

MICHIGAN STRATEGIC FUND BOARD MEMBERS

Carl Camden

President (retired), Kelly Services

Rachael Eubanks

*State Treasurer, Michigan Department
of Treasury*

Paul Gentilozzi

President, Gentilozzi Real Estate

Jeremy Hedges

*Chief of Staff, Talent and Economic
Development Department of Michigan*

Stephen Hicks

President and CEO, JM Longyear

Larry Koops

*Retired Community President for
Lakeshore Region, Fifth Third Bank*

Jeff Mason

*MSF President and Chairman; CEO:
Michigan Economic Development
Corporation*

Terrence J.L. Reeves

Attorney, Pepper Hamilton LLP

Terri Jo Umlor

*President, Springfield Commercial
Roofing*

Shaun W. Wilson

*Managing Partner, Cadence
LLC*

Wayne Wood

*President (retired), Michigan
Farm Bureau*

MICHIGAN STRATEGIC FUND (MSF) BOARD

Meeting Packet

June 2019

MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
June 25, 2019
10:00 am

Public comment – Please limit public comment to three (3) minutes

Communications

A. Consent Agenda

Proposed Meeting Minutes – May 21, 2019

Gerber Products Company – Request for Renaissance Zone Revocation – Kathryn Smith

Vicount Industries – Request for Tool & Die Recovery Zone Revocation – Kathryn Smith

Thomson Reuters Inc. – MBDP Grant Amendment – Jibran Ahmed

Gallagher-Kaiser Corporation – MBDP Reauthorization – Jeremy Webb

Fulton and Seward, L.L.C. – MCRP Amendment – Katie Adkins

Bridge and Turner, LLC – MCRP Amendment – Katie Adkins

Third & Grand LLC – MCRP Amendment – Lynda Franke

The Landing Development Group, LLC – Brownfield MBT Amendment – Jake Winder

Election of Authorized Delegate – Mark Morante

B. Business Investment

a. Business Growth

KLA-Tencor Corporation – MBDP Grant Amendment – Matthew Chasnis

Akasol, Inc. – MBDP Grant – Julia Veale

C. Community Vitality

Cadillac Lofts, LLC – MCRP Grant and Brownfield Act 381 Work Plan – Dan Leonard

Proposed Chemical Bank Headquarters – Brownfield Act 381 Work Plan – Brittney Hoskiw

D. Administrative

MSF FOIA Policy and Procedures – Mark Morante

MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
May 21, 2019

Members Present

Jeff Guilfoyle (on behalf of Treasurer Eubanks)
Jeremy Hendges
Jeff Mason
Terrence J.L. Reeves
Shaun Wilson

Members joined by phone

Paul Gentilozzi
Stephen Hicks

Members Absent

Carl Camden
Larry Koops
Terri Jo Umlor
Wayne Wood

Mr. Mason called the meeting to order at 2:02 pm.

Mr. Mason introduced the following legislator and legislative staff members: Senator Paul Wojno speaking in support of the FCA US LLC project; Natalie Purser on behalf of Senator Sean McCann speaking in support of the Kalamazoo Creamery project; and Julie Vogel on behalf of Representative Jon Hoadley speaking in support of the Kalamazoo Creamery project.

Public Comment: Mr. Mason asked that any attendees wishing to address the Board come forward at this time. No public comment.

Communications: None

A. CONSENT AGENDA

Resolution 2019-067 Approval of Consent Agenda Items

Mr. Mason asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Jeremy Hendges motioned for the approval of the following:

Proposed Meeting Minutes – April 23, 2019

Avireps – Contract Extension-Funding Allocation – **2019-068**

MTU Advanced Materials Innovation Hub – Grant Amendment – **2019-069**

MyLocker Properties, LLC – MBGF Loan Participation Program Reapproval – **2019-070**

HB BM East Lansing LLC – MCRP Loan Participation Amendment – **2019-071**

Buckham Square Investors, LLC – MCRP Other Economic Assistance Amendment – **2019-072**

Selden Partners, LLC – MCRP Loan Participation Amendment – **2019-073**

Detroit Entrepreneur Development, LLC – MCRP Loan Participation Amendment – **2019-074**

Subaru Research and Development – MBDP Grant Reauthorization – **2019-075**
Pfizer Inc. – MBDP Grant Reauthorization – **2019-076**
Waymo, LLC – MBDP Grant Amendment – **2019-077**

Shaun Wilson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2019-078 Fiat Chrysler Automobiles (FCA) US LLC – GJFM, SESA and Alternative SESA Awards – Warren and Sterling Heights

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Terrence J.L. Reeves motioned for the approval of Resolution 2019-078. Jeremy Hedges seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2019-079 Fiat Chrysler Automobiles (FCA) US LLC – MBDP Grant / GJFM and SESA Awards – Detroit

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Jeff Guilfoyle motioned for the approval of Resolution 2019-079. Terrence J.L. Reeves seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2019-080 City of Detroit Brownfield Redevelopment Authority – MSF Grant and Investment Fund Award

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hedges motioned for the approval of Resolution 2019-080. Shaun Wilson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

B2. Access to Capital

Resolution 2019-081 United Methodist Retirement Communities – Bond Authorization

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hedges motioned for the approval of Resolution 2019-081. Jeff Guilfoyle seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused**

ROLL CALL VOTE: Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hedges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson; Nays: None; Recused: None

Resolution 2019-082 Dominican Health Care Corporation (dba Lourdes Senior Community) – Bond Inducement

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following brief discussion, Jeff Guilfoyle motioned for the approval of Resolution 2019-082. Jeremy Hedges seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused**

ROLL CALL VOTE: Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hedges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson; Nays: None; Recused: None

Resolution 2019-083 Redall Industries, Inc. – MBGF Collateral Support Program Award
Aileen Cohen, Capital Project and Portfolio Manager, provided the Board with information regarding this action item. Following brief discussion, Shaun Wilson motioned for the approval of Resolution 2019-083. Terrence J.L. Reeves seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused**

C. COMMUNITY VITALITY

Resolution 2019-084 City of Detroit Brownfield Redevelopment Authority (Albert Kahn Building Redevelopment Project) – Brownfield Act 381 Work Plan

Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hedges motioned for the approval of Resolution 2019-084. Terrence J.L. Reeves seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2019-085 City of Detroit Brownfield Redevelopment Authority (Cambria @ The Ashton Redevelopment Project) – Brownfield Act 381 Work Plan

Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hedges motioned for the approval of Resolution 2019-085. Shaun Wilson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolutions 2019-086 & 2019-087 Kalamazoo Creamery LDHA LP / City of Kalamazoo Brownfield Redevelopment Authority – MSF Award and Brownfield Act 381 Work Plan

Michelle Audette-Bauman, Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Terrence J.L. Reeves motioned for the approval of Resolutions 2019-086 & 2019-087. Jeremy Hedges seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Mr. Mason adjourned the meeting at 2:58 pm.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Jeff Guilfoyle to attend the May 21, 2019 Michigan Strategic Fund meeting that I am unable to attend.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board Members

From: Kathryn Smith, Compliance Analyst

Subject: Existing Agricultural Processing Renaissance Zone
Renaissance Zone Revocation
Gerber Products Company
City of Fremont, Newaygo County

Action

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve the recommendation to revoke Gerber Product Company’s (the “Company”) Agricultural Processing Renaissance Zone to the State Administrative Board (“SAB”). The Company was designated a fifteen (15) year Renaissance Zone, commencing January 1, 2009 and currently set to expire on December 31, 2023.

Background

The Company is a purveyor of baby food and baby products located in the City of Fremont, Newaygo County. As a condition to receiving the Renaissance Zone, the Company entered into a development agreement (the “Agreement”) with the MSF, within which the Company committed to maintaining their employment level of 1,100 full-time (FT) jobs, creating an additional 200 FT jobs at the site by December 31, 2017, and maintaining the total number of 1,300 FT jobs through the term of the Agreement.

Based on information received by MEDC, the Company has reported one thousand one hundred thirty-eight (1,138) FT jobs at the site. The MEDC notified the Company of their non-compliance and initiated the 120-day cure period, as required in the Agreement, on August 28, 2018. The cure period expired without the Company becoming compliant with the terms of the associated Agreement.

Due to the Company’s failure to create and maintain a total of one thousand three hundred (1,300) FT jobs at the site, the MSF Board has both contractual and statutory authority to recommend revocation of the Company’s Agricultural Processing Renaissance Zone designation to the SAB.

Recommendation

MEDC Staff recommends that the MSF Board approve the associated resolution to recommend to the SAB the revocation of Gerber Product Company’s Agricultural Processing Renaissance Zone. All properties will go back on the tax rolls effective in the tax year 2019.

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board Members

From: Kathryn Smith, Compliance Analyst

Subject: Existing Tool and Die Renaissance Recovery Zone
Renaissance Zone Revocation
Vicount Industries, Inc.
City of Farmington Hills, Oakland County

Request

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board approve a resolution revoking the Tool and Die Renaissance Recovery Zone designation for the Vicount Industries, Inc. (the “Company”) site located in the City of Farmington Hills, Oakland County, due to the Company’s ineligibility.

Background

The Company was designated with the Global Tooling Alliance Collaborative as a Recovery Zone by the MSF for a 15-year period with an expiration date of December 31, 2022.

The Company is no longer operating in the designated Recovery Zone and therefore, no longer meeting the required conditions of a qualified tool and die business.

Recommendation

MEDC Staff recommends that the MSF Board approve the revocation of Vicount Industries, Inc.’s Tool and Die Renaissance Recovery Zone designation for its site in the City of Farmington Hills, Oakland County, effective December 30, 2019 for property tax purposes, and December 31, 2019 for all other purposes.

MEMORANDUM

Date: June 25, 2019

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

From: Jibran Ahmed, Business Development Project Manager

Subject: Thomson Reuters (Tax & Accounting) Inc. (“Company”) *Amendment to Approved Michigan Business Development Program Grant Agreement*

Request

The Company is requesting an amendment to its existing Michigan Business Development Program (“MBDP”) performance-based grant Agreement to add the related entity Creative Solutions Software Corp. (“CSSC”) for the purpose of counting Base Employment and Qualified New Jobs. The Company is also requesting that the entity Thomson Reuters (Markets) LLC be removed from the agreement. All other aspects of the MBDP approval would remain unchanged.

Background

On October 24, 2014 the Michigan Strategic Fund approved a \$2.4 million award for Thomson Reuters (Tax & Accounting) Inc. under the Michigan Business Development Program (“MBDP”). The Company proposed the consolidation of existing operations into one location which can support future expansion in order to accommodate anticipated growth in Pittsfield Charter Township. The anticipated job growth was 300 qualified new jobs and \$19.8 million in capital investment. Pittsfield Charter Township committed to provide a property tax abatement in support of the project.

On June 28, 2016 the MSF approved an amendment to reduce the Company’s statewide base requirement from 1,426 to 1,231 and extended milestones by one year, beginning in December 31, 2016.

On August 22, 2017 the MSF approved an amendment to reduce the MBDP grant amount from \$2,400,000 to \$2,000,000 based on a reduction of the job creation requirement from 300 to 250. Additionally, all milestones were extended by two years.

In the process of reporting for their first milestone the Company noted that their affiliate Creative Solutions Software Corp., who holds 103 of the base jobs, was not included in the agreement. CSSC was the original legal entity that acquired the Ann Arbor based business for Thomson (predecessor of Thomson Reuters) in 1996. After the acquisition, all people, revenue, and expenses were moved to Thomson and subsequently to Thomson Reuters’ legal entities. CSSC was dormant until December 25, 2016 when it was determined that the activities of one of the Company’s business units, called myPay, should be isolated into its own legal entity because the business activities are regulated. Thus, Creative Solutions Software Corporation, doing business as myPay, became the employer of 103 employees formerly employed by the Company in the Ann Arbor area.

Recommendation

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

- a) Amend to allow Creative Solutions Software Corp., to be added for the purpose of counting Base Employment and Qualified New Jobs;
- b) Amend to remove Thomson Reuters (Markets) LLC from the agreement,
- c) All other aspects of the approval remain unchanged.

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund (“MSF”) Board

From: Jeremy Webb, Senior Business Development Project Manager

Subject: Gallagher-Kaiser Corporation (“Company”)
Michigan Business Development Program (“MBDP”) Performance-based Grant
Reauthorization

Request

The Company is requesting a reauthorization of its MBDP performance-based grant approval (“MBDP Reauthorization Request”).

Background

On November 27, 2018, the MSF approved an MBDP performance-based grant in the amount of \$3,200,000 for the Company. The Project remains the same with respect to the creation of 300 Qualified New Jobs and a capital investment of up to \$9,270,000 in the city of Detroit and city of Troy, Wayne County and Oakland County, respectively. 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 unforeseen delays, the Company was unable to enter into the Agreement within the allowable 120 days. It is anticipated the Company will be in a position to execute the agreement upon approval of the reauthorization.

Recommendation

MEDC Staff recommends approval of the MBDP Reauthorization Request, as outlined in the attached resolution.

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: 11/9/2018

Company Name:	Gallagher-Kaiser Corporation and/or its affiliates and subsidiaries.
Project Location:	13710 Mount Elliott Street Hamtramck, Michigan 48212 13400 Mount Elliott Street Detroit, Michigan 48212 769 & 777 Chicago Road Troy, Michigan 48083
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$3,200,000
Base Employment Level:	At least 255
Qualified New Jobs:	At least 300
Municipality Supporting Project:	City of Detroit has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	October 23, 2018 (date of accepted offer letter)
Term of the Agreement:	June 30, 2022
Milestone Based Incentive:	Disbursements will be made over a 4 year period and will be performance based on job creation as follows: Milestone 1: \$500,000 for the creation of 40 jobs. Milestone 2: \$500,000 for the creation of 40 jobs. Milestone 3: \$435,000 for the creation of 60 jobs. Milestone 4: \$640,600 for the creation of 60 jobs. Milestone 5: \$590,510 for the creation of 50 jobs. Milestone 6: \$533,890 for the creation of 50 jobs.

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

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Acknowledged as received by:

Gallagher-Kaiser Corporation

By:

K.M. Krause

Printed Name:

K.M. Krause

Its:

CFO

Michigan Economic Development Corporation

By:

Jeremy J. Webb

Printed Name:

Jeremy J. Webb

Its:

Sr. Business Development Project Manager

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board

From: Katie Adkins, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Performance Based Loan Participation Agreement
Fulton and Seward, L.L.C. - Amendment #1

Request

Fulton and Seward, L.L.C. (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Performance Based Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated May 10, 2019 includes the following request as part of the senior lender debt restructure: 1) to convert monthly principal and interest payments on the MSF loan to monthly interest only payments for 24 months; 2) to remove the success fee to be paid to the MSF at maturity in 2025; 3) to remove the personal guaranty of Paul Roberts & Trust and replace with Bridge and Lexington, LLC as well as update all percentages on the remaining guarantees based on pro-rata ownership after the removal of Paul Roberts & Trust; and 4) to approve the following proposed new covenants:

- Proforma pre-distribution debt service coverage of 1.00x as of December 31, 2019 with a pre-distribution debt service coverage of 1.15x to be tested December 31, 2020 and thereafter.
- A limited distribution covenant of \$0 will be implemented on West Side Village, LLC until the new \$5 million unsecured note from the senior lender is repaid in full.
- A post-distribution debt service coverage ratio covenant of 1.00x will be tested on West Side Village as of December 31, 2019.

Background

The Michigan Strategic Fund Board approved a \$3,000,000 Other Economic Assistance Performance Based Loan Participation on June 23, 2015 to the Company for the purpose of constructing a five-story building containing 10,000 square feet of ground floor retail and 102 residential, market rate apartments, as well as a two-story, 116 space parking structure on the approximately one-acre site located at 616 West Fulton Street in the City of Grand Rapids. The MSF participation was in coordination with Chemical Bank in a participated \$28,500,000 of construction to permanent loan facilities, consisting of a \$22,350,000 construction note, \$3,150,000 TIF note, and a \$3,000,000 MSF note.

On May 10, 2019, MEDC staff received an amendment request to allow for the restructuring of senior debt with Chemical Bank on Fulton and Seward, L.L.C., due to lease-up difficulties on both the residential and commercial space. The Fulton and Seward amendment request would allow for the paydown of \$3,000,000 of the Chemical Bank senior lender note through an owner equity contribution as

well as a carve-out of a \$5,000,000 unsecured note to West Side Village, the sole member of Fulton and Seward, L.L.C.

With the restructuring, the TIF note would be paid in full and the \$22,350,000 construction to perm loan would be reduced to \$16,353,000 to allow for a performing note on the Bank's books. Although the Participation Agreement calls for any accelerated payments to be pro-rata between the Bank and MSF debt, MEDC staff is requesting we waive the pro-rata payment due to the following; regulatory mandates for the restructure of the senior debt has received federal examiner approvals; Chemical Bank is reducing the debt against the project by \$5,000,000 and instead lending those dollars to a separate entity on an unsecured basis resulting in a highly risk rated credit, therefore improving the MSF position.

MEDC staff is not recommending a waiver of the \$500,000 success fee as requested. This is due to the concession of the waiver of any pro-rata paydown of the MSF loan and the fact that the success fee does not come due until September of 2025 and therefore should be evaluated at that time based on project performance.

Milestone Two for Project Completion and Milestone Three for Certification of Conversion were due October 9, 2018 and have not been completed due to the following; Exhibit D-1 (Form of Lender Project Completion Status Submission) has not been signed by the lender as the DSCR covenant was not being met (item #4 on the exhibit); Certification of Conversion of the Credit Facility (Milestone Three) was due on October 9, 2018 and is not complete due to the restructure request above. All other reporting requirements are current.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Performance Based Loan Participation Agreement and any related ancillary agreements, per the Company's request dated May 10, 2019, to convert monthly principal and interest payments on the MSF loan to monthly interest only payments for 24 months, to replace the personal guaranty of Paul Roberts & Trust with the corporate guaranty of Bridge and Lexington, LLC, as well as adjust percentage of guarantees based on pro-rata ownership after removal of Paul Roberts & Trust, and to allow for the following three new covenants: (1) a Proforma pre-distribution debt service coverage of 1.00x as of December 31, 2019, with a pre-distribution debt service coverage of 1.15x to be tested December 31, 2020 and thereafter, (2) a limited distribution covenant of \$0 to be implemented on West Side Village, LLC until the new \$5 million unsecured note from the senior lender is repaid in full, and (3) a post-distribution debt service coverage ratio covenant of 1.00x to be tested on West Side Village as of December 31, 2019.

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board

From: Katie Adkins, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Performance Based Loan Participation Agreement Bridge and Turner, LLC - Amendment #1

Request

Bridge and Turner, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (“MCRP”) Other Economic Assistance Performance Based Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated May 23, 2019 includes a request to amend the Debt Service Coverage covenant in the Senior Lender’s Loan Agreement to remove distributions from the definition.

Background

The Michigan Strategic Fund Board approved a \$2,500,000 MCRP Other Economic Assistance Performance Based Loan Participation on October 27, 2015, to the Company for the purpose of supporting the redevelopment of the property located at 405, 415, 425, and 427 Bridge Street NW and 416 and 424 Broadway NW into two-mixed use buildings that include space for New Holland Brewery (NHB), residential apartments, commercial offices, and ground floor retail.

On May 10, 2019, MEDC staff received an amendment request to allow for the restructuring of senior debt with Chemical Bank on Fulton and Seward, LLC, another Grand Rapids project with common ownership to Bridge and Turner LLC, due to lease-up difficulties on both the residential and commercial space. The Fulton and Seward amendment request would allow for the paydown of \$3,000,000 of the Chemical Bank senior lender note through an owner equity contribution as well as a carve-out of a \$5,000,000 unsecured note to West Side Village, the sole member of Fulton and Seward and a 75% member of Bridge and Turner, LLC. The Chemical Bank approval memo included excess cash flow from Bridge and Turner as a source of repayment for the unsecured note to West Side Village, which triggered a review of the Bridge and Turner Participation Agreement and Loan Agreement by MEDC staff.

Upon review of the aforementioned agreements, it was concluded that the Debt Service Coverage covenant in the Bridge and Turner Loan Agreement with Mercantile Bank would need to be amended as it included distributions in the definition, which would allow excess cash flow paid to West Side Village to potentially create a default of the covenant resulting in suspension of payment to the MSF through the Participation Agreement.

As to not trigger a default or suspension of payment to the MSF on Bridge and Turner, Mercantile Bank and the Borrower have requested approval to remove distributions from the definition. By amending the definition to remove distributions, it will ensure payment continues to the MSF on the Bridge and Turner loan prior to any excess cash flow is used to repay the West Side Village unsecured note to Chemical Bank.

All milestones have been completed and the company is current with reporting requirements.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Performance Based Loan Participation Agreement and any related ancillary agreements to amend the Debt Service Coverage covenant in the Senior Lender's Loan Agreement to remove distributions from the definition, per the Company's request dated May 23, 2019.

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP) Other Economic Assistance-Performance Based Loan Participation and Servicing Agreement
Third and Grand LLC, Amendment 2

Request

Third and Grand LLC (“Company”) and Invest Detroit (“Lender”) are requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements. The Company is requesting approval of an extension of Milestone Two due date from January 31, 2019 to August 31, 2019, [extension of the interest-only period by twelve months to December 1, 2020](#), consent to allow the Company to exercise their right to a 12-month extension of the maturity dates of the Lender’s and the MSF’s construction loans (currently December 1, 2019), postpone the lender’s Debt Service Coverage Ratio (“DSCR”) covenant testing dates to February 2020 and June 2020, increase the loan with Fifth Third Bank (the “Senior Lender”) from \$39,000,000 to \$40,000,000, and modify the project budget.

Background

The Michigan Strategic Fund Board (“MSF Board”) approved up to a \$2,000,000 Other Economic Assistance-Loan Participation Award on September 27, 2016, to the Company for the purpose of redeveloping 1.52 acres of property located at 2911 West Grand Boulevard in the New Center area of Detroit into an approximately 356,000 square foot mixed-use development including 231 residential units, four to six retail spaces and a multi-story parking facility.

An amendment request was approved on July 25, 2017 to extend the due dates of Milestone One, Milestone Two and the Construction Completion Date; correct the “Minimum Eligible Investment” amount, and incorporate a new budget using a replacement general contractor.

The project is approximately 85% complete. Marketing for the project is underway, and the first tenants are moving in. The Lender is projecting a positive cash flow for the project by August 2019. The project has experienced numerous construction delays, cost overruns and other challenges. Cost overruns total \$6,000,000 and the Company is contributing an additional \$5,000,000 to cover most of the cost overruns. Total Loan To Value (“TLTV”) ratio is 64.3% based on a February 8, 2019 appraisal ordered by the

Senior Lender. Projected DSCR with the increased loan amount is about 1.25. Other than the project completion schedule, the project is in compliance.

The Lender and MEDC staff are comfortable with the proposed changes due to the commitment of the Company evidenced by the additional equity invested, the TLTV ratio, maintaining the personal guarantee of the Peter Cummings & Trust and corporate guarantee of Southern Realty Group, and rental rates slightly higher than projected. MEDC staff are recommending a longer time extension for project completion than what the Lender has requested in order to allow for construction completion and completion of the Certificates of Occupancy.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Agreement and any related ancillary agreements to allow the following, per the Company's request dated May 22, 2019:

- a) extension of Milestone Two due date to November 30, 2019, to allow additional time beyond what the Company requested for completion of the project and receipt of Certificates of Occupancy from the City of Detroit
- a)b) extension of the interest-only period to December 1, 2020
- b)c) consent to allow the Company to exercise their right, to a 12-month extension of the maturity dates of the Lender's and the MSF's construction loans to December 1, 2020
- e)d) consent to change the definition of the Construction Completion Date in the Construction Loan Agreement to allow a date no later than November 30, 2019
- e)e) consent to postpone the lender's Debt Service Coverage Ratio ("DSCR") covenant testing dates to February 2020 and June 2020
- e)f) consent to increase loan with Fifth Third bank from \$39,000,000 to \$40,000,000, and
- f)g) consent to the proposed budget modification.

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board

From: Jacob Winder – Program Specialist, Brownfield & MCRP

Subject: Request for Approval of a Brownfield MBT Amendment #4
The Landing Development Group, LLC – Founder’s Landing, Project A

Request

The Landing Development Group, LLC (“Qualified Taxpayer”) is requesting approval of an amendment to the Brownfield Michigan Business Tax (“MBT”) Credit. The amendment request dated May 2, 2019 includes a request to reduce the number of phases from 10 to 7, re-align the phases, identify an increase in investment to the final phases of the project in response to the current market demands from the originally approved project, and deem the project complete at the completion of Phase VII.

Background

The Michigan Economic Growth Authority (“MEGA”) approved a \$10,000,000 MBT Credit request on August 18, 2009 to the Qualified Taxpayer for the purpose of constructing multiple residential, hotel and mixed-use buildings over ten (10) phases.

An amendment to the project was approved on November 23, 2010 to add a Qualified Taxpayer, TJ & RM Larson, Inc., to the project.

Another amendment to the project was approved on December 13, 2011 to realign the phases, which included reallocating some of the eligible investment between those phases and redefining Phases II through X to include an individual building and related site improvements, rather than portions of two larger buildings.

A third amendment to the project was approved on February 28, 2017 to realign the phases and add a new Qualified Taxpayer, One Marquette Place, LLC, to the project.

Certificates of Completion have been issued for Phases I, II, III, IV, and V.

This amendment requests a scope change to the entire project by eliminating Phases VIII, IX and X. By removing these phases, the eligible investment will be reduced to \$41,201,195. With the decrease in eligible investment, the value of the MBT credit will be reduced from \$10,000,000 to \$8,240,239.

This project is a multi-phase project and will be completed in seven (7) phases as described below:

Phase I (COMPLETED) – The Kawbawgam and Baraga buildings (two-story) are seven total residential condominiums with private garages developed on Parcel 1. Included associated site improvements; and,

Phase II (COMPLETED) – The Hotel consists of 84 guest rooms, meeting facility, pool and fitness center developed on Parcel 3. The building is a three-story structure over a basement level. The site includes 84 surface parking spaces and other site improvements. Purchased machinery & equipment supported this phase; and,

Phase III (COMPLETED) – The Ripley building (three-story) is comprised of eight residential condominiums with private garages, a common elevator and ten storage units developed on Parcel 1 and included associated site improvements; and,

Phase IV (COMPLETED) – The Everett building (three-story) is nine residential condominiums with private garages and a common elevator developed on Parcel 1. The Smith building (one-story) is made up of six garages and six storage units developed on Parcel 1 and included associated site improvements, and;

Phase V (COMPLETED) – The Gaines building (three-story) is comprised of nine residential condominiums with below grade parking and common elevator developed on Parcel 1 and includes associated site improvements; and,

Phase VI – The Adams building (three-story) is comprised of nine residential condominiums with underground parking and elevator developed on Parcel 1 and included associated site improvements, and;

Phase VII – One Marquette Place is a five-story mixed use building with restaurant, residential over two levels of parking and supportive office/community space with workout facility developed on Parcel 3. One Marquette Place included associated site improvements and purchased machinery and equipment and fixtures to support this phase.

COST OF ELIGIBLE INVESTMENTS BY PHASE

Phase I	
Site Improvements	\$ 107,320
New Construction	+ 2,253,636
Phase I Total	\$ 2,360,956
Phase II	
Site Improvements	\$ 188,017
New Construction	+ 7,269,351
Machinery & Equipment	+ 984,428
Incurred TIF costs not eligible for MBT	- 495,086
Phase II Total	\$ 7,946,710

Phase III		
Site Improvements	\$	152,563
New Construction	+	<u>3,226,637</u>
Phase III Total	\$	3,379,200

Phase IV		
Site Improvements	\$	86,200
New Construction	+	<u>3,350,000</u>
Phase IV Total	\$	3,436,200

Phase V		
Site Improvements	\$	92,018
New Construction	+	<u>3,829,680</u>
Phase V Total	\$	3,921,698

Phase VI		
Site Improvements	\$	226,611
New Construction	+	<u>3,559,243</u>
Phase VI Total	\$	3,785,854

Phase VII		
Site Improvements	\$	468,550
New Construction	+	21,328,606
Machinery & Equipment	+	553,403
Incurred TIF costs not eligible for MBT	-	<u>5,979,982</u>
Phase VII Total	\$	16,370,577

<u>TOTAL COST OF ELIGIBLE INVESTMENTS</u>		
Site Improvements	\$	1,321,279
New Construction	+	44,817,153
Machinery & Equipment	+	1,537,831
Incurred TIF costs not eligible for MBT	-	<u>6,475,068</u>
TOTAL ELIGIBLE INVESTMENT	\$	41,201,195

	Previous Amendment Approval	Amendment
Project Eligible Investment:	\$60,358,651	\$41,201,195
Requested Credit Amount:	\$10,000,000 (capped)	\$8,240,239
Requested Credit Percentage:	20%	20%

Recommendation

The MEDC staff recommends approval of the Brownfield MBT credit amendment request to reduce the number of phases from 10 to 7, re-align the phases, identify an increase in investment to the final phases of the project in response to the current market demands from the originally approved project, and deem the project complete at the completion of Phase VII, per the Company’s request dated May 2, 2019.

APPENDIX C – Project Map



MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund (“MSF”) Board

From: Mark Morante, Fund Manager

Subject: Election of Authorized Delegate

Request

Michigan Economic Development Corporation (“MEDC”) staff is requesting that the Michigan Strategic Fund (“MSF”) Board elect Jill Trepkoski as the MSF Financial Officer (the “Request”).

Background

As a result of a reorganization of MEDC business units and personnel, it is necessary to elect a new MSF Financial Officer. Amanda Bright-McClanahan has moved into a new position as Chief Operating Officer of the MEDC. Jill Trepkoski, a member of the state classified service, has moved into the position of Interim Chief Controller & Procurement Officer. The MSF Board has delegated certain functions and authority to the MSF Financial Officer, including the authority to open checking, savings, money market, trust and various other accounts on behalf of the MSF.

Recommendation

MEDC Staff recommends the MSF Board approve the Request.

MEMORANDUM

Date: June 25, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Matt Chasnis, Business Development Project Manager
Subject: KLA-Tencor Corporation (“Company” or “Applicant”)
Michigan Business Development Program Grant Approval

Request

This is a request from the Applicant to increase the previously approved Michigan Business Development Program (“MBDP”) Grant Approval from \$1.5 million to \$2.5 million. This project involves the total creation of 600 new full-time jobs, of which 250 will be eligible for both the Good Jobs for Michigan Program and the Michigan Business Development Program, and a capital investment of up to \$150,000,000 in Washtenaw County.

Background

On October 23, 2018, the Michigan Strategic Fund approved a request from the Applicant for a \$1,500,000 MBDP Performance-based grant for the creation of 150 Qualified New Jobs. This project involved the overall creation of 500 total Qualified New Jobs, and a capital investment of up to \$71,130,000 in Washtenaw County.

Prior to signing the grant agreement, the Applicant approached the MEDC with a potential expansion to the project that would involve an additional 100 new jobs and an additional \$80 million in private investment. The Company has identified alternative locations for this expansion opportunity, including the Company’s existing headquarter location in Milpitas, California. Locating the project at the Applicant’s new Ann Arbor township facility is expected to incur higher talent recruitment costs versus other locations that are more established and have higher visibility. Incentive assistance will help offset these upfront costs and allow the Company to add these additional jobs and secure the increased private investment in Michigan.

Recommendation

MEDC Staff recommends the following, as outlined in the attached resolution:

- a) Rescind the October 23, 2018 award; and
- b) Approve a new grant award to incorporate the Company’s expansion plans to increase the MBDP Grant award from \$1,500,000 to \$2,500,000; along with other terms and conditions attached to the Resolution.

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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: May 30, 2019

Company Name: KLA Corporation and/or its affiliates and subsidiaries.

Project Location: Washtenaw County

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$2,500,000

Base Employment Level: At least 0

Qualified New Jobs: At least 250 at the Project Location

Municipality Supporting Project: Ann Arbor Charter 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: September 28, 2018 (Application Submission Date)

Term of the Agreement: November 30, 2022

Milestone Based Incentive: Disbursements will be made over a 4 year period and will be performance based on job creation as follows:
Milestone 1: \$500,000 for the creation of 50 jobs.
Milestone 2: \$1,000,000 for the creation of 100 additional jobs.
Milestone 3: \$1,000,000 for the creation of 100 additional jobs.

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

KLA Corporation

By:



Printed Name:

Rick Austin

Its:

Senior Vice President

Acknowledged as received by:

Michigan Economic Development Corporation

By:

DocuSigned by:



Printed Name:

Matthew Chasnis

Its:

Business Development Projects Manager

May 30, 2019 - KLA Corporation

MEMORANDUM

Date: June 25, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Julia Veale, Business Development Project Manager
Subject: Akasol, Inc. (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Grant Request

Request

This is a request from the Applicant for a \$2,240,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of 224 Qualified New Jobs, and a capital investment of up to \$40 million in Hazel Park, Oakland County, Michigan.

Background

The Applicant, established in 2017, is a subsidiary of AKASOL AG, a leading developer and manufacturer of high performance, rechargeable lithium-ion battery systems with headquarters in Darmstadt, Germany. AKASOL began as a student club at the Technical University of Darmstadt in 1990. Initially a world champion in the development of solar racing vehicles for 3 consecutive years, the student club went on to develop lightweight and battery electric vehicles for daily use. In 2008, AKASOL GmbH was founded by an outside investor along with 3 former members of the student club. All 4 founding members are still active in the company today. In 2018, AKASOL went public with a successful IPO on the Frankfurt Stock Exchange. The Company has 153 employees in Germany and 1 in Michigan. The Company supplies battery systems for a wide range of applications, such as buses, commercial vehicles, rail vehicles, ships and industrial vehicles. The Company’s series production facility in Langen, Germany is the largest facility dedicated to commercial vehicle battery systems.

Project Description

The Company is experiencing significant growth as the global transportation sectors are undergoing a clear shift towards electrification. Expansion of production capacity is ongoing at the Darmstadt and Langen facilities in Germany. In order to support current European customers with operations in North America, AKASOL must be able to offer local manufacturing. In order to fulfill the requirements of the Buy America Act, this facility must be in USA. Battery systems will be manufactured for North America customers in the on- and off-highway vehicle markets. The project will result in an investment of \$40 million and the creation of 224 jobs in the city of Hazel Park, Oakland County.

The Company underwent a comprehensive Site Selection process involving numerous States for their initial manufacturing facility in USA. LaGrange, Georgia is also considered for this project. Georgia offers an estimated annual cost advantage of approximately \$3.2 million in project costs over Michigan. Costs in the comparison include salaries, utilities, tax abatements, grants and training. Incentive assistance will help offset this cost disadvantage and allow the Company to expand in Michigan.

In addition to MSF support, the city of Hazel Park has provided staff time and resources and job fair assistance.

Recommendation

MEDC Staff recommends approval of the MBDP Request, as outlined in the attached resolution.

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: June 12, 2019

Company Name: AKASOL, Inc. and/or its affiliates and subsidiaries.

Project Location: 1400 East Ten Mile Road
Hazel Park, Mi 48030

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$2,240,000

Base Employment Level: At least 1

Qualified New Jobs: At least 224 at Project Location

Municipality Supporting Project: The city of Hazel Park has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: May 15, 2019

Term of the Agreement: June 30, 2025

Milestone Based Incentive: Disbursements will be made over a 5 year period and will be performance based on job creation as follows:
Milestone 1: \$1,000,000 for the creation of 44 jobs.
Milestone 2: \$380,000 for the creation of 60 jobs.
Milestone 3: \$860,000 for the creation of 120 jobs.
Milestone 1 is front-loaded

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

Acknowledged as received by:

AKASOL, Inc

By:

R.M. Schvlde

Printed Name:

ROY M. SCHVLDE

Its:

PRESIDENT

Michigan Economic Development Corporation

By:

Julia Veale

Printed Name:

Julia Veale

Its:

BDPM

June 12, 2019- AKASOL, Inc.

MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board

From: Daniel Leonard, Senior Community Assistance Specialist
Katie Adkins, Commercial Real Estate Investment Manager
Lori LaPerriere, Brownfield & MCRP Program Specialist

Subject: Request for Approval Michigan Community Revitalization Program (MCRP)
Grant and a Request for Approval of an Act 381 Work Plan
Cadillac Lofts Redevelopment Project

REQUEST

Cadillac Lofts, LLC (“Applicant”) is requesting a MCRP performance-based grant in the amount of \$1,500,000 and the City of Cadillac Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of \$840,355, to support a community development project that will replace a vacant downtown grocery store with the creation of a new four-story mixed-use building in downtown Cadillac. The Brownfield Act 381 Work Plan will include eligible activities in connection with the proposed development of two, four-story buildings; Phase I consisting of 6,000 square feet of commercial space on the first floor and 18,708 square feet of residential space consisting of 42 units on the upper three floors; Phase II consisting of 6,500 square feet of commercial space on the first floor and 18,708 square feet of residential space consisting of 42 units on the upper three floors. Including an additional 12,000 square feet of common space in each building, the total newly constructed square footage will be roughly 74,000 square feet. The MCRP performance-based grant has been requested to support the development of Phase I. The Applicant anticipates that Phase I of the project will result in a total capital investment in the amount of \$9,286,788 along with the creation of approximately 30 full-time equivalent jobs with an average hourly wage of \$17.00. Phase II of the project will result in total capital investment in the amount of \$10,000,000 along with the creation of approximately 30 full-time equivalent jobs with an average hourly wage of \$17.00.

FINANCING OPPORTUNITY

The Applicant has requested a MCRP Performance Based Grant. The project’s financial gap is based upon the limited revenues projected from both the residential and commercial portions of the project vs. the generally high cost of construction at this time in downtown Cadillac. The project’s as-built appraisal indicated a potential value of just over \$3,000,000 for a roughly \$9,000,000 project. Due to a lack of comparable properties throughout northern Michigan and overall hesitancy of the lender, the development team is bringing a significant equity contribution of roughly 56 percent. The overall debt service coverage ratio of the \$2,400,000 loan servicing this project is maintained at 1.35; however, the average cash-on-cash return on investment over a 20-year period is illustrated at just over 2%. These criteria indicate that

the project’s return will be very conservative in the future and without this incentive package being presented in the form of a grant, the return shifts into the negative and the project would not be feasible.

GRANT TERMS

MSF Facility: Performance Based Grant

Grantee: Cadillac Lofts, LLC

Senior Lender: Huntington Bank

Total Amount of Loans: Currently estimated at \$2,437,500

Lender Share: Currently estimated at \$2,437,500

Total Capital Investment: Currently estimated at \$9,286,788

MSF Eligible Investment: Currently estimated at \$7,628,332

Minimum Eligible Investment: Currently estimated at \$6,102,666

MSF Share: Up to the lesser of 20% of “Eligible Investment” or \$1,500,000

Funding: The MSF will fund up to \$1,500,000 to be disbursed following closing of the financing and other performance criteria.

Reserves: Rent-up, Operating and Replacement Reserves are currently anticipated to be \$120,000, \$30,000 and \$15,000, respectively. The Replacement Reserve is also anticipated to receive \$15,000 annual deposits. Hard Cost Contingency currently anticipated to be \$470,000.

SUMMARY OF DEVELOPMENT SOURCES:

Huntington Bank	\$2,437,500	26.25%
MSF Grant	\$1,500,000	16.15%
EGL E Grant	\$ 134,073	1.44%
Developer Equity [1]	\$5,215,215	56.16%
TOTAL	\$9,286,788	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$690,000
Hard Construction Costs	\$7,403,332
Eligible Soft Costs	\$225,000
Other	\$968,456
TOTAL	\$9,286,788

[1] Equity provided by draw from Attainable Housing Initiative loan award from MSF, amended 4/23/19.

LOCAL SUPPORT

Local support for the project includes two tax abatements in the form of a Neighborhood Enterprise Zone exemption for 15 years with a value of roughly \$476,000, a Commercial Redevelopment Act exemption for 12 years valued at \$78,000 and the local portion of the Brownfield TIF estimated at \$493,890. The City of Cadillac is engaged in the MEDC's Redevelopment Ready Communities Program and will likely be a certified community by mid-summer 2019.

MCRP PROGRAM AND GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on April 23, 2019, 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 when making the recommendations in this memo. The project meets the MCRP Guidelines and a financial review has been completed.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Cadillac, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on April 15, 2019. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on May 3, 2019.

There are 58.2122 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (41.23%) and local millage equaling 34.2122 mills (58.77%). Tax increment capture will begin in 2020 and is estimated to continue for 20 years. The requested tax capture for MSF eligible activities breaks down as follows:

State tax capture	(41.23%)	\$	346,465
Local tax capture	(58.77%)	\$	<u>493,890</u>
TOTAL		\$	840,355

COST OF MSF ELIGIBLE ACTIVITIES

Infrastructure Improvements			452,250
Site Preparation		+	<u>165,520</u>
Sub-Total		\$	617,770
Contingency (8%)		+	<u>47,665</u>
Sub-Total		\$	665,435
Interest (4%)		+	<u>154,920</u>
Sub-Total		\$	820,355
Brownfield/Work Plan Preparation		+	15,000
Brownfield/Work Plan Implementation		+	<u>5,000</u>
TOTAL		\$	840,355

PROJECT BACKGROUND

The property is located within downtown Cadillac and was once the site of an abandoned grocery store and two, single story buildings. Occupying a full block of downtown, the City of Cadillac secured financing via Community Development Block Grant (CDBG) funding from the MEDC and removed all blighted structures on-site leaving the development team with a clean, downtown vacant parcel roughly 1.3 acres in size. In discussions with the industrial owners/operators within Cadillac, housing was identified as a top barrier to attracting and retaining their talent and workforce needs and the city has identified this site as its top redevelopment priority and has been working with the MEDC's Redevelopment Services Team. In Phase I of the project, the development team proposes to construct a new 4 story, approximately 37,040 square foot mixed-use building which will include 6,000 square feet of commercial space on the first floor and approximately 42 residential rental units within the upper 3 floors. Residential units throughout the building will be income restricted by the development team. Of the 42 units being constructed 85% of the units will be capped at 80% or lower of the area median income (AMI) with a breakdown of 12 studio units (304 square feet), 24 1-bedroom units (439 square feet), and 6 2-bedroom units (764 square feet). These sizes are not typical to Cadillac; however, this project will introduce an all new product to their urban market. All parking can be found on-site and there is additional space surrounding the site, as well as adjacent to it, for future commercial activity.

Phase II of the project proposes to construct an approximately 37,208 square foot mixed-use building to include 6,500 square feet of commercial space on the first floor and 18,708 square feet of residential space consisting of 42 units on the upper three floors, in addition to 12,000 square feet of common space. Unit breakdown and square footages will mirror Phase I above.

The real estate market in Cadillac does not possess any new residential construction as a comparable to this site's redevelopment plan, making the deal very challenging to finance. Because this deal is the city's first new construction in over 15 years, the traditional lenders have been very risk adverse and demonstrated their position with a loan of just over \$2,400,000 on an overall \$9,000,000 project. The development team is bringing roughly 56% equity, or roughly \$5,200,000, to secure this deal and with their restricted rental requirements for the residential spaces, the project will have a very small return of 2% over 20 years. The MCC equity, provided through the Attainable Housing Initiative loan award from the MSF requires interest only payments starting in July 2022, allowing time for the market to improve and the project to realize financial gain. Additionally, the City of Cadillac secured a grant of \$134,000 through the Department of Environment, Great Lakes and Energy for financial assistance of on-site environmental clean-up activities to assist as a partner in the project as well.

APPLICANT HISTORY

The applicant, Cadillac Lofts, LLC, is a new venture formed of Michigan Community Capital which is an independent non-profit 501(c)(3) tax-exempt public charity whose Board of Directors is comprised of representatives of low to moderate income communities across Michigan. MCC has received financial support from the MEDC in the past for projects in Grand Rapids, Detroit and Traverse City. Cadillac Lofts, LLC has previously received CDBG funds, approved by the MSF, to complete demolition activities at this location. The MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

MEDC staff recommends approval of the following (the “Recommendation”):

- a) Local and school tax capture for the Act 381 eligible activities totaling \$840,355. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$346,465
- b) A MCRP performance-based grant in the amount of up to \$1,500,000 for Cadillac Lofts, LLC.

APPENDIX A – Project Map and Renderings





MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Senior Community Assistance Team Specialist
Rob Garza, Brownfield MCRP Senior Program Specialist

Subject: Request for Approval of an Act 381 Work Plan
Proposed Chemical Bank Headquarters Project

REQUEST

The City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of \$16,698,029, to support a community development project that will demolish a vacant office building and construct a new 20-story mixed-use building with integrated parking. The Applicant anticipates that the project will result in a total capital investment in the amount of \$105,324,132 along with the creation of approximately 200 permanent full-time equivalent jobs with an average hourly wage of \$34.09 and the relocation of approximately 300 existing jobs to Detroit.

LOCAL SUPPORT

Local support for the project includes a Commercial Rehabilitation Act (CRA) tax exemption valued at \$10,486,000 and the local portion of the Brownfield TIF estimated at \$621,167. The City of Detroit is engaged with the MEDC's Redevelopment Ready Communities (RRC) program.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on June 11, 2019. The property has been deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on October 31, 2018.

There are 29.6380 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (80.98%) and local millage equaling 5.6380 mills (19.02%). Tax increment capture will begin in 2022 and is estimated to continue for 30 years. The eligible property is located in the Downtown Development Authority and is subject to a CRA tax exemption, and as a result, the tax capture ratio is impacted. The requested blended tax capture for MSF eligible activities breaks down as follows:

State tax capture	(96.28%)	\$ 32,613,059
Local tax capture	(3.72%)	\$ 1,260,081
TOTAL		\$ 33,873,140

COST OF MSF ELIGIBLE ACTIVITIES

Demolition	\$	2,070,368
Asbestos Abatement		121,550
Infrastructure Improvements		26,501,029
Site Preparation	+	<u>709,783</u>
Sub-Total	\$	29,402,730
Contingency (15%)	+	<u>4,410,410</u>
Sub-Total	\$	33,813,140
Brownfield/Work Plan Preparation	+	30,000
Brownfield/Work Plan Implementation	+	<u>30,000</u>
TOTAL	\$	<u>33,873,140</u>

However, the project will be limited to a maximum reimbursement of \$16,698,029. The requested blended tax capture for MSF eligible activities breaks down as follows:

State tax capture	(96.28%)	\$	16,076,862
Local tax capture	(3.72%)	\$	<u>621,167</u>
TOTAL		\$	<u>16,698,029</u>

In addition, the project is requesting from EGLE \$5,000 in TIF to assist with environmental eligible activities.

PROJECT BACKGROUND

The project will include demolition of the current ten-story building in order to facilitate construction of a new, approximately 420,000 square foot, 20-story office building near Grand Circus Park in downtown Detroit. The new building will include approximately 7,500 square feet of ground-level commercial space, nine-stories of Class-A office space occupying approximately 185,000 square feet, and ten-stories of parking containing approximately 311 spaces and occupying approximately 227,500 square feet. The development is anticipated to create office space to house Chemical Bank’s new headquarters, which are being moved to Detroit from Midland. The bank will retain a significant presence in Midland as well. The development team has maximized senior lending and is contributing over 28% in cash equity toward the project.

Brownfield eligible activities will alleviate Brownfield conditions across the site making it suitable for redevelopment, while protecting human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

APPLICANT HISTORY

GPC Adams, LLC, is the project developer and a single purpose LLC created by Sterling Group. Sterling Group has been actively involved for over 25 years in some of the region’s most significant projects and was previously awarded a Large Brownfield Michigan Business Tax Credit from the Michigan Economic

Growth Authority Board (MEGA) and was completed in 2005. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

MEDC staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$16,698,029. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$16,076,862.

APPENDIX A – Project Map and Renderings





MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund (“MSF”) Board

From: Mark Morante, Fund Manager

Subject: Freedom of Information Act Policy and Procedures

Request

Michigan Economic Development Corporation (“MEDC”) staff is requesting that the Michigan Strategic Fund (“MSF”) Board approve a Freedom of Information Act (“FOIA”) Policy and delegate authority to the MSF President to respond to appeals of denials issued in response to records requests made under FOIA (the “Request”).

Background

Public Act 442 of 1976, MCL 15.231 *et seq.*, established FOIA to provide the general public with access to the records of public bodies. The MSF is a public body under FOIA. The FOIA requires public bodies to take certain actions to implement the requirements of FOIA. This includes designation of a FOIA Coordinator to receive and process requests made under FOIA and establishment of procedures and guidelines in order to charge fees under FOIA. In order to ensure compliance with the requirements of the FOIA, MEDC staff recommends that the MSF Board adopt the policies and procedures attached to the proposed Resolution.

Recommendation

MEDC Staff recommends the MSF Board approve the Request.

**MICHIGAN STRATEGIC FUND
FREEDOM OF INFORMATION ACT
POLICIES AND PROCEDURES**

Policy

It is the public policy of the State of Michigan and the Michigan Strategic Fund (MSF) that all persons, except those persons incarcerated in a state or local correctional facility, are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and public employees, consistent with the Freedom of Information Act (FOIA). Citizens shall be informed so that they may fully participate in the democratic process. The Michigan Economic Development Corporation (MEDC) provides administrative services to the MSF and processes FOIA requests on its behalf.

General Information

- “Public record” is defined by the FOIA as “a writing prepared, owned, used, in the possession of, or retained by a public body in the performance of an official function, from the time it is created. Public record does not include computer software.” The FOIA separates public records into two classes: Those that are exempt from public disclosure under section 13(1) of the act; and those that are not exempt from public disclosure under section 13(1), and are subject to disclosure under the act.
- “Writing” is defined by the FOIA as “handwriting, typewriting, printing, photostating, photographing, photocopying, and every other means of recording, and includes letters, words, pictures, sounds, or symbols, or combinations thereof, and papers, maps, magnetic or paper tapes, photographic films or prints, microfilm, microfiche, magnetic or punched cards, discs, drums, or other means of recording or retaining meaningful content.” MSF regards e-mail to be a means of recording or retaining meaningful content.
- “Written request” is defined by the FOIA as “a writing that asks for information, and includes a writing transmitted by facsimile, electronic mail, or other electronic means.”
- “FOIA coordinator” is defined by the FOIA as an individual designated by a public body to accept and process requests for public records under the act. The FOIA Coordinator may appoint Assistant FOIA Coordinators to accept and process FOIA requests.

Requirements

- All MEDC and MSF employees must work through the assigned FOIA Coordinator in responding to such requests to ensure that consistent and correct responses are provided to the public.

- Any request for information may be considered a FOIA request and within the request, includes words such as “freedom of information”, “information”, “FOIA”, “copy”, or a recognizable misspelling of such within the first 250 words of the request.
- All FOIA requests must be received in writing and submitted to the attention of the FOIA Coordinator by mail at 300 North Washington Square, Lansing, MI 48913 or by email to medcfoia@michigan.org or by fax at (517) 241-5968

Procedures

1. A person desiring to inspect or receive a copy of a public record must make a written request for the public record. The request must describe the record sufficiently to enable the FOIA Coordinator to find the public record. A written request may be made by U.S. Postal Service, facsimile, electronic mail, or other electronic transmission. Requesters must provide their name, address and date of request so that the MSF can document that a request has been made and properly processed and assist the MSF in determining excessive requests for the same information.
2. A request for a public record received by any MEDC or MSF employee is immediately delivered to the FOIA Coordinator. Upon receipt of a FOIA request, the FOIA Coordinator contacts the business units that might possess records responsive to the request and provides instructions and deadlines for identifying and compiling responsive records. Records in MSF files from other agencies, public or private, generally constitute public records of the MSF subject to the FOIA. Likewise, MSF records possessed by other public agencies might be subject to disclosure pursuant to FOIA requests made to those agencies.
3. Upon receipt of a FOIA request, the FOIA Coordinator will e-mail MEDC and MSF employees who may possess records responsive to the FOIA request. The FOIA Coordinator will include instructions and deadlines for identifying, compiling and submitting responsive records. To ensure that the statutory time limits are met, the MEDC or MSF employee shall provide the FOIA Coordinator all responsive records by the deadline set by the FOIA Coordinator.
4. The FOIA Coordinator must issue a written notice in response to a FOIA request within five (5) business days after receiving the request. The written notice issued in response may be extended for up to an additional ten (10) business days. The notice extending the period for a response to the request will specify the reasons for the extension and the date by which the FOIA Coordinator will issue the second written notice.
5. Subject to Section 4 of the FOIA, the FOIA Coordinator will determine the fees for search, examination, review and the deletion and separation of exempt from nonexempt information; and the costs of copying and mailing. The FOIA Coordinator will work with staff to determine the fees that may be charged. At the

time that a FOIA request is made, the FOIA Coordinator may request a good faith deposit not to exceed one-half of the total fees and costs from the person requesting the public record(s), if the total fees and costs exceed \$50.00. Upon payment of the good faith deposit, the FOIA Coordinator will e-mail employees with instructions for compiling the responsive records. Employees must provide the public records to the FOIA Coordinator on or before the deadline set by the FOIA Coordinator.

- a. Individuals who submit an affidavit stating that they are receiving public assistance or showing inability to pay costs because of indigency shall not be charged for the first \$20.00 of the fee for each request. Persons representing public interest groups may have the entire fee waived. All fee waiver determinations will be made by the MSF President.
 - b. Pursuant to Section 10a of the FOIA, the requester who has a good faith belief that a fee for public records is unreasonable may (a) submit a written appeal to the MSF President that specifically states the word "appeal" and identifies how the fee exceeds the amount permitted by the policies and procedures of Section 4 of the FOIA, or (b) bring a court action within 45 days after receiving the notice of the required fee. If a civil action is commenced against the MSF, the MSF is not obligated to complete the processing of a written request for the public record at issue until the court resolves the fee dispute.
6. The FOIA Coordinator is responsible for determining whether a FOIA request is denied in full or in part, and shall sign the written notice of denial. Requests may be denied in full or in part if those records are exempt from disclosure under Section 13 of the FOIA or Section 5(9) of the MSF Act, MCL 125.2005(9).
7. When a requesting person elects to inspect public records, the FOIA Coordinator will determine what constitutes a reasonable opportunity for inspection and examination of existing, nonexempt public records and will furnish reasonable facilities for inspection during usual business hours. The FOIA Coordinator will protect public records from loss, unauthorized alteration, mutilation, or destruction. Where original public records are involved in the inspection, the employee shall supervise the inspection of the original public records. Requestors who inspect public records onsite shall: (1) be provided designated space including a table and chair; (2) review the documents in the presence of the FOIA Coordinator; (3) not be allowed to remove documents from files or from the premises unless those documents are copied specifically for the requester by the FOIA Coordinator; and (4) the MSF may charge a reasonable fee for an employee assisting and overseeing the process of the requester's record search, necessary copying and examination of the public records.
8. If the FOIA Coordinator makes a final determination to deny all or a portion of a request, the requesting person has the option to submit a written appeal that

specifically states the word “appeal” and identifies the reason or reasons for reversal of the denial; or, within 180 days after the FOIA Coordinator’s final determination to deny a request, commence an action in the Court of Claims to compel the MSF’s disclosure of the public records.

9. The MSF President is responsible for responding to written appeals regarding fees charged to fulfill the FOIA request and the FOIA Coordinator’s determinations to deny requests for disclosure under FOIA. Within ten (10) business days after receiving a written appeal, the MSF President must do one of the following:
 - a. Reverse the denial;
 - b. Issue a written notice upholding the denial
 - c. Reverse the denial in part and issue a written notice upholding the denial in part;
 - d. Under unusual circumstances, issue a written notice extending the period in which the MSF must respond to the written appeal by up to ten (10) additional business days.

Record Retention

All written FOIA requests and responses for public records shall be kept on file no less than one (1) year.

Subscriptions

A requester has the right to subscribe to future issuance of public records which are created, issued or disseminated on a regular basis, i.e., monthly meeting minutes, news periodicals and regularly produced documents that provide status updates. A subscription is valid up to six (6) months, at the request of the subscriber, and is renewable.

- a. Subscription requests shall be processed following normal procedures for processing FOIA requests.
- b. Requesters shall be placed on a mailing list, to receive regular updates of materials relative to the respective FOIA request. Non-exempt information will be released, as it becomes available.

Fee Schedule

The MSF is permitted to charge a fee for public record(s) search, retrieval, examination, review and separation and deletion of exempt from nonexempt material, copying of public record(s) for inspection, or for providing a copy of the public record(s). Fees will be uniform and not dependent upon the identity of the requesting person. Fees will be

itemized using a detailed itemization form. The fee schedule may be updated from time to time.

Labor Fees

- Labor costs for the search, location, and examination of public records will be calculated using the hourly wage of the lowest paid employee capable of conducting the search, location, and examination, whether or not they are available or actually perform the labor. Such labor costs shall be estimated and charged in increments of 15 minutes with all partial increments rounded down. The hourly wage will be based on payroll records for the applicable fiscal year. Labor costs shall also include up to 50% of the hourly wage to partially cover the cost of fringe benefits, not to exceed the actual cost of fringe benefits. In the event the MEDC performs an email search, the search will be calculated using the lowest paid employee capable of conducting the search.
- Labor costs for the review of public records and separation and deletion of exempt from nonexempt material will be calculated using the hourly wage of the Fund's lowest paid employee capable of conducting the review and separation and deletion of exempt from nonexempt material, whether or not they are available or actually perform the labor. Such labor costs shall be estimated and charged in increments of 15 minutes with all partial increments rounded down. The hourly wage will be based on payroll records for the applicable fiscal year. Labor costs shall also include up to 50% of the hourly wage to partially cover the cost of fringe benefits, not to exceed the actual cost of fringe benefits.
- Labor costs for the duplication or publication of public records, including making paper copies, making digital copies, or transferring digital public records to be produced on nonpaper physical media or through electronic means, will be calculated using the hourly wage of the lowest paid employee capable of duplicating or publishing the public records, whether or not they are available or actually perform the labor. Such labor costs shall be estimated and charged in increments of 15 minutes with all partial increments rounded down. The hourly wage will be based on records for the applicable fiscal year. Labor costs shall also include up to 50% of the hourly wage to partially cover the cost of fringe benefits, not to exceed the actual cost of fringe benefits.
- Labor costs for monitoring an inspection of original records will be calculated using the hourly wage of the lowest paid employee capable of monitoring the inspection. Labor costs for monitoring an inspection will not be charged for the first hour. The hourly wage will be based on payroll records for the applicable fiscal year.
- A fee shall not be charged for the cost of search, examination, review and the deletion and separation of exempt from non-exempt information as provided in Section 4(3), unless failure to charge a fee would result in unreasonably high costs

to the MSF, because of the nature of the request in this particular instance, and the MSF identifies the nature of the unreasonably high costs.

- The cost of labor and other labor-related costs will be charged for the search, examination, review, deletion and the separation of exempt from non-exempt information when a request requires more than a total of one (1) hour of an employee's time in filling such a request.

Additional Fees

<p>1. Photocopying performed by an MEDC or MSF employee – shall be at a per page (MSF will utilize the most economical means available for making copies including double-sided printing, if cost saving is available) rate, plus labor costs for employee's time at copier.</p>	<p>\$.10 per page</p>
<p>2. Facsimile performed by an MEDC or MSF employee – shall be at a per page rate, plus labor costs for employee's time at the fax machine.</p>	<p>\$2.00 per page</p>
<p>3. Photocopying and/or Facsimile performed by an outside copy service including large documents.</p>	<p>\$ Actual Costs</p>
<p>4. Electronic Copies – Actual retrieval and printing time based upon the labor rates established above plus the per electronic rate for CD-ROM or any other electronic medium used to provide the information. Machine time may only be charged if the costs of the services of a particular computer are paid by the MSF based on an incremental charge to the MSF for additional computer usage.</p>	<p>\$10.00 per electronic medium plus actual staff time to reproduce records</p>
<p>5. Mailing or Shipping – Actual costs, insurance or other charges related to the mailing and shipping of responsive records to the requesting person. Costs will be based on current U.S. Postal rates for the actual size and weight of the materials sent.</p>	<p>\$Actual Costs</p>

Reference

P.A. 442 of 1976, MCL 15.231 et seq.

Contact Information

Any questions or concerns regarding this policy should be directed to the FOIA Coordinator.

MSF FOIA Coordinator
Rhonda Bishop
517-335-3570
bishopr6@michigan.org

RESOLUTIONS

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-088**

**APPROVAL OF JUNE 2019 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

WHEREAS, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

WHEREAS, the MSF, at its February 2014 board meeting, approved Guidelines for Preparation and Approval of Consent Agendas for the MSF (“Guidelines”).

WHEREAS, pursuant to the recommendation of MSF and MEDC staff, the MSF Board desires to approve the below Consent Agenda items;

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:

Proposed Meeting Minutes – May 21, 2019
Gerber Products Company – Request for Renaissance Zone Revocation
Vicount Industries – Request for Tool & Die Recovery Zone Revocation
Thomson Reuters Inc. – MBDP Grant Amendment
Gallagher-Kaiser Corporation – MBDP Reauthorization
Fulton and Seward, L.L.C. – MCRP Amendment
Bridge and Turner, LLC – MCRP Amendment
Third & Grand LLC – MCRP Amendment
The Landing Development Group, LLC – Brownfield MBT Amendment
Election of Authorized Delegate

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-089**

**REVOCATION OF AN EXISTING AGRICULTURAL PROCESSING RENAISSANCE ZONE
DESIGNATION: Gerber Products Company**

WHEREAS, Section 8c of the Michigan Renaissance Zone Act, 1996 PA 376, as amended, authorizes the State Administrative Board (“SAB”) to designate up to 30 renaissance zones for agricultural processing facilities upon the recommendations of the Michigan Strategic Fund (“MSF”) and the Michigan Commission of Agriculture (“MCA”), and the consent of the local unit of government in which the proposed renaissance zone will be located;

WHEREAS, on December 16, 2008 the SAB approved an Agricultural Processing Renaissance Zone for Gerber Products Company (the “Company”) after receiving recommendation of approval from the MSF Board for the Company’s facility beginning January 1, 2009;

WHEREAS, Section 8c(5)(a) of the Act requires a development agreement be entered into between the MSF and the agricultural processing facility (the “Agreement”) which committed the Company to milestones with regards to job creation and new investment and filing reports;

WHEREAS, the Company has not fulfilled the job creation milestone as required by the terms of its development agreement;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program and has been working with the Company to monitor the compliance issue;

WHEREAS, pursuant to the development agreement, MEDC staff, on behalf of the MSF, has sent notice to the Company to cure its non-compliance and the 120-day cure period has expired.

WHEREAS, the MEDC recommends that the MSF Board approves for recommendation to the State Administrative Board the revocation of the Company’s agricultural processing renaissance zone designation effective in the tax year 2019.

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

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves,
Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-090**

**REVOCATION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Vicount Industries, Inc.**

WHEREAS, the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to thirty-five (35) tool and die renaissance recovery zones (“Recovery Zone”) anywhere in the State of Michigan;

WHEREAS, on December 19, 2007 the MSF Board designated a Recovery Zone for the Global Tooling Alliance, LLC (the “Collaborative”) beginning January 1, 2008;

WHEREAS, the Collaborative includes Vicount Industries, Inc. (the “Company”) located at 24704 Hathaway, Farmington Hills, Michigan 48335 (the “Property”);

WHEREAS, Section 8d(3) of the Act permits the MSF Board to revoke the designation of all or a portion of a recovery zone with respect to one or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement;

WHEREAS, the Company is no longer conducting business as a tool and die on the Property and has ceased participation with the Collaborative;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program; and

WHEREAS, the MEDC recommends revocation of the Company’s Recovery Zone designation for the Property.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for Vicount Industries, Inc. for the Property located at 24704 Hathaway, Farmington Hills, Michigan 48335, effective on December 30, 2019 for property tax purposes and December 31, 2019 for all other purposes; and

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves,
Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-091**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT AMENDMENT TO
THOMSON REUTERS (TAX & ACCOUNTING) INC.**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1, 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 MBDP in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, the MSF Board approved a \$2,400,000 Michigan Business Development Program performance-based grant on October 24, 2014 for the expansion in Pittsfield Charter Township (the “Project”);

WHEREAS, the MSF Board approved an amendment to reduce the Company’s statewide base requirement from 1,426 to 1,231 and extended milestones by one year, beginning on December 31, 2016;

WHEREAS, the MSF Board approved an amendment to reduce the Michigan Business Development Program performance-based grant to \$2,000,000 on August 22, 2017 based on a reduction of the job creation requirement from 300 to 250. Additionally, all milestones were extended by two years;

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant by adding the related entity Creative Solutions Software Corp. for the purpose of counting Base Employment and Qualified New Jobs (the “Grant Amendment Request”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant by removing the entity Thomson Reuters (Markets) LLC for the purpose of counting Base Employment and Qualified New Jobs (the “Grant Amendment Request”);

WHEREAS, the MEDC recommends approval of the Grant Amendment Request; and

WHEREAS, the MSF Board wishes to approve the Grant Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Amendment Request; and

BE IT FURTHER RESOLVED, the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions of the final documents necessary to effectuate the Grant Amendment Request.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves,
Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-092**

**REAUTHORIZATION OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
GALLAGHER-KAISER CORPORATION**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1, 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 MBDP in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, the MSF approved a performance based MBDP grant of up to \$3,200,000 for Gallagher-Kaiser Corporation (“the Company”), along with other general terms and conditions which are outlined in the Term Sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the Company has requested the MBDP grant award be reauthorized. The MBDP grant approval required that the Company enter into an Agreement within 120 days of the date of the approval and may be extended for an addition 60 days with approval from the MSF Fund Manager. Due to unforeseen delays, all parties have been unable to enter into the Agreement; and

WHEREAS, the MEDC recommends that the MSF reapprove the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents, within 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 (“MBDP Award Recommendation”).

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019

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: 11/9/2018

Company Name:	Gallagher-Kaiser Corporation and/or its affiliates and subsidiaries.
Project Location:	13710 Mount Elliott Street Hamtramck, Michigan 48212 13400 Mount Elliott Street Detroit, Michigan 48212 769 & 777 Chicago Road Troy, Michigan 48083
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$3,200,000
Base Employment Level:	At least 255
Qualified New Jobs:	At least 300
Municipality Supporting Project:	City of Detroit has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	October 23, 2018 (date of accepted offer letter)
Term of the Agreement:	June 30, 2022
Milestone Based Incentive:	Disbursements will be made over a 4 year period and will be performance based on job creation as follows: Milestone 1: \$500,000 for the creation of 40 jobs. Milestone 2: \$500,000 for the creation of 40 jobs. Milestone 3: \$435,000 for the creation of 60 jobs. Milestone 4: \$640,600 for the creation of 60 jobs. Milestone 5: \$590,510 for the creation of 50 jobs. Milestone 6: \$533,890 for the creation of 50 jobs.

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

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Acknowledged as received by:

Gallagher-Kaiser Corporation

By:

K.M. Krause

Printed Name:

K.M. Krause

Its:

CFO

Michigan Economic Development Corporation

By:

Jeremy J. Webb

Printed Name:

Jeremy J. Webb

Its:

Sr. Business Development Project Manager



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-093**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM OTHER ECONOMIC ASSISTANCE PERFORMANCE BASED LOAN
PARTICIPATION AWARD FOR FULTON AND SEWARD, L.L.C.**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) to enable the Michigan Strategic Fund (“MSF”) to create and operate the Michigan Community Revitalization Program (“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 (“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 (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, 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, (“Transaction Documents”);

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

WHEREAS, by Resolution 2015-081 on June 23, 2015 the MSF Board awarded a MCRP Other Economic Assistance Performance Based Loan Participation Award to Applicant, in furtherance of the Project of up to \$3,000,000 (“Award”); and

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to convert monthly principal and interest payments on the MSF loan to monthly interest only payments for 24 months, to replace the personal guaranty of Paul Roberts & Trust with the corporate guaranty of Bridge and Lexington, LLC, as well as adjust percentage of guarantees based on pro-rata ownership after removal of Paul Roberts & Trust, and to allow for three new covenants: (1) a Proforma pre-distribution debt service coverage of 1.00x as of December 31, 2019, with a pre-distribution debt service coverage of 1.15x to be tested December 31, 2020 and thereafter, (2) a limited distribution covenant of \$0 to be implemented on West Side Village, LLC until the new \$5 million unsecured note from the senior lender is repaid in full, and (3) a post-distribution debt service coverage ratio covenant of 1.00x to be tested on West Side Village as of December 31, 2019, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves,
Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-094**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM OTHER ECONOMIC ASSISTANCE PERFORMANCE BASED LOAN
PARTICIPATION AWARD FOR
BRIDGE AND TURNER, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) to enable the Michigan Strategic Fund (“MSF”) to create and operate the Michigan Community Revitalization Program (“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 (“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 (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, 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, (“Transaction Documents”);

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

WHEREAS, by Resolution 2015-161 on October 27, 2015, the MSF Board awarded a MCRP Other Economic Assistance Performance Based Loan Participation Award to Bridge and Turner, LLC, in furtherance of the Project of up to \$2,500,000 (“Award”); and

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to amend the Senior Lender Debt Service Coverage covenant within the Loan Agreement to remove distributions from the definition, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves,
Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-095**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD FOR
THIRD AND GRAND, L.L.C.**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) to enable the Michigan Strategic Fund (“MSF”) to create and operate the Michigan Community Revitalization Program (“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 (“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 (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, 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, (“Transaction Documents”);

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

WHEREAS, by Resolution 2016-198 on September 27, 2016 the MSF Board awarded an MCRP Other Economic Assistance Loan Participation Award to Third and Grand L.L.C., in furtherance of the Project of up to \$2,000,000 (“Award”);

WHEREAS, by Resolution 2017-106 on July 25, 2017, the MSF Board approved a MCRP amendment to extend due dates of Milestone One, Milestone Two and the Construction Completion Date; correct the “Minimum Eligible Investment” amount, and incorporate a new budget using a replacement general contractor; and

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to extend the due date of Milestone Two to November 30, 2019, extend the interest-only period to December 1, 2020, and consent to allow the following: 1) exercise of the Company’s right to a 12-month extension of the maturity dates of the Lender’s and the MSF’s construction loans to December 1, 2020; 2) change the definition of the Construction Completion Date in the Construction Loan Agreement to allow a date no later than November 30, 2019; 3) postpone the lender’s Debt Service Coverage Ratio (“DSCR”) covenant testing dates to February 2020 and June 2020; 4) increase the loan with Fifth Third bank from \$39,000,000 to \$40,000,000; and 5) a budget modification, with all other requirements remaining in place from the original approval, as amended (“MCRP Amendment Recommendation”).

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-096**

**FOUNDER'S LANDING PROJECT, PROJECT A – THE LANDING PROJECT
THE LANDING DEVELOPMENT GROUP, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #4
CITY OF MARQUETTE**

At the meeting of the Michigan Strategic Fund (“MSF”) held on June 25, 2019 in Lansing, Michigan;

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) is authorized by 1995 PA 24, as amended, to amend projects for brownfield redevelopment tax credits authorized by Section 437 of the Michigan Business Tax Act, PA 36 of 2007, as amended (the “Act”), or by former section 38(g) of the Michigan Single Business Tax Act, PA 228 of 1975;

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 MSF;

WHEREAS, by Resolution 2009-130 on August 18, 2009, the MEGA Board awarded a Brownfield MBT Tax Credit to The Landing Development Group, LLC (the “Applicant”) to make eligible investment up to \$50,874,357 at an eligible property in the City of Marquette (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, a request has been submitted to amend the Project to reduce the number of phases, realign the phases, identify an increase in investment to the final phases of the project, and deem the project complete at the completion of Phase VII; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$8,240,239;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope to reduce and realign the phases and increase investment in the final phases of the Project, as follows:

Phases I-V have been completed (Total Eligible Investment \$21,044,764);

Phase VI – The Adams building (three-story) is comprised of nine residential condominiums with underground parking and elevator developed on Parcel 1. It includes associated site improvements (Total Eligible Investment \$3,785,854); and,

Phase VII – One Marquette Place is a five-story mixed use building with restaurant, residential over two levels of parking and supportive office/community space with workout facility developed on Parcel 3. The phase includes associated site improvements and purchased machinery & equipment & fixtures support this phase (Total Eligible Investment \$16,370,577); and

Phases VIII – X will be eliminated from the scope of this project; and,

BE IT FURTHER RESOLVED, that the project shall be deemed complete upon the completion of Phase VII.

BE IT FURTHER RESOLVED, that the Project is required to submit a Certificate of Completion request for the final phase within one year of project completion; and,

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves,
Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

RESOLUTION

2019-097

ELECTION OF AUTHORIZED DELEGATE

WHEREAS, it is the responsibility of the Michigan Strategic Fund (“MSF”) Board to provide for the management and control of the affairs of the MSF; and

WHEREAS, under Article II, Section 1 of the Amended and Restated By-Laws of the MSF dated April 22, 2014 (the “MSF By-Laws”), the MSF Board may delegate by resolution those functions and authority it deems necessary or appropriate to the President, Vice-President, Staff, the MEDC or others; and

WHEREAS, MEDC staff recommends that the MSF Board elect Jill Trepkoski to serve as the MSF Financial Officer in accordance with the MSF By-Laws and the Michigan Strategic Fund Compiled Resolutions.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board elects Jill Trepkoski to serve as the MSF Financial Officer in accordance with the MSF By-Laws and the Michigan Strategic Fund Compiled Resolutions.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-098**

**RESCISSION OF PRIOR MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
AWARD AND APPROVAL OF A NEW MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT AWARD TO KLA CORPORATION**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1, 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 MBDP in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, on October 23, 2018, by Resolution No. 2018-74, the MSF Board approved a performance-based MBDP grant to the KLA-Tencor Corporation (“Company”) in the amount of \$1,500,000;

WHEREAS, since October 2018, the Company has worked with the MEDC to expand its project;

WHEREAS, the Company has now requested a performance based MBDP grant of up to \$2,500,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC recommends the MSF rescind Resolution No. 2018-74; and

WHEREAS, the MEDC recommends that the MSF approve the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents, within 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 (“MBDP Award Recommendation”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board rescinds Resolution No. 2018-074;

BE IT FURTHER RESOLVED, approves the MBDP Award Recommendation.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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: May 30, 2019

Company Name: KLA Corporation and/or its affiliates and subsidiaries.

Project Location: Washtenaw County

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$2,500,000

Base Employment Level: At least 0

Qualified New Jobs: At least 250 at the Project Location

Municipality Supporting Project: Ann Arbor Charter 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: September 28, 2018 (Application Submission Date)

Term of the Agreement: November 30, 2022

Milestone Based Incentive: Disbursements will be made over a 4 year period and will be performance based on job creation as follows:
Milestone 1: \$500,000 for the creation of 50 jobs.
Milestone 2: \$1,000,000 for the creation of 100 additional jobs.
Milestone 3: \$1,000,000 for the creation of 100 additional jobs.

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

KLA Corporation

By:



Printed Name:

Rick Austin

Its:

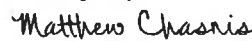
Senior Vice President

Acknowledged as received by:

Michigan Economic Development Corporation

By:

DocuSigned by:



Printed Name:

Matthew Chasnis

Its:

Business Development Projects Manager

May 30, 2019 - KLA Corporation



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-099**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
AKASOL, INC.**

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“MBDP”) to provide grants, loans and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in Michigan;

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2088r-1, 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 MBDP in accordance with the Guidelines (“Transaction Documents”);

WHEREAS, the Guidelines require that MBDP awards over \$1 million must be approved by the MSF Board;

WHEREAS, the MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration;

WHEREAS AKASOL, Inc. (“Company”) has requested a performance based MBDP Grant, of up to \$2,240,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

WHEREAS, the MEDC recommends that the MSF approve the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents, within 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 (“MBDP Award Recommendation”).

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves,
Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019

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: June 12, 2019

Company Name: AKASOL, Inc. and/or its affiliates and subsidiaries.

Project Location: 1400 East Ten Mile Road
Hazel Park, Mi 48030

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$2,240,000

Base Employment Level: At least 1

Qualified New Jobs: At least 224 at Project Location

Municipality Supporting Project: The city of Hazel Park has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: May 15, 2019

Term of the Agreement: June 30, 2025

Milestone Based Incentive: Disbursements will be made over a 5 year period and will be performance based on job creation as follows:
Milestone 1: \$1,000,000 for the creation of 44 jobs.
Milestone 2: \$380,000 for the creation of 60 jobs.
Milestone 3: \$860,000 for the creation of 120 jobs.
Milestone 1 is front-loaded

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

Acknowledged as received by:

AKASOL, Inc

By:

R.M. Schwlde

Printed Name:

ROY M. SCHVLDE

Its:

PRESIDENT

Michigan Economic Development Corporation

By:

Julia Veale

Printed Name:

Julia Veale

Its:

BDPM



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-100**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
GRANT AWARD TO CADILLAC LOFTS, LLC**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) to enable the Michigan Strategic Fund (“MSF”) to create and operate the Michigan Community Revitalization Program (“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 (“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 (“Guidelines”);

WHEREAS, pursuant to SFCR 125.2090-1, 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, (“Transaction Documents”);

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

WHEREAS, Cadillac Lofts, LLC (“Company”) has requested a performance-based grant of up to \$1,500,000 (“Award Request”), along with other general terms and conditions;

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request 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 120 days (“MCRP Award Recommendation”); and

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason,
Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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Lansing, MI 48913

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Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-101**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF CADILLAC BROWNFIELD REDEVELOPMENT AUTHORITY
CADILLAC LOFTS**

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 Cadillac Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 201, 207, and 215 Mitchell Street and 208 East Cass Street within the City of Cadillac, known as Cadillac Lofts (the “Project”);

WHEREAS, the City of Cadillac 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 authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 41.23% to 58.77% 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 Work Plan dated June 4, 2019. 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 \$665,435 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$154,920 in interest, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$5,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$346,465.

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 they MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$154,920 related to the eligible activities for the Project.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason,
Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

If you need anything additional, please contact Kara Kabia at (517) 241-2624.

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-102**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
PROPOSED CHEMICAL BANK HEADQUARTERS 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 Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 25 West Elizabeth Street and 2047 Woodward Avenue within the City of Detroit, known as The Proposed Chemical Bank Headquarters Project (the “Project”);

WHEREAS, the City of Detroit 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 authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 96.28% to 3.72% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and asbestos abatement as presented in the Work Plan dated May 30, 2019. 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 Tax Increment Financing projections

limiting total reimbursement to \$16,698,029 and costs of MSF eligible activities which are estimated at \$33,873,140 for the principal non-environmental activities and a contingency, a maximum of \$30,000 for Brownfield/Work Plan preparation, and a maximum of \$30,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$16,076,862.

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: Carl Camden, Paul Gentilozzi, Jeremy Hedges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason,
Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019



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February 26, 2019

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Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-103**

FREEDOM OF INFORMATION ACT POLICY

WHEREAS, Public Act 270 of 1984, MCL 125.2001 *et seq.*, established the Michigan Strategic Fund (the “MSF”);

WHEREAS, Public Act 442 of 1976, MCL 15.231 *et seq.*, established the Freedom of Information Act (the “FOIA”) to provide for access to records of public bodies;

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

WHEREAS, pursuant to Section 4, MCL 15.234, of the FOIA, the MSF is required to establish, make publicly available, and follow procedures and guidelines in order to charge fees for a public record search, for the necessary copying of a public record for inspection, or for providing a copy of a public record;

WHEREAS, pursuant to Section 6, MCL 15.236, of the FOIA, the MSF is required to designate a FOIA coordinator who is responsible for accepting and processing requests for the public body's public records under this act and shall be responsible for approving a denial under Section 5, MCL 15.235, of the FOIA;

WHEREAS, the MEDC recommends that the MSF adopt the FOIA Policy attached to this Resolution;

WHEREAS, the MEDC recommends that the MSF designate Rhonda Bishop as the FOIA Coordinator for the MSF; and

WHEREAS, the MSF wishes to adopt the FOIA Policy attached to this Resolution and designate Rhonda Bishop as the FOIA Coordinator for the MSF.

NOW, THEREFORE, BE IT RESOLVED, the MSF adopts the FOIA Policy attached to this Resolution and designates Rhonda Bishop as the FOIA Coordinator for the MSF.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood
(on behalf of Treasurer Eubanks, designation attached), Jeff Mason,
Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
June 25, 2019

**MICHIGAN STRATEGIC FUND
FREEDOM OF INFORMATION ACT
POLICIES AND PROCEDURES**

Policy

It is the public policy of the State of Michigan and the Michigan Strategic Fund (MSF) that all persons, except those persons incarcerated in a state or local correctional facility, are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and public employees, consistent with the Freedom of Information Act (FOIA). Citizens shall be informed so that they may fully participate in the democratic process. The Michigan Economic Development Corporation (MEDC) provides administrative services to the MSF and processes FOIA requests on its behalf.

General Information

- “Public record” is defined by the FOIA as “a writing prepared, owned, used, in the possession of, or retained by a public body in the performance of an official function, from the time it is created. Public record does not include computer software.” The FOIA separates public records into two classes: Those that are exempt from public disclosure under section 13(1) of the act; and those that are not exempt from public disclosure under section 13(1), and are subject to disclosure under the act.
- “Writing” is defined by the FOIA as “handwriting, typewriting, printing, photostating, photographing, photocopying, and every other means of recording, and includes letters, words, pictures, sounds, or symbols, or combinations thereof, and papers, maps, magnetic or paper tapes, photographic films or prints, microfilm, microfiche, magnetic or punched cards, discs, drums, or other means of recording or retaining meaningful content.” MSF regards e-mail to be a means of recording or retaining meaningful content.
- “Written request” is defined by the FOIA as “a writing that asks for information, and includes a writing transmitted by facsimile, electronic mail, or other electronic means.”
- “FOIA coordinator” is defined by the FOIA as an individual designated by a public body to accept and process requests for public records under the act. The FOIA Coordinator may appoint Assistant FOIA Coordinators to accept and process FOIA requests.

Requirements

- All MEDC and MSF employees must work through the assigned FOIA Coordinator in responding to such requests to ensure that consistent and correct responses are provided to the public.

- Any request for information may be considered a FOIA request and within the request, includes words such as “freedom of information”, “information”, “FOIA”, “copy”, or a recognizable misspelling of such within the first 250 words of the request.
- All FOIA requests must be received in writing and submitted to the attention of the FOIA Coordinator by mail at 300 North Washington Square, Lansing, MI 48913 or by email to medcfoia@michigan.org or by fax at (517) 241-5968.

Procedures

1. A person desiring to inspect or receive a copy of a public record must make a written request for the public record. The request must describe the record sufficiently to enable the FOIA Coordinator to find the public record. A written request may be made by U.S. Postal Service, facsimile, electronic mail, or other electronic transmission. Requesters must provide their name, address and date of request so that the MSF can document that a request has been made and properly processed and assist the MSF in determining excessive requests for the same information.
2. A request for a public record received by any MEDC or MSF employee is immediately delivered to the FOIA Coordinator. Upon receipt of a FOIA request, the FOIA Coordinator contacts the business units that might possess records responsive to the request and provides instructions and deadlines for identifying and compiling responsive records. Records in MSF files from other agencies, public or private, generally constitute public records of the MSF subject to the FOIA. Likewise, MSF records possessed by other public agencies might be subject to disclosure pursuant to FOIA requests made to those agencies.
3. Upon receipt of a FOIA request, the FOIA Coordinator will e-mail MEDC and MSF employees who may possess records responsive to the FOIA request. The FOIA Coordinator will include instructions and deadlines for identifying, compiling and submitting responsive records. To ensure that the statutory time limits are met, the MEDC or MSF employee shall provide the FOIA Coordinator all responsive records by the deadline set by the FOIA Coordinator.
4. The FOIA Coordinator must issue a written notice in response to a FOIA request within five (5) business days after receiving the request. The written notice issued in response may be extended for up to an additional ten (10) business days. The notice extending the period for a response to the request will specify the reasons for the extension and the date by which the FOIA Coordinator will issue the second written notice.
5. Subject to Section 4 of the FOIA, the FOIA Coordinator will determine the fees for search, examination, review and the deletion and separation of exempt from nonexempt information; and the costs of copying and mailing. The FOIA Coordinator will work with staff to determine the fees that may be charged. At the

time that a FOIA request is made, the FOIA Coordinator may request a good faith deposit not to exceed one-half of the total fees and costs from the person requesting the public record(s), if the total fees and costs exceed \$50.00. Upon payment of the good faith deposit, the FOIA Coordinator will e-mail employees with instructions for compiling the responsive records. Employees must provide the public records to the FOIA Coordinator on or before the deadline set by the FOIA Coordinator.

- a. Individuals who submit an affidavit stating that they are receiving public assistance or showing inability to pay costs because of indigency shall not be charged for the first \$20.00 of the fee for each request. Persons representing public interest groups may have the entire fee waived. All fee waiver determinations will be made by the MSF President.
 - b. Pursuant to Section 10a of the FOIA, the requester who has a good faith belief that a fee for public records is unreasonable may (a) submit a written appeal to the MSF President that specifically states the word "appeal" and identifies how the fee exceeds the amount permitted by the policies and procedures of Section 4 of the FOIA, or (b) bring a court action within 45 days after receiving the notice of the required fee. If a civil action is commenced against the MSF, the MSF is not obligated to complete the processing of a written request for the public record at issue until the court resolves the fee dispute.
6. The FOIA Coordinator is responsible for determining whether a FOIA request is denied in full or in part, and shall sign the written notice of denial. By way of example, and not limitation, the FOIA Coordinator may deny all or a portion of a request for the following reasons: (a) the information is of personal nature, where the public disclosure would constitute a clearly unwarranted invasion of an individual's privacy; (b) information or records are subject to the attorney-client privilege; or (c) communication within a public body or between public bodies of an advisory nature to the extent that it covers other than purely factual materials and is preliminary to a final agency action or policy and that the public interest in encouraging frank communication between officials and employees of public bodies clearly outweighs the public interest in disclosure.
7. When a requesting person elects to inspect public records, the FOIA Coordinator will determine what constitutes a reasonable opportunity for inspection and examination of existing, nonexempt public records and will furnish reasonable facilities for inspection during usual business hours. The FOIA Coordinator will protect public records from loss, unauthorized alteration, mutilation, or destruction. Where original public records are involved in the inspection, the employee shall supervise the inspection of the original public records. Requestors who inspect public records onsite shall: (1) be provided designated space including a table and chair; (2) review the documents in the presence of the FOIA Coordinator; (3) not be allowed to remove documents from files or from

the premises unless those documents are copied specifically for the requester by the FOIA Coordinator; and (4) the MSF may charge a reasonable fee for an employee assisting and overseeing the process of the requester's record search, necessary copying and examination of the public records.

8. If the FOIA Coordinator makes a final determination to deny all or a portion of a request, the requesting person has the option to submit a written appeal that specifically states the word "appeal" and identifies the reason or reasons for reversal of the denial; or, within 180 days after the FOIA Coordinator's final determination to deny a request, commence an action in the Court of Claims to compel the MSF's disclosure of the public records.
9. The MSF President is responsible for responding to written appeals of the FOIA Coordinator's determinations to deny requests for disclosure under FOIA. Within ten (10) business days after receiving a written appeal, the MSF President must do one of the following:
 - a. Reverse the denial;
 - b. Issue a written notice upholding the denial;
 - c. Reverse the denial in part and issue a written notice upholding the denial in part;
 - d. Under unusual circumstances, issue a written notice extending the period in which the MSF must respond to the written appeal by up to ten (10) additional business days.

Record Retention

All written FOIA requests and responses for public records shall be kept on file no less than one (1) year.

Subscriptions

A requester has the right to subscribe to future issuance of public records which are created, issued or disseminated on a regular basis, i.e., monthly meeting minutes, news periodicals and regularly produced documents that provide status updates. A subscription is valid up to six (6) months, at the request of the subscriber, and is renewable.

- a. Subscription requests shall be processed following normal procedures for processing FOIA requests.
- b. Requesters shall be placed on a mailing list, to receive regular updates of materials relative to the respective FOIA request. Non-exempt information will be released, as it becomes available.

Fee Schedule

The MSF is permitted to charge a fee for public record(s) search, retrieval, examination, review and separation and deletion of exempt from nonexempt material, copying of public record(s) for inspection, or for providing a copy of the public record(s). Fees will be uniform and not dependent upon the identity of the requesting person. Fees will be itemized using a detailed itemization form. The fee schedule may be updated from time to time.

Labor Fees

- Labor costs for the search, location, and examination of public records will be calculated using the hourly wage of the lowest paid employee capable of conducting the search, location, and examination, whether or not they are available or actually perform the labor. Such labor costs shall be estimated and charged in increments of 15 minutes with all partial increments rounded down. The hourly wage will be based on payroll records for the applicable fiscal year. Labor costs shall also include up to 50% of the hourly wage to partially cover the cost of fringe benefits, not to exceed the actual cost of fringe benefits. In the event the MEDC performs an email search, the search will be calculated using the lowest paid employee capable of conducting the search.
- Labor costs for the review of public records and separation and deletion of exempt from nonexempt material will be calculated using the hourly wage of the Fund's lowest paid employee capable of conducting the review and separation and deletion of exempt from nonexempt material, whether or not they are available or actually perform the labor. Such labor costs shall be estimated and charged in increments of 15 minutes with all partial increments rounded down. The hourly wage will be based on payroll records for the applicable fiscal year. Labor costs shall also include up to 50% of the hourly wage to partially cover the cost of fringe benefits, not to exceed the actual cost of fringe benefits.
- Labor costs for the duplication or publication of public records, including making paper copies, making digital copies, or transferring digital public records to be produced on nonpaper physical media or through electronic means, will be calculated using the hourly wage of the lowest paid employee capable of duplicating or publishing the public records, whether or not they are available or actually perform the labor. Such labor costs shall be estimated and charged in increments of 15 minutes with all partial increments rounded down. The hourly wage will be based on records for the applicable fiscal year. Labor costs shall also include up to 50% of the hourly wage to partially cover the cost of fringe benefits, not to exceed the actual cost of fringe benefits.
- Labor costs for monitoring an inspection of original records will be calculated using the hourly wage of the lowest paid employee capable of monitoring the inspection.

Labor costs for monitoring an inspection will not be charged for the first hour. The hourly wage will be based on payroll records for the applicable fiscal year.

- A fee shall not be charged for the cost of search, examination, review and the deletion and separation of exempt from non-exempt information as provided in Section 4(3), unless failure to charge a fee would result in unreasonably high costs to the MSF, because of the nature of the request in this particular instance, and the MSF identifies the nature of the unreasonably high costs.
- The cost of labor and other labor-related costs will be charged for the search, examination, review, deletion and the separation of exempt from non-exempt information when a request requires more than a total of one (1) hour of an employee's time in filling such a request.

Additional Fees

<p>1. Photocopying performed by an MEDC or MSF employee – shall be at a per page (MSF will utilize the most economical means available for making copies including double-sided printing, if cost saving is available) rate, plus labor costs for employee's time at copier.</p>	<p>\$.10 per page</p>
<p>2. Facsimile performed by an MEDC or MSF employee – shall be at a per page rate, plus labor costs for employee's time at the fax machine.</p>	<p>\$2.00 per page</p>
<p>3. Photocopying and/or Facsimile performed by an outside copy service including large documents.</p>	<p>\$ Actual Costs</p>
<p>4. Electronic Copies – Actual retrieval and printing time based upon the labor rates established above plus the per electronic rate for CD-ROM or any other electronic medium used to provide the information. Machine time may only be charged if the costs of the services of a particular computer are paid by the MSF based on an incremental charge to the MSF for additional computer usage.</p>	<p>\$10.00 per electronic medium plus actual staff time to reproduce records</p>
<p>5. Mailing or Shipping – Actual costs, insurance or other charges related to the mailing and shipping of responsive records to the requesting person. Costs will be based on current U.S. Postal rates for the actual size and weight of the materials sent.</p>	<p>\$Actual Costs</p>

Reference

P.A. 442 of 1976, MCL 15.231 et seq.

Contact Information

Any questions or concerns regarding this policy should be directed to the FOIA Coordinator.

MSF FOIA Coordinator
Rhonda Bishop
517-335-3570
bishopr6@michigan.org



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