



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA

August 27, 2024

9:00am

**I. CALL TO ORDER & ROLL CALL**

**II. PUBLIC COMMENT**

**III. COMMUNICATIONS**

**IV. CONSENT AGENDA**

- a. Proposed July 23, 2024, Meeting Minutes .....2
- b. CDBG Public Gathering Spaces: Calumet Grant Amendment .....9

**V. DEVELOP ATTRACTIVE PLACES**

- a. Grand Rapids Amphitheater and Soccer Stadium Mixed-Use Project: A resolution to approve a Transformational Brownfield Plan incentive package in the aggregate amount of \$252,357,792 for Grand Action Foundation 2.0 and the City of Grand Rapids Brownfield Redevelopment Authority. ....17  
*Location: City of Grand Rapids*
- b. The Downs Redevelopment Project: A resolution to approve a Brownfield Act 381 Work Plan for eligible activities capped at \$2,083,563, utilizing the current state-to-local capture ratio for the City of Northville Brownfield Redevelopment Authority.....39  
*Location: City of Northville*

**VI. ATTRACT RETAIN AND GROW BUSINESS**

- a. Northland Corporation: A resolution to approve a Michigan Business Development Program Grant in the amount of \$1,280,000 for Northland Corporation. ....49  
*Location: City of Greenville*

**VII. INFORMATIONAL**

- a. Delegation of Authority Report.....59

*\*NOTE:* Hyperlinked bookmarks are included on this page to aid document navigation - click on the project title to access the project memo.

**MICHIGAN STRATEGIC FUND**  
**APPROVED MEETING MINUTES**  
**July 23, 2024**

**Member Present**

Jennifer Nelson (on behalf of Chairman Messer)

**Members Joined Remotely**

Britany L. Affolter-Caine  
Wesley Eklund  
Rachael Eubanks  
Dimitrius Hutcherson  
John Groen (on behalf of Director Corbin)  
Michael B. Kapp (on behalf of Director Wieferich)  
Dan Meyering  
Charles P. Rothstein  
Susan Tellier  
Randy Thelen  
Cindy Warner

**Absent**

Leon Richardson

**I. CALL TO ORDER & ROLL CALL**

Ms. Nelson called the meeting to order at 9:01 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing.

Ms. Nelson introduced Ms. Davenport, MSF Board Liaison, who conducted the attendance roll call.

**II. PUBLIC COMMENT**

*Wesley Eklund joined the meeting remotely at 9:02 a.m.*

Ms. Davenport explained the process for members of the public to participate. Public comment was had.

**III. COMMUNICATIONS**

Ms. Davenport stated that the Fiscal Year 2024 Quarterly 3 Report from the Chief Compliance Officer was included in the briefing packet.

**IV. CONSENT AGENDA**

**Resolution 2024-113, Approval of Consent Agenda Items**

Ms. Nelson asked if there were any questions from Board members regarding items under the Consent Agenda. There being none, Britany L. Affolter-Caine motioned for the approval of the following:

- a. Proposed July 9, 2024, Meeting Minutes
- b. Michigan International Technology Center Redevelopment Authority: Act 381 Work Plan Amendment **2024-114**
- c. Bagley Forest Properties, LLC: MCRP Amendment **2024-115**
- d. Gentex Corporation: Reauthorization of Performance-Based Grants **2024-116 & 2024-117**
- e. RAP Grant Agreement Amendments **2024-118**
- f. Revised 2024 Schedule of MSF Regular Meetings **2024-119**

Britany L. Affolter-Caine motioned for the approval of Resolution 2024-113 to approve the consent agenda. Cindy Warner seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Dan Meyering, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

## V. ATTRACT, RETAIN, AND GROW BUSINESS

**a. Resolutions 2024-120; 2024-121; 2024-122; 2024-123 The Dow Chemical Company and Dow Silicones Corporation Incentive Requests.** Christin Armstrong, Senior Vice President of Business Development Programs and Execution, supported by Jeff Stoutenburg and Shannon Huber of Dow, provided the Board with information regarding the requested actions. These actions involve the consideration of four resolutions to approve a Critical Industry Program performance-based grant, a 10-year extension of an MSF-Designated Renaissance Zone, termination of a Michigan Economic Growth Authority Tax Credit, and a 15-year, 100% State Essential Services Assessment Exemption to The Dow Chemical Company and Dow Silicones Corporation.

Following discussion, Dimitrius Hutcherson motioned for the approval of Resolution 2024-120 for the Critical Industry Program Grant to The Dow Chemical Company. Cindy Warner seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Dan Meyering, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

Cindy Warner motioned for the approval of Resolution 2024-121 for the State Essential Services

Assessment Exemption to Dow Silicones Corporation. Charles P. Rothstein seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Dan Meyering, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

Britany L. Affolter-Caine motioned for the approval of Resolution 2024-122 for the extension of the MSF-Designated Renaissance Zone to The Dow Chemical Company and Dow Silicones Corporation. Cindy Warner seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Dan Meyering, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

Cindy Warner motioned for the approval of Resolution 2024-123 for the termination of a Michigan Economic Growth Authority Tax Credit to The Dow Chemical Company. Susan Tellier seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Dan Meyering, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

## **VI. ADMINISTRATIVE**

**a. Resolution 2024-124 Michigan Community Revitalization Program (MCRP) Financial Reporting Waiver.** Debbie Stehlik, Commercial Real Estate Investment Manager, provided the Board with information regarding this action. This action involves the consideration of a resolution to allow for the waiver of certain financial reports currently required in MCRP Agreements.

Dimitrius Hutcherson motioned for the approval of Resolution 2024-124 to approve the MCRP Financial Reporting Requirement Waivers. Michael B. Kapp seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Dan Meyering, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Randy

Thelen, Cindy Warner; Nays: None; Recused: None.

## **VII. INFORMATIONAL**

Ms. Nelson noted that the meeting packet included the Michigan Strategic Fund Delegation of Authority Report from June 1, 2024, to June 30, 2024. There were no questions regarding the report.

Ms. Nelson adjourned the meeting at 9:42 a.m.



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
DIRECTOR

January 21, 2022

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

Re: Michigan Strategic Fund Board Meeting Designees

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin  
Director



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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

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## MEMORANDUM

**Date:** August 27, 2024

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

**From:** Greg West, Manager, Federal Programs  
Paula Holtz, Managing Director, Regional Development

**Subject:** Community Development Block Grant Program  
Public Gathering Space Initiative  
Grant Amendment

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### Request

The Village of Calumet and MEDC staff are requesting a grant amendment increase of \$190,384 in Community Development Block Grant (CDBG) funds to a public gathering space project.

### Background

On October 25, 2022, the Michigan Strategic Fund (MSF) board approved by Resolution 2022-176 a total of \$4,805,160 in CDBG funds and up to \$350,000 in additional CDBG funds for administrative costs for seven (7) Public Gathering Space projects.

Eligible Activities for the funding initiative include:

- Permanent infrastructure required for the successful creation and/or operation of a public gathering space such as utility infrastructure, playground equipment, pavilions, public restrooms, drinking fountains, sidewalks, etc.
- Permanent amenities including, but not limited to, outdoor speaker systems, exterior heating systems, lighting, affixed tables, benches, public art, etc.
- Universal Accessibility design elements that enable public spaces to comply with the Americans with Disabilities Act (ADA) and create welcoming public spaces for residents of all abilities, such as, accessible playground equipment, modified restrooms, etc.
- Other permanent infrastructure or amenities deemed eligible by HUD, necessary to support the accessibility and seasonality of a public gathering space.

As communities secured grant funds through a competitive MEDC funding round, they were not permitted to reduce the scope of the grant projects. However, the Village did value engineer the project to reduce overall costs.

The Village of Calumet is contributing additional funds and maintaining their required match amount for the project.

**Recommendation**

MEDC Staff recommends the MSF authorize:

- A total of \$190,384 in additional CDBG funds for the project identified in **Exhibit A**.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2024-126**

**APPROVAL OF CDBG FUNDING FOR THE VILLAGE OF CALUMET'S PUBLIC GATHERING SPACE PROJECT AMENDMENT**

**WHEREAS**, Executive Order 1999-1, issued pursuant to Article V of the Michigan Constitution of 1963 and the laws of the State of Michigan, consolidated the State's economic development functions and programs and their accompanying powers in the Michigan Strategic Fund ("MSF");

**WHEREAS**, Executive Order 1999-1 transferred from the Michigan Jobs Commission to the MSF all authority, powers, duties, functions, grants, and responsibilities, including the functions of budgeting, procurement, personnel, and management related functions, of the Community Development Block Grant ("CDBG") program;

**WHEREAS**, Executive Order 2023-1 stated that the MSF retain the administration of the CDBG Disaster Recovery Program, the CDBG Coronavirus Aid, Relief and Economic Security (CARES) Act program and CDBG Program related to the 2022 CDBG annual program allocation and all prior year allocations;

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

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

**WHEREAS**, on October 25, 2022, by Resolution 2022-176, the MSF Board approved the 2022 Public Gathering Spaces Projects, in the amount of \$4,805,160 for seven (7) Public Gathering Space projects and an additional \$350,000 in CDBG funds for administrative services;

**WHEREAS**, on October 25, 2022, by Resolution 2022-176, the MSF Board awarded the Village of Calumet (the "Village") CDBG funds in the amount of \$280,000 for a Public Gathering Spaces Project (the "Project");

**WHEREAS**, the Village has requested an additional \$190,384 in CDBG funds for the Project as described in **Exhibit A**, attached hereto (the "Amendment Request"); and

**WHEREAS**, the CDBG program staff reviewed the Amendment Request in light of the Criteria and HUD regulations and concluded the activities are eligible and recommends that the MSF Board approve the Amendment Request.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the Amendment Request subject to available CDBG funding.

Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Teller, Randy Thelen, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
August 27, 2024

**EXHIBIT A**

<b>Applicant/Community</b>	<b>Amendment Request</b>	<b>Project Description</b>
Village of Calumet	\$190,384	The project will create a central park with new lighting, concrete walkways, an accessible seating plaza, permanent benches, electrical and water access on site for users and vendors.
<b>TOTAL</b>	<b>\$190,384</b>	



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File

**MICHIGAN STRATEGIC FUND  
RESOLUTION**

**2024-125**

**APPROVAL OF THE AUGUST 27, 2024, CONSENT  
AGENDA FOR THE MICHIGAN STRATEGIC FUND  
BOARD**

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

**WHEREAS**, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently amended and restated by the MSF Board on October 24, 2023,

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

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

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

Consent Agenda Items:

- a. Proposed July 23, 2024, Meeting Minutes
- b. CDBG Public Gathering Spaces: Calumet Grant Amendment

Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
August 27, 2024



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File





## MEMORANDUM

**Date:** August 27, 2024

**To:** Michigan Strategic Fund Board

**From:** Mackenzie Miller, Senior Community Development Manager  
Julius L. Edwards, Director, Commercial Real Estate Investment  
Rob Garza, Director, Statutory Analysis

**Subject:** Request for Approval of a Transformational Brownfield Plan  
City of Grand Rapids Brownfield Redevelopment Authority (BRA)  
Grand Action Foundation 2.0  
Grand Rapids Amphitheater and Soccer Stadium Mixed-Use Project  
Transformational Brownfield Plan

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### **Project Summary & Request**

The proposed Transformational Brownfield Plan (the “Plan”) consists of multiple mixed-use developments along the riverfront in the City of Grand Rapids and anticipates more than \$701million in investment. This project will generate long-lasting community and cultural enhancements and activation of riverfront property. The redevelopment of the property consists of the scope detailed below:

#### **Amphitheater Development: Amphitheater, Riverwalk, Apartment Building and Parking Garage**

The Amphitheater Property totals 10.6 acres and is located immediately south of US-131 between the Grand River and Market Ave SW. The property is located near the Roosevelt Park and Black Hills neighborhoods, which are Neighborhoods of Focus that are prioritized by the City for reinvestment. The housing component of the Amphitheater Development will help meet the high demand for housing in the city.

- The Acrisure Amphitheater will be a world class entertainment center in the Grand Rapids community encompassing approximately 296,109 square feet. It will include 12,160 seats, administrative offices, talent support building, and food and beverage concessions.
- A publicly owned riverwalk, which will be situated along the Grand River across adjacent properties to the Amphitheater Property, will be constructed between the Acrisure Amphitheater and the Grand River. The riverwalk will include a paved trail for walking, running, cycling, and public greenspace along the riverbank, providing important local connectivity and regional access for alternative forms of personal transportation.
- The project will also include a twenty one-story mixed-use building with 475 market-rate rental apartments, 3,660 square feet (SF) of retail, and 475 parking garage spaces.

#### **Stadium Development: Soccer Stadium, Stadium District Tower and Skybridge**

The Stadium Development Property totals 8.2 acres and is located west of the Grand River and immediately north of the YMCA of Greater Grand Rapids. The project components include:

- A 134,500 square foot soccer stadium will be located west of downtown and will provide the region with a new destination venue complimenting the Van Andel Arena and DeVos Place Convention Center. The 8,500-seat soccer stadium will generate the only team in a major professional league

in Grand Rapids and will include a full-size soccer pitch to support national and international matches.

- An eighteen-story mixed-use commercial building and parking garage is anticipated to be constructed immediately to the north of the stadium (the “Stadium District Tower”). The Stadium District Tower will total 263,600 square feet and will include retail or restaurant space, office space, a 350-space parking structure, and 260 residential apartment units.
- A 4,200 sq ft (224 ft long) pedestrian skybridge is anticipated in this development that will originate at the southwest corner of Lake Michigan Drive and Winter Avenue spanning west over Winter Avenue and north over Lake Michigan Drive/Pearl Street.

Project maps and renderings are included in Appendix C.

<b>PROJECT SUMMARY</b>	
Project Eligibility	Facility and Adjacent and Contiguous
Total Approximate Square Feet Revitalized	1,615,841
Total Approximate Acres Activated	18.8
Estimated # of Residential Units	735
Estimated Full-Time Equivalent Jobs Created	250
Estimated Commercial Square Footage	324,299
Estimated Residential Square Footage	624,187
Current Taxable Value	\$0
Projected Taxable Value at Completion	\$76,586,102
Total Anticipated Capital Investment	\$701,021,977
Transformational Brownfield Revenue Request	\$252,357,792

Grand Action 2.0 (the “Developer”) and the City of Grand Rapids Brownfield Redevelopment Authority (“BRA”) are requesting the approval of a TBP incentive package in the aggregate amount of \$252,357,792 and divided by revenue type as follows:

- Local and school property tax capture in the amount of \$97,658,178, with state capture limited to \$54,404,389.
- A maximum of \$11,654,381 in construction period tax capture revenues.
- A maximum of \$15,006,113 in construction period sales and use tax exemptions.
- A maximum of \$128,039,120 in income tax capture revenues, withholding tax capture revenues, and sales & use tax capture (post-construction) to be reimbursed over 20 years.

The series of projects seeks to redevelop the Grand Rapids riverfront by proposing mixed-use redevelopment of city-owned public works and administrative buildings and parking lots on the west side of downtown. These projects will produce transformational redevelopment for the city and surrounding neighborhoods, bringing a variety of commercial uses, and providing housing for approximately 1,045 residents. This project will create new spaces where visitors, residents, and members of the community can enjoy natural resources, urban amenities, and unique spaces to live, work, and play all within walking distance to downtown Grand Rapids and the vibrant westside community.

The Developer and the City will enter into an Affordable Housing Agreement, which will be structured as an annual contribution to the City's affordable housing fund based on a percentage of the residential-driven TBP incentive proceeds.

Following construction completion and occupancy of the completed buildings, the project will undergo a re-evaluation based on the certified construction costs which may require the incentive to be adjusted down ("true up"). The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Act 381 Transformational Brownfield Plan. The associated MSF Board resolution includes the authorization for this modification per Section 14a(8) of Act 381.

### **Statutory and Policy Considerations**

Act 381 of 1996 (the "Act"), as amended, authorizes the MSF to approve Transformational Brownfield Plans that include state and local property tax capture in conjunction with the Local Unit of Government, sales and use tax exemptions, construction period tax capture revenues, income tax capture revenues, and withholding tax capture revenues for the purpose of supporting projects statewide. On July 25, 2017, the MSF Board approved the Transformational Brownfield Program Guidelines ("Guidelines"). The Guidelines have been amended by the MSF Board five times, most recently on December 12, 2023. As required under the Act, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the Guidelines and programmatic requirements, and an underwriting analysis has been completed by MEDC underwriting staff. A summary of the completed underwriting analysis is included in Appendix A. An MSF Eligible Activities Table, Transformational Brownfield Program ("TBP") Revenue Summary, and key statutory criteria are included in Appendix D.

The project qualifies as a TBP as defined under Act 381 as it exceeds the threshold for capital investment (based on the population of the city, which in this case is \$100 million) and will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. The project is a mixed-use development with planned integration of retail, residential, and commercial uses.

The request includes the use of up to 100% of income tax capture revenues, which is allowed under statute and Guidelines, subject to a written affordable housing agreement between the local governmental unit and the developer. This agreement will be fully executed at a later date following MSF consideration. As a result, only 50% of projected income tax revenue will be available for capture until the executed affordable housing agreement between the Developer and local governmental unit is received by the MEDC. Once the affordable housing agreement is received and determined to be in keeping with programmatic requirements by MEDC staff, the full 100% of projected income tax revenue will be available for capture.

The request also includes a safe harbor calculation for income and withholding tax capture revenues, which may be elected for an individual project or the entire series of projects. The developer must elect whether to use the safe harbor calculation prior to the first disbursement of income tax capture revenues for a particular project. Once disbursement of income and withholding tax capture revenues commences, the Developer may not change the election for that individual project. The safe harbor amounts may be calculated based on the income tax revenues and withholding tax revenues included in the aggregate incentive total of \$252,357,792. If safe harbor is elected, the maximum incentive amount may not exceed \$241,530,173.

### **Demonstrated Need**

An independent underwriting analysis was completed by SB Friedman which concluded that the full approximately \$252 million in TBP assistance is required. With the TBP assistance and other identified public support the project's unleveraged IRR is projected at between approximately 7.0 and 8.0% based on the sensitivity analyses. The underwriting analysis was guided by the MSF approved TBP Guidelines which include the following assessment criteria:

- Assessment of how much traditional debt the project should be able to support/attract.
- Developer and consultant fees limited to 4% of the total development cost of the project.
- Reasonableness assessment of any related-party costs and expenses.
- Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees). Deferred fees will not be counted in the calculation.
- Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing.
- Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost will be evaluated if financing is preliminary. If financing term sheets are provided, leveraged IRR and cash on cash return will be evaluated. Average annual return metrics will be for the first three years following project stabilization.
- Reasonableness assessment of the proposed rental structure and assumptions.
- Reasonableness assessment of the proposed operating expenses.
- Reasonableness assessment of the proposed development costs.
- Process conducted to analyze and determine the project's economic viability.

TBP Program Guidelines state that unleveraged return metrics should be used for reviewing projects in which financing is preliminary. Therefore, the underwriting conclusions are based on unleveraged return metrics, including unleveraged IRR and yield on cost. SB Friedman reviewed numerous documents provided by the development team including pro formas, studies, construction documents, etc. Their review tested the impact to project returns by adjusting several variables that were identified as falling outside market ranges or could not be fully verified. Despite these adjustments, and after all components of public support, the project continues to achieve investment returns between 7.0 and 8.0%. which is within the range of the market-appropriate, risk-adjusted benchmark rates of return of 7.5-8.5% identified by SB Friedman based on the proposed project uses. The executive summary is included in **Appendix A**.

### **Local Support**

The City of Grand Rapids is supporting the project with the local property tax capture, valued at \$43,253,789 and two, fifteen-year, Neighborhood Enterprise Zone ("NEZ") tax abatements with a cumulative value of \$31,106,522.

### **Applicant Background / Qualifications**

Grand Action Foundation 2.0 ("Grand Action") is overseeing the Project and coordinating the engagement of contractors, engineers, architects, environmental consultants, and other professional advisors to complete the Project. Grand Action is a not-for-profit economic development organization with a primary mission to identify transformational capital-intensive projects in downtown Grand Rapids and adjacent neighborhoods. The agency is co-chaired by Dick DeVos, Carol Van Andel, and Tom Welch. Grand Action has a demonstrated history of developing large civic projects in Grand Rapids, with legacy projects that include the development of the DeVos Place Convention Center, the Van Andel Arena, and the Downtown Market.

Grand Action will act as the developer for both the Amphitheater Development and Stadium Development. Upon completion the Grand Rapids-Kent County/Arena Authority (CAA). The CAA is a seven-member board that administers DeVos Place, DeVos Performance Hall, Van Andel Arena, and will own operate the stadium and amphitheater upon completion.

Grand Action anticipates partnering with additional developers to complete the residential and mixed-use buildings and will be required to formally amend this Transformational Brownfield Plan to include any additional development entities at a later date. Until those entities are formally approved by the MSF, no TBP revenue disbursement for any portion of this TBP request shall occur.

An Organizational Chart for Grand Action Foundation 2.0 is provided in Appendix B. The background review process was completed in accordance with the MSF Background Review Policy on July 16, 2024.

### **Financial Highlights**

- Construction for residential towers are \$273 and \$297 per square foot, respectively. These numbers do not include the Amphitheater and Soccer Stadium.
- Residential rental rates range between \$2.17-\$4.22 per square. The residential rents are generally set at 11-46% premium above the market.
- Anticipated equity investment of 36% and 24.8% of total development costs for the residential towers, respectively. The Amphitheater and Soccer Stadium will mostly be funded through philanthropic, corporate, and government funding.
- Projected unleveraged IRR is projected at between approximately 7.0 and 8.0% based on the sensitivity analyses.

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

### **Recommendation**

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

- a) Approval of a TBP in the aggregate amount of \$252,357,792, which consists of the following revenue maximums:
  - i. Local and school property tax capture in the amount of \$97,658,178, to be reimbursed over 30 years.
  - ii. A maximum of \$11,654,381 in construction period tax capture revenues.
  - iii. A maximum of \$15,006,113 in construction period sales and use tax exemptions.
  - iv. A maximum of \$128,039,120 in income tax capture revenues, withholding tax capture revenues, and sales & use tax capture revenues (post-construction) to be reimbursed over 20 years.
- b) Approval of the factors that will be used to calculate the safe harbor amounts for income tax capture and withholding tax capture if elected by the developer. This election may be made on an individual project site or all project sites and must be made prior to the first distribution of income tax capture or withholding tax capture revenues. The safe harbor amounts may be calculated based on the income tax revenues and withholding tax revenues included in the aggregate incentive total of \$252,357,792. If safe harbor is elected, the maximum incentive amount may not exceed \$241,530,173 This information is included in Appendix E.
- c) Disbursement of construction period withholding tax capture revenues, income tax capture revenues, withholding tax capture revenues, sales & use tax capture revenues, and property tax capture revenues may not commence until the development entities that will incur eligible activity costs have been formally approved by the MSF.

- d) Income Tax capture revenues are limited to a maximum of \$50,516,117, which is 50% of proposed income tax capture revenue, until MEDC staff has received an executed affordable housing agreement between the developer and the local governmental unit and determination that the agreement is in keeping with programmatic requirements. Upon receipt of this agreement, the Income Tax capture maximum amount will be increased to amount proposed in the Plan, which is 100% of proposed income tax capture.
- e) Disbursement of construction period withholding tax capture revenues, income tax capture revenues, withholding tax capture revenues, sales & use tax capture revenues, and property tax capture revenues may not commence until MEDC staff has received the executed affordable housing agreement between the developer and the local governmental unit.

## **APPENDIX A – Underwriting Analysis Executive Summary**

### **Underwriting Analysis**

The Developer requested assistance under the Transformational Brownfield Plan (TBP) amendment to the Michigan Brownfield Redevelopment Financing Act. SB Friedman Development Advisors, LLC (SB Friedman) was engaged by the Michigan Economic Development Corporation (MEDC), on behalf of the Michigan Strategic Fund (MSF), to conduct an independent third-party financial and underwriting review of the Project, as required by state statute.

The underwriting analysis was guided by the MSF approved TBP Guidelines which include the following assessment criteria:

- Assessment of how much traditional debt the project should be able to support/attract.
- Developer and consultant fees limited to 4% of the total development cost of the project.
- Reasonableness assessment of any related-party costs and expenses.
- Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees).
- Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing.
- Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost are to be evaluated if financing is preliminary.
- Reasonableness assessment of the proposed rental structure and assumptions.
- Reasonableness assessment of the proposed operating expenses.
- Reasonableness assessment of the proposed development costs.
- Process conducted to analyze and determine the project's economic viability.

TBP Program Guidelines state that unleveraged return metrics should be used for reviewing projects in which financing is preliminary. Therefore, the underwriting conclusions are based on unleveraged return metrics, including unleveraged IRR and yield on cost.

To account for the mix of Project uses, including the specialty project components, SB Friedman established a range of market-appropriate, risk-adjusted rates of return for each land use, which were then weighted in aggregate to each land uses' percentage of overall Project net operating income (NOI) during the first year in which all components generate stabilized cash flow. The following ranges were established for the Project: 6.50-7.50% for stabilized yield on cost and 7.5-8.5% for unleveraged IRR. SB Friedman tested the impact on Project returns under four (4) different scenarios: 1) Baseline Analysis; 2) Income and Wage Escalation Sensitivity; 3) Rent Growth Sensitivity; and 4) Venue Sensitivity. Despite these adjustments, the Project with the full requested TBP continues to achieve returns at between approximately 7.0 and 8.0%, which is within or below the market-appropriate, risk-adjusted benchmark hurdle rates of return identified for the Project.

The Project Components are in various stages of design. The mixed-use residential Project Components are in conceptual design. Costs are likely to adjust as the Project moves further through predevelopment. The Development Team's various costs for the mixed-use residential Project Components appear reasonable relative to comparable projects reviewed by SB Friedman (adjusted to account for location and construction year).

Uncertainty exists regarding the overall financing of the Project. The Development Team is anticipating financing the mixed-use residential Project Components with a combination of conventional debt, cash equity, deferred developer fees, and TBP revenues. Specialty land uses are anticipated to be primarily funded through philanthropic, corporate, and government sources (including TBP revenues). Overall, it appears that the Development Team is maximizing debt for the two mixed-use residential Project Components. The equity commitment for Amp Tower appears reasonable, but Stadium District Tower appears to be relying on greater debt leverage. For the specialty land uses, it appears that the Development Team is maximizing debt for the Stadium Development, but debt leverage is somewhat low for the Amphitheater Development based on the stabilized DCR. While there is uncertainty regarding financing terms going forward, the interest rate and amortization assumptions generally appear favorable.

No third-party market studies have been conducted to establish anticipated rents and absorption for the residential, office and retail space in Amp Tower and Stadium District Tower. SB Friedman reviewed general information available through the 2022 Housing Needs Assessment for Grand Rapids/Kent County and recent multifamily development in Grand Rapids. While the 2022 study identified unmet demand for multifamily units serving higher-income residents, only site-specific market studies can identify the appropriate unit mix, pricing and absorption for particular development sites.

Residential income tax capture generates nearly 40% of the estimated TBP revenues for the Project overall. The percentage of income residents of the Project are expected to pay on rent appears reasonable in early years. However, incomes of residents are directly related to rent levels, and there are no detailed residential market studies justifying demand for the mixed-use residential Project Components at the anticipated price points. Therefore, there is uncertainty regarding potential residential income tax capture. In the event the development team elects to use safe harbor the maximum amount of income tax capture would be limited to \$90,929,011 as opposed to \$97,977,562, mitigating the risk to the State of Michigan related to the uncertainty regarding income tax capture.

Due to the early stage of design for multiple Project Components, SB Friedman recommended that the TBP assistance structure and redevelopment agreement require a “true up” to right-size public TBP assistance at the time costs are solidified. Staff is recommending that a single post construction re-evaluation be conducted per Section 14a(8) of Act 381 to adjust for the actual construction costs. The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Act 381 Work Plan. The Reimbursement Agreement for this project will further detail the post construction cost certification and conditions that would require specific modifications.



## APPENDIX B – Organizational Charts

Organizational Structure						
Company Name: Grand Action Foundation 2.0						
Employer Identification Number: 38-3147133						
MANAGER: Kara Lee Wood						
	Member					
Grand Action Foundation 2.0						
				<b>Ownership Interest Totals</b> 100.00%  Michigan nonprofit corporation organized on a directorship basis (i.e., no members or owners) 100.00%	<b>EINs -No Soc Sec numbers</b> 38-3147133	<b>State of Organization</b> Michigan

### APPENDIX C – Project Maps and Renderings





**APPENDIX D – MSF Eligible Activities Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Grand Rapids, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on May 21, 2024. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on July 8, 2024 and July 18, 2024.

There are 46.8257 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (51.25%) and local millage equaling 22.8257 mills (48.75%). Tax increment capture will begin in 2027 and is estimated to continue for 30 years. The state tax capture is recommended to be capped at \$54,404,389, which is the amount of tax increment revenue anticipated to be generated in 30 years. The tax capture ratio is impacted by the NEZ tax abatement, and the blended ratio is shown below. The property tax reimbursement only represents a portion of the award needed to fully reimburse the developer for eligible activity costs. MSF eligible activities breaks down as follows:

**Tax Capture Summary:**

State tax capture	(55.71%)	\$ 54,404,389
Local tax capture	(44.29%)	\$ 43,253,789
<b>TOTAL</b>		<b>\$ 97,658,178</b>

**Total TBP Revenue Breakdown**

Property Tax Capture	\$	97,658,178
Construction Period Sales and Use Tax Exemption		15,006,113
Construction Period Tax Capture		11,654,381
Income Tax Capture (post-construction)		101,032,235
Withholding Tax Capture (post-construction)		7,243,959
Sales & Use Tax Capture (post-construction)	+	19,762,926
<b>ANTICIPATED TOTAL</b>	<b>\$</b>	<b>252,357,792</b>

The project anticipates EGLE Work Plan support for this project in the amount of \$40,000 to assist with environmental eligible activities.

**Statutory Criteria**

It is the role of the MEDC staff to review the information provided by the applicant for eligibility, completeness, and adherence to program guidelines, and to manage the MSF’s investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third-party sources utilized by staff.

As required under Act 381, the following statutory criteria is being considered by the MSF:

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

The Amphitheater Property is a short walk to the core of the central business district and near other mixed-use developments. The Amphitheater property is located near the Roosevelt Park and Black Hills neighborhoods, which are Neighborhoods of Focus that are prioritized by the City for



reinvestment. The housing component of the Amphitheater Development will help meet the high demand for housing in the City.

The Stadium Development is located near the downtown campus of Grand Valley State University (GVSU) on an underutilized site that is currently home to a large surface parking lot and will provide new opportunities for further economic expansion to existing residents and businesses in the burgeoning westside community and increase availability of attainable housing for residents of that community. The Stadium Property is located near the John Ball Park and West Grand neighborhoods, which are Neighborhoods of Focus that are prioritized by the City for reinvestment.

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

The Project will contribute to the establishment of a new district in south downtown and further the growth of the westside community. It will have a significant positive impact on the City's economy, tax base, tourism, and population growth. The establishment of a world class amphitheater and professional soccer stadium in the heart of the city will enhance the city's position as a cultural and sporting destination in the Midwest and act as a catalyst for further community revitalization. The Project will create new commercial, residential, and retail space that will contribute to the dynamic communities in which it is located.

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

The City of Grand Rapids is supporting the project with the local property tax capture, valued at \$43,253,789 and two, fifteen-year, Neighborhood Enterprise Zone tax abatements with a cumulative value of \$31,106,522.

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

The TBP proposes that the Developer will invest over \$701 million to develop the combined proposed TBP project. Based on the third-party underwriting analysis the full \$252 million in TBP assistance is required. With the full incentive and with rent revenues projecting significant premiums, the project unleveraged IRR is projected at between 7.0 and 8.0% based on the sensitivity analyses. The risk associated with bringing this level of investment to the area and the premium level of the revenue targeting creates a risk for a lower projected return.

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

No vacant buildings will be reactivated and the properties are not qualifying as a historic resource or blighted.

**F. Creation of jobs:**

The project will create a total of 250 full-time equivalent jobs with an average hourly wage of \$25.64.

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

Total capital investment for the Project is approximately \$714.7 million. The Developer, with its capital partners, will contribute the required minimum 20% equity for this Project. The remaining portion of the Project's capital stack will consist of a bank financed construction loan and private contributions/donations.

**H. Whether the project is financially and economically sound:**

The project has been vetted and is believed to be financially and economically viable.

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

All components of the Project contemplated in this Plan are proposed to be constructed on vacant or underutilized Brownfield sites, shifting them to a higher-density mixture of uses. The resulting developments are expected to spark economic activity in the neighborhoods in which they are located. The development is anticipated to include approximately 1,045 new residents, approximately 250 full-time equivalent employees, an amphitheater with an estimated capacity of 12,000 patrons., a soccer stadium with an estimated capacity of 8,500 patrons, and increased community and event-specific activity.

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

The Project will enhance the area by redeveloping a significant amount of previously unused or underutilized property into walkable areas. Notably, the Amphitheater Development is a 10-minute walk to the central business district and is only a few blocks away from other mixed-use developments. The Stadium Development is located on an underutilized site in an otherwise walkable area near GVSU's downtown campus.

The Amphitheater Development includes the construction of a riverwalk that will provide a public greenspace and a walking, running, and biking path along the Grand River and will connect to over 100 miles of existing trails.

The Developer will coordinate with The Rapid (bus rapid transit), Mobile GR, and City Traffic Safety to design optimized multi-modal transit and pedestrian access to the Project, with the goal of incentivizing access to the Property via public transit.

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

Not applicable.

**L. Whether the project promotes sustainable development:**

The Project includes several sustainable elements targeted at improving the overall energy efficiency and sustainability of the Project. The Amphitheater Development will include low flow plumbing fixtures, LED lighting, a reduction in impervious parking lot surface and increasing green space by over 3 acres, heat pumps where possible for heating and cooling, MERV13 final filters on all major air handling equipment to improve indoor air quality, effective waste management strategies to reduce trash, and an anticipated high walkability/transit score. The Stadium Development will include open air spaces with natural ventilation to reduce energy use, low flow plumbing fixtures, LED lighting, high efficiency VRF heat pump technology in the offices and suites, reduction in impervious parking lot surface, effective waste management strategies to reduce trash, an exterior envelop design above construction code minimum requirements to support a reduction in energy loss, and an anticipated high walkability/transit score.

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

Not applicable

**N. Whether the project addresses area-wide redevelopment:**

The Amphitheater Development is situated at the southern end of the downtown Grand Rapids corridor, in an area which has not experienced significant development and has a large amount of underutilized property. The Stadium Development is located on an underutilized site on the westside near other developed properties like the YMCA and GVSU's downtown campus. These areas have long been a city priority for redevelopment, but multiple redevelopment efforts over the years have not been successful for a variety of reasons. With this Project, the community has a once in a lifetime opportunity for the property to be put to its highest and best use. The Project addresses one of the city's key priorities: addressing the critical housing shortage. Further, the Project will create and further establish the south downtown and westside districts as areas where residents, visitors, and members of the community can enjoy natural resources, urban amenities, and a unique space to live, work, and recreate.

**O. Whether the project addresses underserved markets of commerce:**

The Project is located in two of the City's Neighborhoods of Focus (NOFs), which are 17 census tracts in the near west and south side of Grand Rapids which, due to systemic and historic inequities, experience the most disparate outcomes related to income, educational attainment opportunities, home ownership, and wealth accumulation, when compared to the city as a whole. The NOFs are priority investment areas for the city. The Amphitheater property is situated between the Roosevelt Park and Black Hills neighborhoods and the Stadium Property is situated between the John Ball Park and West Grand neighborhoods. The Project will serve as a gateway to connect these neighborhoods, which have not benefitted from recent development efforts, to the growth taking place downtown and elsewhere on the westside of the city.

**P. The level and extent of environmental contamination:**

Soil and groundwater contamination in concentrations exceeding EGLE's NRDWC, GSIC, and DCC associated with historical use are present throughout the Property. The Developer will conduct site investigations and excavate and dispose of contaminated soils to partially remediate this contamination and implement due care activities, including engineering controls, to alleviate potential future exposure to contamination in accordance with Michigan law.

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

The project is not qualifying as a historic resource.

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

The Project is not anticipated to compete with or adversely affect existing Michigan businesses.

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

The Project will result in the renovation of existing, underutilized structures and the construction of new buildings and public infrastructure in priority areas for the city. This Project will continue the revitalization of these areas of the city and contribute to the economic success of these communities and their residents.

**T. Describe how does the TBP includes provisions for affordable housing:**

The request includes the use of up to 100% of income tax capture revenues, which is allowed under statute and Guidelines, subject to a written affordable housing agreement between the local

governmental unit and the developer. This agreement will be fully executed at a later date following MSF consideration. As a result, only 50% of projected income tax revenue will be available for capture until the executed affordable housing agreement between the Developer and local governmental unit is received by the MEDC. Once the affordable housing agreement is received, the full 100% of projected income tax revenue will be available for capture.



**APPENDIX E – Income and Withholding Tax Capture Safe Harbor Revenue Tables**

Safe Harbor Calculations

Year	Total Portfolio							Total TBP Benefit
	Constr. Sales/Use Tax Exemption	Constr. PIT Capture	Residential Income Tax Capture - Safe Harbor	Commercial Withholding Capture - Safe Harbor	Incr. Property Tax Capture - SCHOOL	Incr. Property Tax Capture - LOCAL	Sales Tax Capture	
2024	\$3,323,407	\$2,581,098	\$0	\$0	\$0	\$0	\$0	\$5,904,504
2025	\$6,504,308	\$5,051,520	\$0	\$134,954	\$0	\$0	\$468,090	\$12,158,873
2026	\$3,792,229	\$2,945,205	\$0	\$139,677	\$0	\$0	\$477,452	\$7,354,563
2027	\$1,386,169	\$1,076,557	\$1,120,677	\$159,173	\$652,998	\$420,015	\$609,538	\$5,425,127
2028	\$0	\$0	\$2,466,456	\$245,722	\$1,133,247	\$733,013	\$844,479	\$5,422,917
2029	\$0	\$0	\$3,292,123	\$254,322	\$1,155,912	\$747,674	\$861,368	\$6,311,399
2030	\$0	\$0	\$3,603,579	\$263,223	\$1,179,030	\$762,627	\$878,596	\$6,687,055
2031	\$0	\$0	\$3,729,705	\$272,436	\$1,202,610	\$777,880	\$896,168	\$6,878,799
2032	\$0	\$0	\$3,860,244	\$281,972	\$1,226,663	\$793,437	\$914,091	\$7,076,407
2033	\$0	\$0	\$3,995,353	\$291,841	\$1,251,196	\$809,306	\$932,373	\$7,280,068
2034	\$0	\$0	\$4,135,190	\$302,055	\$1,276,220	\$825,492	\$951,020	\$7,489,977
2035	\$0	\$0	\$4,279,922	\$312,627	\$1,301,744	\$842,002	\$970,041	\$7,706,335
2036	\$0	\$0	\$4,429,719	\$323,569	\$1,327,779	\$858,842	\$989,441	\$7,929,350
2037	\$0	\$0	\$4,584,759	\$334,894	\$1,354,335	\$876,019	\$1,009,230	\$8,159,237
2038	\$0	\$0	\$4,745,226	\$346,615	\$1,381,421	\$893,539	\$1,029,415	\$8,396,216
2039	\$0	\$0	\$4,911,309	\$358,747	\$1,706,629	\$1,086,997	\$1,050,003	\$9,113,684
2040	\$0	\$0	\$5,083,205	\$371,303	\$1,906,904	\$1,400,434	\$1,071,003	\$9,832,849
2041	\$0	\$0	\$5,261,117	\$384,298	\$1,945,042	\$1,486,568	\$1,092,423	\$10,169,449
2042	\$0	\$0	\$5,445,256	\$397,749	\$1,983,943	\$1,882,868	\$1,114,272	\$10,824,088
2043	\$0	\$0	\$5,635,840	\$411,670	\$2,023,622	\$1,846,584	\$1,136,557	\$11,054,273
2044	\$0	\$0	\$5,833,094	\$426,078	\$2,064,094	\$1,883,516	\$1,159,288	\$11,366,071
2045	\$0	\$0	\$6,037,253	\$172,462	\$2,105,376	\$1,921,186	\$486,917	\$10,723,193
2046	\$0	\$0	\$6,248,556	\$178,498	\$2,147,484	\$1,959,610	\$496,655	\$11,030,803
2047	\$0	\$0	\$2,230,427	\$155,680	\$2,190,433	\$1,998,802	\$324,505	\$6,899,847
2048	\$0	\$0	\$0	\$0	\$2,234,242	\$2,038,778	\$0	\$4,273,020
2049	\$0	\$0	\$0	\$0	\$2,278,927	\$2,079,554	\$0	\$4,358,481
2050	\$0	\$0	\$0	\$0	\$2,324,505	\$2,121,145	\$0	\$4,445,650
2051	\$0	\$0	\$0	\$0	\$2,370,996	\$2,163,568	\$0	\$4,534,563
2052	\$0	\$0	\$0	\$0	\$2,763,903	\$2,189,565	\$0	\$4,953,468
2053	\$0	\$0	\$0	\$0	\$2,819,181	\$2,233,356	\$0	\$5,052,537
2054	\$0	\$0	\$0	\$0	\$2,875,565	\$2,278,023	\$0	\$5,153,588
2055	\$0	\$0	\$0	\$0	\$2,933,076	\$2,323,583	\$0	\$5,256,660
2056	\$0	\$0	\$0	\$0	\$1,287,312	\$1,019,809	\$0	\$2,307,121
<b>TOTAL (30 Yrs)</b>	<b>\$15,006,113</b>	<b>\$11,654,381</b>	<b>\$90,929,011</b>	<b>\$6,519,563</b>	<b>\$54,404,389</b>	<b>\$43,253,789</b>	<b>\$19,762,926</b>	<b>\$241,530,173</b>

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2024-127**

**APPROVAL OF A BROWNFIELD ACT 381 COMBINED TRANSFORMATIONAL  
BROWNFIELD PLAN  
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY  
GRAND RAPIDS AMPHITHEATER AND SOCCER STADIUM MIXED-USE PROJECT  
TRANSFORMATIONAL BROWNFIELD PLAN**

**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 (“Act 381”), 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**, Public Act 46 of 2017 amended Act 381 to allow a governing body and the MSF to approve transformational brownfield plans (“TBP”) and was further amended by Public Act 135 of 2021 modifying criteria for transformational brownfield plans;

**WHEREAS**, on July 25, 2017, by Resolution 2017-109, the MSF Board adopted the Transformational Brownfield Plan Guidelines (the “TBP Guidelines”);

**WHEREAS**, the MSF Board amended the TBP Guidelines by Resolution 2017-152 on September 26, 2017, by Resolution 2019-062 on April 23, 2019, by Resolution 2022-055 on March 22, 2022, by Resolution 2023-132 on July 25, 2023, by Resolution 2023-132, and on December 12, 2023, by Resolution 2023-194;

**WHEREAS**, captured school operating tax revenues, construction period tax capture revenues, sales and use tax exemption, income tax capture revenues, withholding tax capture revenues, sales and use tax capture revenues may be used under 1996 PA 381 as amended, for demolition, construction, restoration, alteration, renovation or improvement of buildings, or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, or for lead, asbestos, or mold abatement, and for demolition and that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

**WHEREAS**, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a combined transformational brownfield plan (the “Plan”) for property located at 412 Douglas Street NW, 238 Summer Avenue NW, 232 Summer Avenue NW, 226 Summer Avenue NW, 222 Summer Avenue NW, 216 Summer Avenue NW, 212 Summer Avenue NW, 206 Summer Avenue NW, 408 Blumrich Street NW, 239 Mt. Vernon Avenue NW, 233 Mt. Vernon Avenue NW, 227 Mt. Vernon Avenue NW, 223 Mt. Vernon Avenue NW, 217 Mt. Vernon Avenue NW, 211 Mt. Vernon Avenue NW, 207 Mt. Vernon Avenue NW, 202 Summer Avenue NW, 201 Mt. Vernon Avenue NW, 230 Winter Avenue NW, 441 Lake Michigan Drive NW, 407

Pearl Street SW within the City of Grand Rapids, known as Grand Rapids Amphitheater and Soccer Stadium Mixed-Use Project Transformational Brownfield Plan (the “Project”);

**WHEREAS**, the City of Grand Rapids 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 and Grand Action Foundation 2.0 (the “Developer”) are requesting MSF approval of the following actions:

- 1) capture of \$97,658,178 in local and school property tax capture revenues, with state tax capture limited to \$54,404,389;
- 2) a sales and use tax exemption of up to \$15,006,113 during the construction period of the Project;
- 3) capture up to \$11,654,381 in construction period tax capture revenues; and
- 4) capture up to \$128,039,120 in post-construction income tax capture revenues, post-construction withholding tax capture revenues, and post-construction sales and use tax capture revenues.

(the aforementioned, collectively, the “Transformational Brownfield Plan Designation”);

**WHEREAS**, the safe harbor calculation for income and withholding tax capture revenues may be elected for an individual project site, but once disbursement of income and withholding tax capture revenues commences, the Developer shall use the safe harbor calculation for that project site until disbursement is complete. The safe harbor amounts may be calculated based on the income tax revenues and withholding tax revenues included in the aggregate incentive total of \$252,357,792. If safe harbor is not elected, the maximum incentive amount may not exceed \$249,000,000;

**WHEREAS**, the factors that will be used to calculate the safe harbor amounts for income tax capture and withholding tax capture, if elected by the Developer, are included in Appendix A;

**WHEREAS**, capture of up to 100% of income tax capture revenues may occur subject to a written binding affordable housing agreement between the local governmental unit and the Developer;

**WHEREAS**, following construction completion and occupancy of the completed buildings, the Project will undergo a re-evaluation based on the certified construction costs which may require the incentive to be adjusted down (“true up”). The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Act 381 Transformational Brownfield Plan; and

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board authorizes the Transformational Brownfield Plan Designation; and

**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; and

**BE IT FURTHER RESOLVED**, Income Tax capture revenues are limited to a maximum of \$50,516,117, which is 50% of proposed income tax capture revenue, until MEDC staff has received an executed affordable housing agreement between the developer and the local governmental unit. Upon receipt of this agreement, the Income Tax capture maximum amount will be increased to amount proposed in the Plan, which is 100% of proposed income tax capture; and

**BE IT FURTHER RESOLVED**, disbursement of construction period withholding tax capture revenues, income tax capture revenues, withholding tax capture revenues, sales & use tax capture revenues, and property tax capture revenues may not commence until MEDC staff has received the executed affordable housing agreement between the developer and the local governmental unit; and

**BE IT FURTHER RESOLVED**, disbursement of construction period withholding tax capture revenues, income tax capture revenues, withholding tax capture revenues, sales & use tax capture revenues, and property tax capture revenues may not commence until the development entities that will incur eligible activity costs have been formally approved by the MSF via amendment to the Plan; and

**BE IT FURTHER RESOLVED**, the MSF Fund Manager is authorized to authorized negotiate all final terms and conditions and execute all documents necessary to effectuate the Transformational Brownfield Plan Designation in accordance with the terms set forth in this Resolution and consistent with the requirements of Act 381, as amended.

Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
August 27, 2024

## APPENDIX A - Income and Withholding Tax Capture Safe Harbor Revenue Tables

### Safe Harbor Calculations

Year	Total Portfolio							
	Constr. Sales/Use Tax Exemption	Constr. PIT Capture	Residential Income Tax Capture - Safe Harbor	Commercial Withholding Capture - Safe Harbor	Incr. Property Tax Capture - SCHOOL	Incr. Property Tax Capture - LOCAL	Sales Tax Capture	Total TBP Benefit
2024	\$3,323,407	\$2,581,098	\$0	\$0	\$0	\$0	\$0	\$5,904,504
2025	\$6,504,308	\$5,051,520	\$0	\$134,954	\$0	\$0	\$468,090	\$12,158,873
2026	\$3,792,229	\$2,945,205	\$0	\$139,677	\$0	\$0	\$477,452	\$7,354,563
2027	\$1,386,169	\$1,076,557	\$1,120,677	\$159,173	\$652,998	\$420,015	\$609,538	\$5,425,127
2028	\$0	\$0	\$2,466,456	\$245,722	\$1,133,247	\$733,013	\$844,479	\$5,422,917
2029	\$0	\$0	\$3,292,123	\$254,322	\$1,155,912	\$747,674	\$861,368	\$6,311,399
2030	\$0	\$0	\$3,603,579	\$263,223	\$1,179,030	\$762,627	\$878,596	\$6,687,055
2031	\$0	\$0	\$3,729,705	\$272,436	\$1,202,610	\$777,880	\$896,168	\$6,878,799
2032	\$0	\$0	\$3,860,244	\$281,972	\$1,226,663	\$793,437	\$914,091	\$7,076,407
2033	\$0	\$0	\$3,995,353	\$291,841	\$1,251,196	\$809,306	\$932,373	\$7,280,068
2034	\$0	\$0	\$4,135,190	\$302,055	\$1,276,220	\$825,492	\$951,020	\$7,489,977
2035	\$0	\$0	\$4,279,922	\$312,627	\$1,301,744	\$842,002	\$970,041	\$7,706,335
2036	\$0	\$0	\$4,429,719	\$323,569	\$1,327,779	\$858,842	\$989,441	\$7,929,350
2037	\$0	\$0	\$4,584,759	\$334,894	\$1,354,335	\$876,019	\$1,009,230	\$8,159,237
2038	\$0	\$0	\$4,745,226	\$346,615	\$1,381,421	\$893,539	\$1,029,415	\$8,396,216
2039	\$0	\$0	\$4,911,309	\$358,747	\$1,706,629	\$1,086,997	\$1,050,003	\$9,113,684
2040	\$0	\$0	\$5,083,205	\$371,303	\$1,906,904	\$1,400,434	\$1,071,003	\$9,832,849
2041	\$0	\$0	\$5,261,117	\$384,298	\$1,945,042	\$1,486,568	\$1,092,423	\$10,169,449
2042	\$0	\$0	\$5,445,256	\$397,749	\$1,983,943	\$1,882,868	\$1,114,272	\$10,824,088
2043	\$0	\$0	\$5,635,840	\$411,670	\$2,023,622	\$1,846,584	\$1,136,557	\$11,054,273
2044	\$0	\$0	\$5,833,094	\$426,078	\$2,064,094	\$1,883,516	\$1,159,288	\$11,366,071
2045	\$0	\$0	\$6,037,253	\$172,462	\$2,105,376	\$1,921,186	\$486,917	\$10,723,193
2046	\$0	\$0	\$6,248,556	\$178,498	\$2,147,484	\$1,959,610	\$496,655	\$11,030,803
2047	\$0	\$0	\$2,230,427	\$155,680	\$2,190,433	\$1,998,802	\$324,505	\$6,899,847
2048	\$0	\$0	\$0	\$0	\$2,234,242	\$2,038,778	\$0	\$4,273,020
2049	\$0	\$0	\$0	\$0	\$2,278,927	\$2,079,554	\$0	\$4,358,481
2050	\$0	\$0	\$0	\$0	\$2,324,505	\$2,121,145	\$0	\$4,445,650
2051	\$0	\$0	\$0	\$0	\$2,370,996	\$2,163,568	\$0	\$4,534,563
2052	\$0	\$0	\$0	\$0	\$2,763,903	\$2,189,565	\$0	\$4,953,468
2053	\$0	\$0	\$0	\$0	\$2,819,181	\$2,233,356	\$0	\$5,052,537
2054	\$0	\$0	\$0	\$0	\$2,875,565	\$2,278,023	\$0	\$5,153,588
2055	\$0	\$0	\$0	\$0	\$2,933,076	\$2,323,583	\$0	\$5,256,660
2056	\$0	\$0	\$0	\$0	\$1,287,312	\$1,019,809	\$0	\$2,307,121
<b>TOTAL (30 Yrs)</b>	<b>\$15,006,113</b>	<b>\$11,654,381</b>	<b>\$90,929,011</b>	<b>\$6,519,563</b>	<b>\$54,404,389</b>	<b>\$43,253,789</b>	<b>\$19,762,926</b>	<b>\$241,530,173</b>



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



## MEMORANDUM

**Date:** August 27, 2024

**To:** Michigan Strategic Fund Board

**From:** Dominic Romano, Senior Community Development Manager  
Simon Verghese, Incentive Structuring & Underwriting Analyst  
Rob Garza, Director, Statutory Analysis

**Subject:** Request for Approval of an Act 381 Work Plan  
City of Northville Brownfield Redevelopment Authority (BRA)  
The Downs Redevelopment Project

### Project Summary & Request

The City of Northville Brownfield Redevelopment Authority, in coordination with Hunter Pasteur Northville LLC, will redevelop approximately 7.85 acres of a former horse racing track and brownfield site to include the daylighting of a river and creating an adjacent park which will benefit the overall Northville community, as well as nearby communities whose residents use the existing connected park systems and Northville’s downtown as their own. The project will reactivate a contaminated property and bring the river closer to its natural state while creating an amenity and recreational area available to the greater public.

PROJECT SUMMARY	
Project Eligibility	Facility
Total Approximate Acres Activated	7.85 acres
Total Anticipated Capital Investment	\$17,787,861
Brownfield TIF / MSF Eligible Activities	\$14,080,297
State Capture Request	\$2,083,563

In order to incur and be reimbursed for infrastructure eligible activity costs related to the daylighted river and park creation, the property will be transferred into the Wayne County Land Bank. As a non-Qualified Local Governmental Unit, the City of Northville is not eligible for infrastructure improvement costs. However, per Section 125.2652(2)(o)(iv)(A) of Act 381, a property is eligible for infrastructure improvements costs if it is owned or under the control of a Land Bank Authority. Staff is requesting the MSF to waive the requirements in the Brownfield Program Guidelines to allow this property to be placed into Land Bank control specifically to access infrastructure improvement cost reimbursement because the project does not meet any of the three existing criteria. This will allow the project to use state tax capture to reimburse the developer for public infrastructure improvement costs not typically available to the City of Northville. Staff believes that the waiver is justified because of the public benefit being achieved. The community seeks to leverage tax capture from the private investment in the housing development on the brownfield site in order to create a public amenity. The extraordinary public benefits of the project include



redeveloping a contaminated brownfield site and creating an impactful public park that will have ecological and recreational benefits for the broader community.

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

### **Demonstrated Needs**

The brownfield tax increment revenue is necessary to enhance the redevelopment of the site. The associated costs of the brownfield site redevelopment, which include demolition and public infrastructure improvements, are significant. The development team is contributing significant owner equity of nearly 40%, and even with TIF support, the project is only projecting an IRR of 2.5%. Participation in the state portion of Brownfield TIF will support cash flow through reimbursement of these eligible brownfield expenses, helping make the investment in the public infrastructure financially feasible.

### **Local Support**

The City of Northville is participating through the local tax capture, valued at \$11,996,734.

### **Applicant Background / Qualifications**

The applicant, the City of Northville BRA, has worked to promote development of this site since the existing racetrack operations were identified to cease. Founded in 1999, Hunter Pasteur, the parent company for Hunter Pasteur Northville LLC, has grown to become one of Southeast Michigan’s largest homebuilders, as well as one of the region’s leading residential developers. Over the past two decades, they have built and developed over 1,500 single family homes and multifamily condominiums throughout Metro Detroit, including thriving communities in Ann Arbor, Birmingham, Bloomfield Hills, Clarkston, Commerce Township, Detroit, Lake Orion, Novi, Northville, South Lyon, and West Bloomfield.

An Organizational Chart for Hunter Pasteur Northville LLC is provided in Appendix A. The background review process was completed in accordance with the MSF Background Review Policy on June 18, 2024.

### **Recommendation**

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

- a) State tax capture for Act 381 eligible activities capped at \$2,083,563, utilizing the current state to local capture ratio.
- b) A waiver of the Brownfield Program Guidelines to allow the eligible property included in the Work Plan to be conveyed to the Wayne County Land Bank Authority for the specific purpose of allowing reimbursement of infrastructure improvement costs.



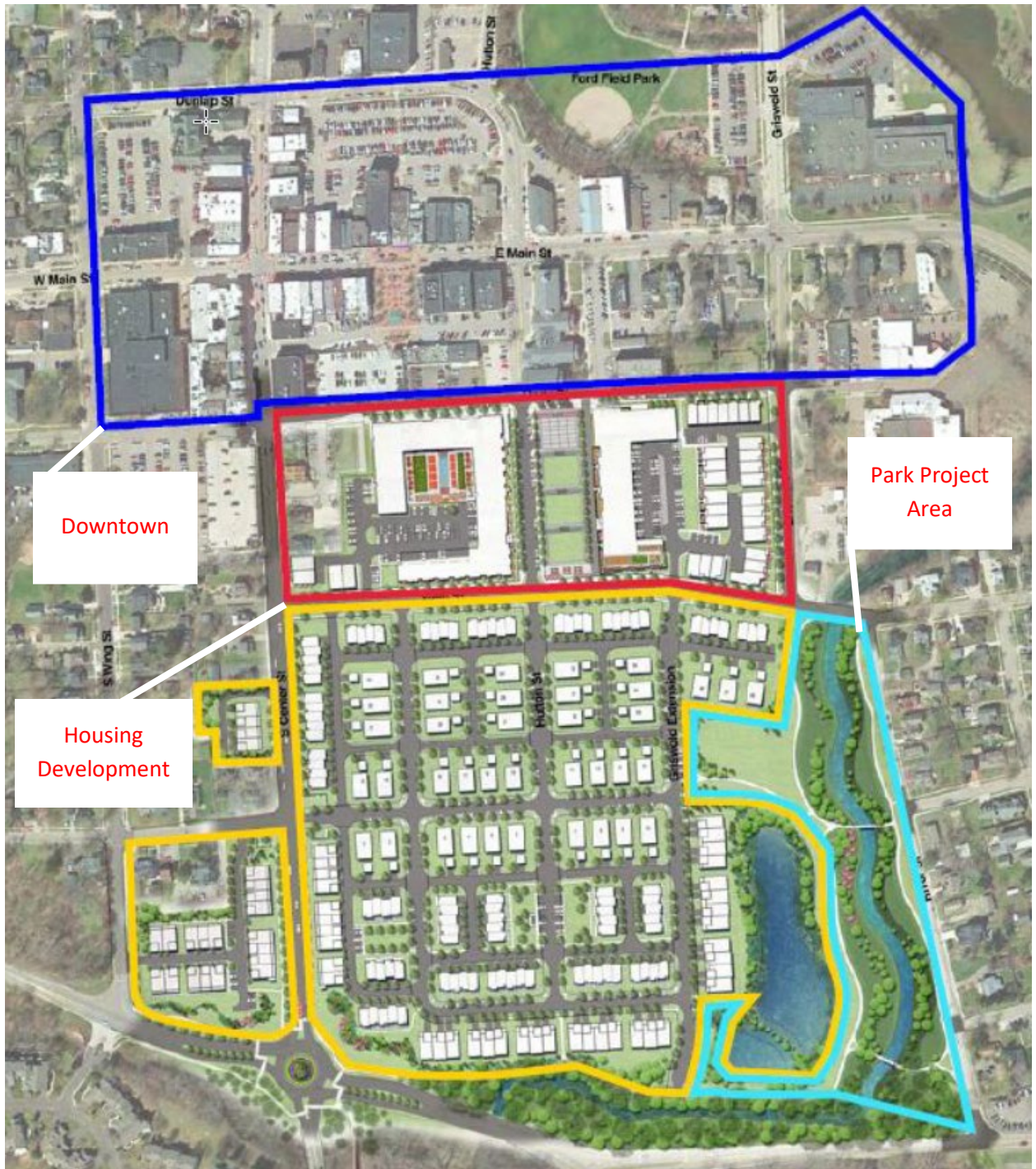
## APPENDIX A – Organizational Chart

Organizational Structure						
Company Name: Hunter Pasteur Northville LLC						
Employer Identification Number: 82-4140944						
MANAGER: Randall P. Wertheimer						
	Member			Ownership Interest Totals	EINs - No Soc Sec numbers	State of Organization
<b>Member/Company name and manager</b>				<b>48.00%</b>	83-4271875	Michigan
	Wertheimer Family Northville LLC					
		Randall P. Wertheimer	69.17%			
		Irwin J. Arkin Trust	20.83%			
		Devin Wertheimer	10.00%			
<b>Member/Company name and manager</b>				<b>12.00%</b>	40-0015024	Michigan
	Oboron LLC					
<b>Member/Company name and manager</b>				<b>4.00%</b>		Michigan
	Howard Luckoff					
<b>Member/Company name and manager</b>				<b>4.00%</b>		Michigan
	Jeffrey J. Sakwa Living Trust					
<b>Member/Company name and manager</b>				<b>10.00%</b>		Michigan
	Seth A. Herkowitz Trust					
<b>Member/Company name and manager</b>				<b>20.00%</b>		Michigan
	Phillip William Fisher Trust					
<b>Member/Company name and manager</b>				<b>1.00%</b>		Michigan
	Omar Eid					
<b>Member/Company name and manager</b>				<b>1.00%</b>		Michigan
	Brett Yuhasz					
				<b>100.00%</b>		

### APPENDIX B – Project Map and Renderings







**APPENDIX C – MSF Eligible Activities Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Northville, a non-Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on September 18, 2023. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on June 18, 2024.

There are 58.1635 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (41.26%) and local millage equaling 34.1635 mills (58.74%). Tax increment capture will begin in 2026 and is estimated to continue for 6 years. The state tax capture is recommended to be capped at \$2,083,563, which is the amount of tax increment revenue anticipated to be generated in 6 years. The ratio is impacted by various PRE exemptions on the adjacent housing development properties. Total MSF eligible activities are estimated at \$14,080,297. MSF eligible activities break down as follows:

**Tax Capture Summary:**

State tax capture	(14.80%)	\$	2,083,563
Local tax capture	(85.20%)	\$	11,996,734
<b>TOTAL</b>		<b>\$</b>	<b>14,080,297</b>

**Cost of MSF Eligible Activities**

Demolition	\$	2,117,094
Infrastructure Improvements		8,430,348
Sub-Total	\$	10,547,442
Contingency (15%)	+	1,582,116
Sub-Total	\$	12,129,558
Interest (5%)	+	1,920,739
Sub-Total	\$	14,050,297
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	15,000
<b>TOTAL</b>	<b>\$</b>	<b>14,080,297</b>

In addition, the project is requesting \$2,980,331 in TIF from EGLE to assist with environmental eligible activities.

**Key Statutory Criteria**

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

**a) Overall Benefit to the Public:**

The project will create the approximately 7.85-acre River Park on the development’s east side, commencing with the daylighting of a section of the Rouge River which currently flows through a buried culvert, resulting in significant ecological restoration. Upon completion of the daylighting, the River Park will be created as a recreational feature of the downtown Northville area which will benefit the city, surrounding communities, and region.

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

There will be no job creation associated with this project.

**c) Area of High Unemployment:**

The City of Northville seasonally adjusted jobless rate was 1.2% in April 2024.

**d) Level and Extent of Contamination Alleviated:**

Soil and/or groundwater contamination associated with the former undocumented fill and USTs is present on the eastern portion of the Property. Approximately 75,000 tons of this impacted fill are planned to be removed from the site during construction, subject to the results of expected additional sampling of soil and fill. Also, demolition of the buildings and paved areas and site preparation activities (e.g., excavation of unsuitable soils) will facilitate removal and disposal of near surface impacted fill soils.

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

The project is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

**g) Whether the Project is Financially and Economically Sound:**

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

**h) Other Factors Considered:**

No additional factors need to be considered for this project.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2024-128**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF NORTHVILLE BROWNFIELD REDEVELOPMENT AUTHORITY  
THE DOWNS REDEVELOPMENT**

**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**, on March 23, 2021, by Resolution 2021-042, the MSF Board approved the Brownfield Tax Increment Financing MSF Program Guidelines (the Brownfield Program Guidelines);

**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 Northville Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated June 18, 2024, for property located at 301 South Center Street within the City of Northville, known as The Downs Redevelopment (the “Project”);

**WHEREAS**, the City of Northville is not a “qualified local government unit” but is eligible to provide demolition and lead and asbestos removal 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;

**WHEREAS**, the Authority requests and the MEDC recommends that that the MSF Board grant a waiver of the Brownfield Program Guidelines to (1) allow the eligible property to be placed under the control of the Wayne County Land Bank Authority specifically to allow infrastructure improvement eligible activity costs to be incurred and reimbursed per Section 125.2652(o)(iv)(A), and (2) the completed river park property that is the basis of the Brownfield Work Plan must be conveyed from the Wayne County Land Bank Authority to the City of Northville following the completion of eligible activities and must be owned and maintained by the City of Northville until the conclusion of reimbursement for eligible activity costs to be reimbursed with taxes levied for school operating purposes (the “Waiver Request”); and

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan, the Waiver Request, and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 14.80% to 85.20% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition and infrastructure as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$12,129,558 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$1,920,739 in interest, a maximum of \$15,000 for brownfield and work plan preparation, and a maximum of \$15,000 for brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of \$2,083,563.

**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 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.

Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
August 27, 2024



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File





## MEMORANDUM

**Date:** August 27, 2024  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Sam Sedlecky, Senior Business Development Manager  
Brittney Mizer, Business Development Project Manager  
**Subject:** Grant Request  
Michigan Business Development Program (“MBDP”)  
Northland Corporation (“Company” or “Applicant”)

---

### Request Summary

- This is a request from the Applicant for a \$1,280,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”).
- This project involves the creation of up to 200 Qualified New Jobs, retention of 116 jobs, and a capital investment of up to \$21,400,000 in the City of Greenville, Montcalm County.

### Applicant History

With roots in American manufacturing that began in 1892, the Company is the longest standing refrigeration company in North America today. The Company continues to lead the industry with an extensive line of premium undercounter products known for unrivaled craftsmanship, precise performance, and smart design. The Company currently employs 116 people at its 175,000 square foot manufacturing facility in Greenville, Michigan. In 2015, the Company was purchased by Middleby Corporation, an American publicly traded commercial and residential cooking and industrial process equipment company. Middleby Corporation is based in Illinois, with annual sales of approximately \$4 billion and more than 10,700 global employees.

The background review process was completed in accordance with the MSF Background Review Policy on July 15, 2024, and the project may proceed for MSF consideration.

### Project Description

The Company is considering expanding its Greenville location, which is currently 175,000 square foot and employs 116 individuals. The project would require the Company to hire approximately 200 more people and invest over \$21,000,000 towards new equipment and an approximate 227,750 square foot expansion of the current building footprint. This would make the Greenville location the Company’s largest refrigeration manufacturing facility. This expansion would also require the purchase of adjacent land from the City of Greenville, which is extremely supportive of the project and has offered a full, 12-year PA-198 Industrial Facilities Tax Abatement valued at approximately \$2,838,327. If the Company moves forward with an out-of-state location, there are likely to be headcount reductions in Michigan. If the project moves forward in Michigan, the Company will break ground on the building expansion by Q3 of 2024, with job creation starting shortly thereafter.

The Company is considering the City of Greenville for the project and anticipates the project will result in capital investment of up to \$21,400,000 and the creation of up to 200 new jobs. Of the 200 new jobs, 153 will have average starting wages below the Regional Median Wage (RMW) of \$21.97 per hour, while 31 will have starting wages greater than the 75<sup>th</sup> percentile of RMW of \$31.18 per hour.

The Company offers a strong benefit package including health care, dental, vision, 401k match, life insurance of 1x each employee's salary and paid time off. The Company pays approximately 80% of each employee's health care premiums and each year deposits approximately \$1,350 into an HSA account for families and \$675 into an HSA account for individuals. To offset some of the position's lower starting wages, the Company has added several wage tiers for both its assemblers and fabricators (the lower paid positions). If an employee wants to advance, s/he can rise through the tiers from tier 1 to tier 5 within two years, resulting in wage increases of approximately \$4.00 per hour. Employees can also be promoted to team leaders and managers throughout the process, resulting in additional pay increases. Additionally, the lower paying jobs do not require any formal training or higher education, and the employee receives all needed on-the-job training. Based on Census Bureau data in 2022, only 16% of Greenville's population and 14% of Montcalm County's population had a bachelor's degree or higher, making these prime job opportunities for a large portion of the local population.

Lastly, the Company offers a variety of training opportunities for its employees looking to advance their positions. The Company utilizes Michigan Works! to reach local talent in disadvantaged areas and underrepresented employees and is open to helping employees obtain access to its facility for career positions.

### **Demonstrated Need**

Due to capability redundancies, the Company is alternatively considering investing in refrigeration design, development, and production centers currently operating in Greenwood, Mississippi and Milwaukee, Wisconsin. These alternative options would involve eliminating at least some production in Greenville and relocating some associated jobs from Michigan to the out-of-state destination of choice. The Mississippi option is additionally attractive from a logistical standpoint, given its more centralized location to the Company's customer base, for its ability to package and ship grill and refrigeration products together for the same customers, for its significantly lower wage rates, and for its existing excess capacity. The Company anticipates moving forward with this project in Mississippi would result in cost savings of up to \$17,400,000.

Despite these challenges, the Company would like to locate this expansion in Michigan, where it has a strong existing employee base, a demonstrated history of excellence in engineering, and better access to skilled talent. This project represents an investment in the Regional Impact Industry of Other Manufacturing and state incentives can secure the Company's continued presence in West Michigan.

In addition to MSF support, The Right Place has offered support in the form of staff time and assistance.

The City of Greenville anticipates approval of a real property tax abatement in support of the project. The MEDC also authorized a State Education Tax abatement to be used in conjunction with the locally approved abatement.

### **Request**

In order to secure the project, the Applicant is requesting a \$1,280,000 MBDP performance-based grant. The MBDP Request will help address the cost disadvantage of locating the project in Michigan when compared to the competing site in Mississippi. The MBDP funds will help offset the cost of constructing a new facility in Michigan, which will allow the Company to successfully manufacture high-quality products for the appliance market.

The proposed project will impact the local region with immediate job growth with a large and expanding manufacturer. This facility will result in the creation of up to 200 new jobs, the retention of 116 jobs and

up to \$21,400,000 in capital investment in the City of Greenville, Montcalm County. The entirety of Montcalm County is a geographically disadvantaged area in the State of Michigan, and the project would solidify the Company's presence and future business in the state.

**Recommendation**

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

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2024-129**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
NORTHLAND CORPORATION**

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

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

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

**WHEREAS**, on December 21, 2011, by Resolution 2011-184, the MSF Board (i) created the MBDP, and (ii) adopted the guidelines for the MBDP, as later amended on December 8, 2020, by Resolution 2020-146 (the “Guidelines”);

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

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

**WHEREAS**, Northland Corporation (the “Company”) has requested a performance based MBDP grant of up to \$1,280,000 (the “Request”), along with other general terms and conditions which are outlined in the term sheet attached (the “Term Sheet”) to expand refrigeration manufacturing in Greenville, Michigan (the “Project”);

**WHEREAS**, pursuant to the Guidelines, the Company is a Qualified Business and the Project is eligible as an Standard MBDP because the Company committed to the creation of at least 50 Qualified New Jobs and will result in a Qualified Investment in Michigan;

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

**WHEREAS**, the MEDC recommends that the MSF Board approve the Request in accordance with the Term Sheet, subject to: (i) available funding; (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents, within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (collectively, the “MBDP Award Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: Randy Thelen

Lansing, Michigan  
August 27, 2024

## Michigan Business Development Program (“MBDP”) Grant Term Sheet

This term sheet (the “Term Sheet”) sets forth key terms of a potential grant by the Michigan Strategic Fund (the “MSF”) in favor of Northland Corporation (the “Company”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the approval of the MSF Board.

### **PROJECT SUMMARY**

**Scope of the Project:** The Company intends to significantly expand refrigeration manufacturing, which will require an estimated 227,750 square foot expansion in the City of Greenville, Michigan (the “Project Site”). The Company expects to ramp up over the course of the next five (5) years resulting in an expected creation of at least 200 new jobs at the Project Site and a projected investment of \$21,400,000 by April 30, 2029, at the Project Site (collectively, the “Project”).

**Award Amount:** A maximum grant of \$1,280,000 (the “Award”), all or a portion of which is also referred to as the “Grant”).

**Term of the Agreement:** Effective Date of the Grant Agreement through July 31, 2029, (the “Term”).

**Overall Investment Commitment:** Investment by the Company of no less than a total of \$21,000,000 for the Project by April 30, 2029, (the “Investment Performance Deadline”), which the Company shall invest at the Project Site (collectively, the “Investment Commitment”).

**Overall Jobs Commitment:** Creation of a minimum of 200 Qualified New Jobs (the “Overall Jobs Minimum”) at the Project Site, above a Statewide Base of 116 employees (the “Overall Base”), on April 30, 2029, (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified New Job” or “QNJ” is defined as a new, full-time job created by the Company for the Project at the Project Site on or after April 26, 2024 (Date of signed offer letter), and maintained continuously for the previous six (6) months, and performed for the Company by an individual who is either (i) a resident of the State of Michigan whose Michigan income taxes are withheld by the Company, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident of the State of Michigan who is employed by the Company at the Project Site, provided that the Company certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

### **GRANT DISBURSEMENTS**

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Compliance Unit of the Legal and Compliance division of the MEDC prior to release of any funds.

“Eligible Expenses” means the actual expenditure by the Company on or after April 26, 2024 (Date of signed offer letter) for the Project, at the Project Site, in Hard Costs for construction related to the Project, and infrastructure, machinery, equipment, tooling, computers, furniture, fixtures, lease payments, costs

related to talent recruitment and job training including, but not limited to, employee recruitment expenses, development of customized training development plans, instructor and training materials costs. Certain costs, to be more particularly described in the grant agreement, such as administrative costs, debt payments, meals and entertainment expense and on-the-job training, are not eligible for reimbursement.

The Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than January 31, 2029, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment and Overall Investment Commitment have been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

### **CLAWBACK PROVISIONS AND REPAYMENT EVENTS**

The Company may be required to repay all or a portion of the Grant disbursements made under the Award upon the occurrence of one or more of the following events (each resulting in a "Repayment Amount"), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events.

- **Failure to Meet Investment Commitment:** The Company's failure to satisfy the Investment Commitment by the Project Completion Milestone deadline will result in the Company's obligations to repay a proportionate amount of the Grant funds received by the Company to the MSF.
- **Failure to Meet Overall Jobs Commitment:** The Company's failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company's obligation to repay to the MSF a proportionate amount of the Grant funds received by Company (or the remainder of which following any repayment required by the failure to meet the Investment Commitment).
- **Default of Project Contracts:** The fully executed written agreement will include repayment and remedy language for events of default in other contracts with the MSF, MEDC, or State of Michigan arising out of the Project.
- **Failure to Submit Commitment Documentation:** If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment and the Overall Investment Commitment, it will be required to repay all of the Grant funds received by the Company.
- **Mass Relocation:** If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the Award.
- **Project Abandonment:** If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive days after the Award is disbursed and on or before the end of the Term it will be required to repay the amount of Grant disbursements made under the Award.
- **Company Bankruptcy or Insolvency:** If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay

100% of Grant disbursements made under the Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the Award.

- **Material Misrepresentation:** If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term, it will be required to repay 100% of grant disbursements made under the Award.
- **Misuse of Funds:** If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

#### **ADDITIONAL STATE REQUIRED TERMS**

- **Annual Progress Report:** During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights:** During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other Provisions:** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.





STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File

August 26, 2024

MSF Fund Manager  
MEDC  
300 N. Washington Square  
Lansing, Michigan

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda of August 27, 2024.

- Northland Corporation

The reason for my recusal is to avoid the appearance of a conflict with this item.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Thelen". The signature is written in a cursive style with a long horizontal stroke at the end.

Randy Thelen



## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**Date:** August 27, 2024  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Quentin Messer, Jr., Chief Executive Officer  
**Subject:** Monthly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board, featuring a review of our delegated authority activity over the previous month. The following pages provide a narrative centered around the types of projects supported through delegated approval from July 1, 2024, to July 31, 2024, as well as information about the impact that those projects have had on communities across the state.

We remain committed to maintaining transparency in our efforts to communicate with you all about our work to create equitable opportunities throughout the state. Over time, we will continue identifying ways to evolve and grow this report based on the feedback and requests we receive from Board members.

As always, we are committed to evaluating the ways in which we can continue to ensure we are transparent and accountable to Board members moving forward. Please let me or Matt Casby know if you have any questions or comments about the content of these reports.

# Monthly Impacts



To continue providing transparent, intentional, and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from July 1, 2024, to July 31, 2024.

Throughout the Fiscal Year, MSF delegates – with authority granted by the MSF Board – approve various projects within MSF programs in accordance with each program’s guidelines, as approved by the MSF Board. Under no circumstances will MSF delegates approve of a project that does not meet the Board- approved guidelines for the program. Furthermore, each project approved through delegated authority must undergo the same rigorous vetting and verification process as do projects that come before the MSF Board for approval. By ensuring consistent safeguards are in place for both delegate-approved and Board-approved projects, we are ensuring fairness and uniformity in our process, as we work to enable long-term economic prosperity for the people of our state.

## **MONTHLY IMPACTS**

We are pleased to share July delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout July 2024, 31% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all July approved projects through delegated authority have committed to creating just over 160 jobs and just over \$35.5 million in private investment.

# MSF Report Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during July 2024, which satisfy Board-approved guidelines for each program and have been vetted and approved through the same safeguards as those projects that come before the Board for consideration.

## Michigan Business Development Program (MBDP)

The Michigan Business Development Program is available from the MSF, in cooperation with MEDC. The program is designed to provide grants, loans, or other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Flash Steelworks, Inc.	7/8/2024	Ira Township	\$750,000	Founded in 2006, the Flash Steelworks, Inc. is a research and development firm and steel manufacturer that has developed and globally patented a novel heat treatment for steel that is extremely energy efficient using renewable power sources. The resulting product, Flash Bainite, is stronger than titanium, lighter than steel and aluminum, and able to stop ammunition at record setting velocity. Products manufactured are used in armor, automotive, bridges, containers, energy components, I-beams, rebar, ships, seawall, and more. The Company is looking to expand to install a Flash Armor Production line to support new contracts and begin production of the world's highest performing armor plate, as tested by the US Army. This project involves the creation of up to 55 Qualified New Jobs and a capital investment of up to \$8,840,000 in the Township of Ira, St. Clair County.
Forming AG	7/18/2024	Schoolcraft	\$500,000	Forming AG is looking to establish a domestic sales office and manufacturing facility in the United States, starting with a 50,000 square foot facility in 2024 and then adding duplicate additions over the 5–10-year time frame. The Company is considering Schoolcraft for the project and anticipates the project will result in capital investment of up to \$16,000,000. The project will also result in the creation of up to 50 new jobs paying an average wage of \$27.10 per hour plus benefits, which is above the Regional Median Wage of \$20.18 per hour.

## Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Cambium Enterprises, LLC	7/23/2024	Traverse City	\$200,000	Cambium Enterprises, LLC is looking to expand its capabilities with the purchase of additional personal property for laboratory testing, which will enable further scientific research and drive innovation. The project will also result in job creation, hiring 34 Qualified New Jobs over the next three years. By adding new machinery and equipment, the Company will expand its service delivery to include PFAS specific services to customers in Michigan and throughout the United States. This diversification of services will allow the Company to continue a trajectory of growth. The Company is considering Traverse City for the project and anticipates the project will result in capital investment of up to \$1,189,996.

## Capital Access

The Capital Access team partners with lenders to assist in helping small businesses obtain financing that would otherwise not be available.

### State Small Business Credit Initiative (SSBCI) 2.0 – Collateral Support Program (CSP)

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Architectural Glass and Metals 2.0, LLC	7/24/2024	Kalamazoo	\$841,057	First Merchants Bank is working with the company to purchase the business assets of Architectural Glass and Metals and establish a working capital line of credit. Due to collateral shortfall on the line of credit the bank is requesting assistance from the SSBCI 2.0 CSP.
Highline Spirits Company, LLC	7/25/2024	Dexter	\$384,230	Bank Michigan is working to increase the company's current line of credit. Due to collateral shortfall on the increase, the bank is seeking assistance from the SSBCI 2.0 CSP.
True North Environmental Corporation	7/25/2024	Maple City	\$174,650	MSUFCU is working with the company to provide them with a working capital line of credit. Due to collateral shortfall, the credit union is seeking assistance from the SSBCI 2.0 CSP.

## Michigan State Trade Expansion Program (MI-STEP)

The MI-STEP program is designed to spur job creation by empowering Michigan small businesses that meet U.S. Small Business Administration guidelines and size standards to export their products.

Project Name	Approval Date	Location	Incentive Amount
Filler Specialties	7/12/2024	Zeeland	\$5,130
RTV	7/12/2024	Traverse City	\$13,635
Central Arms LLC	7/15/2024	Mount Pleasant	\$7,116
Kall Morris Inc	7/15/2024	Marquette	\$2,445
Michigan Acquisition, LLC dba Michigan Instruments	7/15/2024	Kentwood	\$700
Medicus Health	7/16/2024	Kentwood	\$10,268
Spectrum Industries, Inc.	7/16/2024	Grand Rapids	\$2,050
Kamps Hardwoods	7/17/2024	Gaines Township	\$2,562
Versant Medical Physics and Radiation Safety	7/17/2024	Kalamazoo	\$11,400
Viking Satcom, LLC	7/17/2024	Albion	\$7,952
8 Layer Inc. dba Workhorse Irons	7/18/2024	Grandville	\$690
Bennett Pump Company	7/18/2024	Spring Lake	\$15,000
CT Group, LLC	7/18/2024	Saint Joseph	\$14,910
Dornerworks, Ltd	7/18/2024	Grand Rapids	\$7,000
Link Industries	7/18/2024	Indian River	\$3,563
8 Layer Inc. dba Workhorse Irons	7/22/2024	Grandville	\$942
V3 Distribution	7/23/2024	Grand Rapids	\$2,049
Plascore, Inc.	7/24/2024	Zeeland	\$5,419
Ghostworks Marine Inc.	7/25/2024	Holland	\$15,000
KNITit	7/25/2024	Holland	\$3,840

# Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Economic Development Incentives teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contracted timelines; redefined project sites; and modified award amounts. From July 1, 2024, to July 31, 2024, there were no program amendments that received delegated approval.



# Financial Data Overview and Terminations



## Michigan Business Development Program – Terminations

Project Name	Project Location	Incentive Type	Amount	Termination Date	Reason for Termination	Repayment
BOS Automotive Products, Inc.	Rochester Hills	Grant	\$225,000	7/16/2024	Company unable to meet requirements	\$0.00
Majestic Industries, Inc.	Macomb Township	Grant	\$210,000	7/18/2024	Company eliminated QNJs	\$0.00