not be available.

Michigan Supplier Diversification Fund (MSDF) – Collateral Support Program

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Sobie Company, Inc.	1/4/2023	Caledonia	\$ 3,000,000	The company is looking to secure a working capital line with First Merchants Bank. Due to collateral shortfall the bank is requesting assistance from the MSDF CSP.

State Small Business Credit Initiative (SSBCI) 2.0 – Michigan Business Growth Fund (MBGF) Collateral Support Program

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Cryo Clean Automotive, LLC	1/9/2023	Shelby Twp	\$65,119	MSUFCU is working with Cryo Clean Automotive, LLC to finance startup costs. Due to a collateral shortfall on the note the credit union is seeking assistance from the MBGF 2.0 CSP.
Countryside Quality Meats, LLC	1/11/2023	Union City	\$179,640	MSUFCU is working with borrower to purchase new business. Due to collateral shortfall on the real estate and equipment the credit union is seeking support from the SSBCI 2.0 CSP.
Dk's Wash-N-Shine, L.L.C.	1/11/2023	Albion	\$25,948	MSUFCU is working with DK's Wash-N-Shine, L.L.C. to provide a loan. Due to collateral shortfall on this note the credit union is asking for assistance from the MBGF 2.0 CSP
Driftwood Properties, LLC	1/23/2023	Ironwood	\$49,900	Northern Initiatives is providing a gap financing note to the customer to help finance construction costs for expansion of lodge to include an RV/Campground, event center and lodge store. Customer is obtaining a majority of financing from First Bank. Due to collateral shortfall on the NI portion, they are requesting assistance from the MBGF 2.0 CSP.
MK Builders LLC	1/25/2023	East Lansing	\$58,443	MK Builders and co-borrower MKB Commercial Properties, LLC are working with MSUFCU for commercial construction financing to purchase land and construct a building to become the company headquarters. Due to collateral shortfall, MSUFCU is requesting assistance from the MBGF 2.0 CSP.

Michigan Community Revitalization Program (MCRP)

The Michigan Community Revitalization Program is available from the MSF, in cooperation with MEDC. The program is designed to accelerate private investment in Michigan’s communities through the redevelopment of functionally obsolete properties, reduction of blight, and the reuse of brownfield and historic properties.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Harrison Investment Properties LLC	1/8/2023	Sturgis	\$479,000	Harrison Investment Properties, LLC plans to rehabilitate a three-story building in downtown Sturgis to add three residential units and activate 1,400 square feet of long-vacant commercial space. Additionally, the project will restore the historic brick façade of the prominently located, early 1900s building which has been covered by unsightly sheet metal for many years. Upon completion, the project will completely transform the interior of the building creating modern, safe residential units and ready to lease commercial space that will be an asset to the community. To support this community development project, Harrison Investment Properties, LLC was awarded a Michigan Community Revitalization Program (MCRP) performance-based grant of \$479,000. Local support for the project includes a 12-year Obsolete Property Rehabilitation Act (OPRA) tax abatement valued at approximately \$60,000.
Five Penny Properties, LLC	1/19/2023	Milan	\$595,000	Five Penny Properties, LLC has been awarded a \$595,000 MCRP performance-based grant for the renovation of two historic buildings in the heart of downtown Milan into two new upper floor residential units in one building and a new ground floor commercial space in the other building, activating over 5,400 square feet of vacant space. The total capital investment for the project is expected to be approximately \$1.59 million.

Michigan State Trade Expansion Program (MI-STEP)

The MI-STEP program is designed to spur job creation by empowering Michigan small businesses that meet U.S. Small Business Administration guidelines and size standards to export their products.

Project Name	Approval Date	Location	Incentive Amount
EPIC Translations	1/4/2023	Canton	\$2,220
Iris Technology Inc	1/4/2023	Grand Rapids	\$15,000
Leon Speaker Corporation	1/4/2023	Ann Arbor	\$15,000
RHK Technology, Inc.	1/4/2023	Troy	\$3,375
Celcius Corp dba GC Biowater	1/5/2023	Bloomfield Hills	\$1,500
Code Blue	1/5/2023	Holland	\$15,000
Fairrer Samani Group	1/5/2023	River Rouge	\$1,764
Trueline Health LLC	1/6/2023	Kentwood	\$11,250
Boride Engineered Abrasives	1/11/2023	Traverse City	\$6,210
Corrigan Air and Sea Cargo	1/11/2023	Romulus	\$4,598
Data Security Consulting	1/11/2023	Rochester Hills	\$5,723
Gibbs Machinery Company	1/11/2023	Warren	\$12,455
PROLIM Global Corp.	1/11/2023	Farmington Hills	\$6,322
Versant Medical Physics and Radiation Safety	1/11/2023	Kalamazoo	\$8,303
Workhorse Irons	1/11/2023	Grandville	\$4,157
Brunswick Bowling Products	1/12/2023	Muskegon	\$15,000
AHB Tooling & Machinery LLC (dba AHB Tooling & Machinery)	1/12/2023	Saginaw	\$2,400
Turn One	1/13/2023	Saginaw	\$11,357
MHR, Inc.	1/19/2023	Holland	\$5,801
OG Technologies	1/19/2023	Ann Arbor	\$3,573
Viking Satcom, LLC	1/19/2023	Albion	\$10,583
FlexPost Inc.	1/20/2023	Holland	\$10,892
Michigan Instruments	1/20/2023	Kentwood	\$3,600
Sebright Products, Inc.	1/20/2023	Hopkins	\$900

Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Airflow Sciences Corporation	1/23/2023	Livonia	\$6,329
Lomar Machine & Tool Company	1/23/2023	Horton	\$2,334
Banks Hardwoods, Inc.	1/24/2023	White Pigeon	\$7,302
Creative Composites, Inc.	1/24/2023	Rapid River	\$2,207
Curriculum Crafter	1/24/2023	Grand Rapids	\$4,050
Global Automation Technologies LLC	1/24/2023	Rochester Hills	\$6,975
Kamps Hardwoods	1/24/2023	Gaines Township	\$5,856
Singh Automation	1/24/2023	Portage	\$6,698
Virtual Global Consultant Group LLC	1/24/2023	Detroit	\$8,438
Crest Marine LLC	1/25/2023	Owosso	\$15,000
Argonics, Incorporated	1/25/2023	Gwinn	\$15,000
Component Solutions	1/25/2023	Menominee	\$12,995
EnBiologics, Inc.	1/25/2023	Detroit	\$7,493
Flint Technical Geosolutions	1/25/2023	Caledonia	\$2,385
Hayes Manufacturing Incorporated	1/25/2023	Fife Lake	\$15,000
ILANs, Inc.	1/25/2023	Saline	\$900
SkyBlade Fan Company	1/25/2023	Warren	\$4,314
General Formulations	1/26/2023	Sparta	\$7,264
Prime Solution, Inc.	1/26/2023	Otsego	\$7,256

Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Economic Development Incentives teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contracted timelines; redefined project sites; and modified award amounts. See below for a list of program amendments that received delegated approval in January 2023.

Michigan Business Development Program (MBDP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
Tipping Point Solutions Inc.	1/17/2023	Sault Saint Marie	Extend Milestone 1 from 10/31/2022 to 10/31/2024 and the grant term from 4/30/23 to 4/30/25.
Michigan Software Labs	1/24/2023	Ada	Extend Milestone 1 from 12/01/2022 to 12/01/23 and grant term from 06/01/23 to 06/01/24.

Financial Data Overview and Terminations



Michigan Business Development Program - Terminations

From January 1, 2023, to January 31, 2023, the Business Development Program had no terminations.