



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA

March 23, 2021

10:00 a.m.

I. CALL TO ORDER & ROLL CALL

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

III. COMMUNICATIONS

IV. CONSENT AGENDA

- a. Proposed Meeting Minutes: February 23, 2021..... 3
- b. Awardee Relief Initiative Amendment..... 9
- c. Uptown/River’s Edge Redevelopment: Brownfield Act 381 Work Plan Amendment..... 26
- d. Building 600 and 620 Grand Traverse Commons: Brownfield MBT Amendment 33
- e. Riverwest/Pine Street Development ONE: Brownfield MBT Amendment 39
- f. Aptiv: GJFM Amendment..... 46
- g. Williams International: RenZone Amendment..... 51

V. ADMINISTRATIVE

- a. Brownfield Act 381 Guidelines: Resolution to adopt the Brownfield Tax Increment Financing MSF Program Guidelines 60

VI. CAPITAL ACCESS

- a. Grow Michigan II: Resolution to amend certain terms and conditions to the program award for Grow Michigan II, LLC a new mezzanine style loan fund, including adding a seat to the Fund’s board of managers and amending the final closing date 75

VII. BUSINESS INVESTMENT

- a. E.W. Grobbel Sons, Inc.: Resolution to approve a MBDP performance-based grant in the amount of \$800,000, a JRMP performance-based grant in the amount of \$200,000 and a Brownfield Act 381 Work Plan including the state tax capture in the amount of \$3,276,724 84
Job Creation: 300 jobs; Capital Investment: \$33,000,000; Location: City of Detroit
- b. Talent Expansion Signature Initiative: Resolution to approve \$7.5 million of CDBG CARES funds for the Regional Talent Innovation Grant program, and \$1.5 million for the Tech Talent Expansion: STEM Internships and Startups Program from FY 2021 Business Attraction and Community Revitalization Program funds 103

VIII. IMAGE BRANDING

- a. Tourism and Business Marketing & Communications RFPS: Resolution to approve the release of four Requests For Proposals to obtain proposals for core marketing and communications campaigns..... 117
 - i. Travel Michigan Advertising 120
 - ii. Business Marketing Advertising..... 126
 - iii. Travel and Business PR & Communications 132
 - iv. Seasonal Travel Guide 139

IX. COMMUNITY VITALITY

- a. 234 West Cedar, LLC: Resolution to approve an MCRP Other Economic Assistance Loan Participation Award in the amount of \$4,850,000, a Brownfield Act 381 Work Plan including state tax capture in the amount of \$1,821,217 and a transfer of funds from the Investment Fund to the Michigan Community Revitalization Program for the specific purpose of the project. 146
Capital investment: \$26,204,164; Location: City of Kalamazoo

- b. 470 Market Redevelopment: Resolution to approve a Brownfield Act 381 Work Plan including state tax capture in the amount of \$2,674,141 to reimburse for MSF eligible activities..... 167
Capital investment: \$31,276,633; Location: City of Grand Rapids

- c. Middleville Main, LLC: Resolution to approve an MCRP performance-based loan in the amount of \$990,000..... 178
Capital investment: \$2,840,448; Location: Village of Middleville

X. ENTREPRENEURSHIP

- a. University Early-Stage Proof of Concept RFP: A Resolution to approve the University Early-Stage Proof of Concept ADVANCE Fund grant award to the awardee selected by the Joint Evaluation Committee 193

**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
February 23, 2021**

Members joined remotely

Britany L. Affolter-Caine, participating from Lansing, MI
Ronald W. Beebe, participating from Midland, MI
Mark Burton, participating from Meridian Township, MI
Susan Corbin, participating from Petoskey, MI
Rachael Eubanks, participating from East Lansing, MI
September Hargrove, participating from Detroit, MI
Michael B. Kapp (on behalf of Director Ajegba), participating from Wheatfield Township, MI
Charles P. Rothstein, participating from Franklin, MI
Susan Tellier, participating from Grand Rapids, MI
Cindy Warner, participating from Palm Springs, CA

Member absent

Paul Gentilozzi

I. CALL TO ORDER & ROLL CALL

Mr. Burton called the meeting to order at 10:02 a.m. The meeting was held virtually via Microsoft Teams due to the COVID-19 pandemic. He advised Board members that the Talent Expansion Signature Initiative under Business Investment has been removed from the agenda and will be considered in March.

Mr. Burton introduced Katelyn Wilcox Surmann, MSF Board Liaison, who reminded members to identify their physical location by stating the county, city, township, or village and state from which he or she is attending the meeting remotely, as required under the Open Meetings Act. Ms. Wilcox Surmann then conducted the attendance roll call.

II. PUBLIC COMMENTS

Katelyn Wilcox Surmann explained the process for members of the public to participate. Angela Johnson of Washtenaw County, MI, shared her personal history and professional experience. She is founder of Invest in Access, a non-profit organization dedicated to furthering social equity for individuals living with physical and psychological differences. She said that during this pandemic, meetings are being held virtually which limits accessibility for the deaf and hard of hearing. There is an urgent need for services accommodations for those individuals, including sign language interpreters and other accessibility programs. She asked Board members to consider investing in programs that would fund the hiring of employees to serve as sign language interpreters as well as promote jobs and scalable training in this area.

III. COMMUNICATIONS

Katelyn Wilcox Surmann advised Board members that letters were received from Senator Dan Lauwers in support of the Magna Electric Vehicle Structures-Michigan, Inc. project in St. Clair and Representative Tyrone Carter in support of the Godfrey Hotel Redevelopment project in Detroit; the letters are attached to the minutes.

IV. CONSENT AGENDA

Resolution 2021-017 Approval of Consent Agenda Items

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

- a. Proposed Meeting Minutes: January 26, 2021
- b. Detroit Free Press Building: Brownfield MBT Credit Amendment – **2021-018**

- c. Dakkota Integrated Systems, LLC: MBDP Grant Reauthorization and Amendment – **2021-019**
- d. Cooper-Standard Automotive, Inc.: MBDP Grant Amendment – **2021-020**
- e. Invent@NMU: Business Incubator Grant Amendment – **2021-021**
- f. Flint Ferris Wheel 100K Ideas: Business Incubator Grant Amendment – **2021-022**
- g. Business Incubator Program: Gateway Representative Grant Amendments, Extensions and Refunding Requests – **2021-023, 2021-024, 2021-025 & 2021-026**
- h. CDBG Loan Program: Extensions and Modifications – **2021-027**

Susan Corbin seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp on behalf of Director Ajegba designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

V. CAPITAL ACCESS

a. **Resolution 2021-028 Quality Roasting, LLC: Reissuance of Series 2019 Bond**

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. The action involves approval for the reissuance of \$10,000,000 Industrial Development Revenue Bonds to refund the Series 2019 Bonds with Wells Fargo Bank (National Bank will be the successor purchaser) and modify the interest rate and certain terms relating to the bonds. Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2021-028. Susan Tellier seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp on behalf of Director Ajegba designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

VI. BUSINESS INVESTMENT

a. **Resolution 2021-029 Magna Electric Vehicle Structures-Michigan, Inc.: Michigan Business Development Program Grant**

Mike Gietzen, Director of Business Services, provided the Board with information regarding this action item. The action involves approval of a \$1,500,000 Michigan Business Development Program performance-based grant. The project is expected to result in the creation of 304 new jobs and a capital investment of up to \$70,106,000 in the City of St. Clair. Following discussion, Michael B. Kapp motioned for the approval of Resolution 2021-029. September Hargrove seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp on behalf of Director Ajegba designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

VII. COMMUNITY VITALITY

a. **Resolution 2021-030 Towers on River, LLC / City of Holland Brownfield Redevelopment Authority – Brownfield Act 381 Work Plan**

Dana Kollewehr, Community Assistance Team Specialist, provided the Board with information regarding this action item. The action involves approval of state tax capture capped at \$2,215,901 for Act 381 eligible activities to support a community development project in the City of Holland. The project is expected to result in total capital investment of \$26,895,672. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2021-030. Rachael Eubanks seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp on behalf of Director Ajegba designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

b. **Resolutions 2021-031 & 2021-032 Gemini Capital Management V, LLC / Gratiot County Brownfield Redevelopment Authority: Michigan Community Revitalization Program Grant and Brownfield Act 381 Work Plan (313 N. State Street Redevelopment Project)**

Chelsea Beckman, Community Assistance Team Specialist, provided the Board with information regarding these action items. These actions involve approval of a \$900,000 Michigan Community Revitalization Program performance-based grant and state tax capture capped at \$200,258 for Act 381 eligible activities to support a community development project in the City of Alma. The project is expected to result in total capital investment of \$2,492,842. Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2021-031. Britany L. Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp on behalf of Director Ajegba designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Ronald W. Beebe then motioned for the approval of Resolution 2021-032. Susan Corbin seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp on behalf of Director Ajegba designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

c. **Resolution 2021-033 Godfrey Detroit PropCo, LLC / City of Detroit Brownfield Redevelopment Authority (Godfrey Hotel Redevelopment Project): Brownfield Act 381 Work Plan**

Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. The action involves approval of state tax capture capped at \$1,899,117 for Act 381 eligible activities to support a community development project in the City of Detroit. The project is expected to result in total capital investment of \$74,145,042. Following discussion, Susan Corbin motioned for the approval of Resolution 2021-033. Michael B. Kapp seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp on behalf of Director Ajegba designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Mr. Burton adjourned the meeting at 11:18 a.m.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MICHIGAN STATE SENATE
DAN LAUWERS
MAJORITY FLOOR LEADER

February 19, 2021

Mark Burton
Chairperson
Michigan Strategic Fund Board
300 N. Washington Square
Lansing, MI 48913

Dear Chairperson Burton:

I am writing to offer my full support for the grant application being submitted by Magna Electric Vehicle Structures-Michigan, Inc.

This important project, with a planned location in the City of St. Clair, will provide an exciting growth opportunity for the region, joining the country's race towards electric vehicles through the manufacturing of complex battery enclosures for EVs produced in Michigan and Ohio. This grant would support the booming electric vehicle industry, while providing more than \$70 million in regional investment and over 300 well-paying jobs in various roles.

The City of St. Clair and the surrounding communities are eagerly anticipating this project and its expected impact on the local economy. Knowing the benefits this project would provide for the people of the 25th District, I enthusiastically support the Magna Electric Vehicle Structures-Michigan, Inc. development project.

Thank you for your time and consideration of my support.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dan Lauwers', written over a white background.

Dan Lauwers
State Senator, 25th District



6TH DISTRICT
STATE CAPITOL
P.O. BOX 30014
LANSING, MI 48909-7514
PHONE: (517) 373-0823
FAX: (517) 373-5993
TyroneCarter@house.mi.gov

MICHIGAN HOUSE OF REPRESENTATIVES

TYRONE A. CARTER

STATE REPRESENTATIVE

COMMITTEES:
EDUCATION
ENERGY
MILITARY, VETERANS
AND HOMELAND SECURITY

February 23, 2021

Mark Burton
President & CEO
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, Michigan 48913

Mr. Burton,

I am pleased to offer my support for the Godfrey Hotel Redevelopment project.

The Godfrey Hotel Redevelopment project will be a remarkable addition to the City of Detroit's Corktown neighborhood. The welcomed project will demolish a vacant structure and replace it with the construction of a seven-story mixed-use hotel. This hotel will contain 227 rooms, ground-level lobby, bar and restaurant, ballroom with pre-function space, a rooftop café and amenity space. Additionally, this developmental project will come with numerous public improvements such as sidewalks, brick paver walks, curbs, asphalt paving, and landscaping in the public right-of-way. Further, this project will bring 160 new jobs to Detroit through its retail and facility operations.

As a member of the State House of Representatives, I strongly recommend the Michigan Strategic Fund Board grant Godfrey Detroit PropCo LLC, the request to transform this vacant structure. The transformation of this property will help stimulate the local economic activity through its retail space and many employment opportunities. The additional public improvements will also continue to enhance the Corktown area and encourage further developmental projects in the area. If you have further questions, feel free to contact my office at 517-373-0823.

Sincerely,
Representative Tyrone Carter, 6th District



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Michele Wildman, Senior Vice President, Community Development
Joshua Hundt, Executive Vice President, Chief Business Development Officer
Valerie Hoag, Fund Manager

Subject: Request for Extension and Expansion of MSF Awardee Relief Initiative and Delegation of Authority

Request

The Michigan Economic Development Corporation (“MEDC”) requests that the MSF Board extend and amend the Michigan Strategic Fund Awardee Relief Initiative (the “Initiative”) and extend the date of authority of certain authorized delegates to implement the Initiative to reduce the economic impact of COVID-19 on businesses, their employees and residents of Michigan. The Initiative, which allows for emergency relief and quick response to awardee amendment requests is recommended to remain unchanged with the exception of extending the time of payment deferrals and project deadlines from a maximum of 12 months to a maximum of 24 months inclusive of previous amendments, the addition of a forbearance authorization and the extension of the Initiative sunset date to December 31, 2022 (the “Request”).

Background

In order to mitigate the spread of COVID-19, beginning on March 16, 2020, executive orders and Michigan Department of Health and Human Service epidemic orders have temporarily closed or reduced service availability for many businesses throughout Michigan. Now, more than one year later several businesses are still impacted by reduced occupancy orders and social distancing practices. These actions to limit the spread of COVID-19 have impacted many businesses and individuals by negatively affecting their ability to meet their financial obligations. The Executive Orders have forced businesses to temporarily close and have curtailed other business activities. MSF-supported projects have been impacted and in order to mitigate those impacts and protect the MSF investments, the MSF approved the MSF Awardee Relief Initiative and Delegation of Authority at the special meeting of the MSF Board on April 14, 2020.

The Initiative has been used 47 times since its inception as detailed in Exhibit B. The economic pressures caused by the COVID-19 pandemic were realized by recipients of MSF incentives at different times and in different ways. Some awardees have requested multiple amendments over time as they work through solutions with their senior lenders or realize new challenges in their ability to meet milestones and other project deadlines. MEDC staff expects other awardees’ ability to meet agreed upon milestones and other project deadlines will continue to be negatively impacted by the pandemic for several months or years. In order to be able to quickly respond to COVID-related amendment requests, the MEDC supports approval of the Request.

The MSF has 76 MCRP grants and 62 MCRP active direct loan and loan participation and equity agreements related to real estate redevelopment projects in some of the State's most vulnerable communities. The MSF has 273 active BDP grant awards across all industries and communities. The Capital Access program has assisted 212 awardees across the state through the Collateral Support and Loan Participation programs. The preferred lender list will also be updated in the delegation of authority to include six additional lenders. CDBG has 100 grants and 26 loans. The 21st Century Loan and Equity Portfolio also contains 34 loans and investments from legacy programs.

The Initiative and attendant Delegation of Authority provide emergency relief to MSF awardees who have borrowed funds, received grant awards, were supported with equity investments or received other forms of economic assistance from the MSF. Through the Initiative, the MSF assists in the long-term sustainability of all projects and businesses that it has provided financing to, allowing the companies to provide similar relief to numerous small businesses, resident tenants, and employees trying to make ends meet during this difficult time.

Initiative Summary

The Initiative, as revised, will authorize the following: 1) to provide up to twenty four (24) months of deferred payments on any direct loan, loan participation, equity agreement or other financing agreement and 2) extend Milestone due dates, maturity dates, or other dates within existing loan, grant, or equity agreements for a period not to exceed twenty four (24) months and 3) approve refinance requests that do not negatively impact the MSF position or likelihood of repayment and 4) approve extension of loan, grant, or equity agreement execution deadlines for a period not to exceed twenty four (24) months and 5) eliminate milestones and reducing qualified new job requirements with a proportional reduction of the grant award, in order to re-size the project scope and 6) approve forbearance requests of up to twenty four (24) months (the "Amended Initiative").

All requests will require approval by the MSF Fund Manager, the MSF President and the State Treasurer, with only two required to act for a decision and only one required to sign final documents. Refinancing will not permit principal forgiveness, interest reduction, or re-amortization on the MSF debt, but may result in term extension. Payment deferment would consist of either principal or principal and interest relief as needed for up to 24 months. The Amended Initiative will be in place until December 31, 2022 and is available for any MSF program awardee or ultimate beneficiary negatively financially impacted as a result of the COVID-19 pandemic. All applicants will be evaluated on at least the following criteria:

- Evidence of suspension of tenant evictions for a minimum period matching the length of any MSF payment deferment or a period up to twelve (12) months, if applicable; and
- Income loss, credit enhancement needs or restrictions, retooling of facilities to meet emergency needs, job creation issues, job retention issues, other community needs or project delays due to COVID-19.

The Amended Initiative will require applicants to meet the following requirements:

- Applicant must be and remain current on all reporting requirements associated with their MSF Agreements;
- Applicant may be required to submit periodic reporting during the deferment period. To the extent applicable, reporting requirements may consist of lender updates, residential and commercial rent rolls, jobs numbers at the project, and other financial or project information requested by the MEDC;
- Owner distributions (beyond normal payroll) will be prohibited during any MSF payment deferment period, with the exception of those distributions necessary to cover the taxes of the company or project.

- A fee equal to one percent (1%) of the original incentive amount will be required as consideration for all forbearance requests.

The MEDC is requesting adoption of the Amended Initiative, as outlined in the attached guidelines, to assist businesses with MSF incentives facing drastic reductions in cash flow or delays in project progress due to the pandemic. In order to provide relief quickly and efficiently, the MEDC is requesting that the MSF Board also update the compiled MSF delegation of authority to approve requests that are consistent with the Amended Initiative Guidelines, and are in the best interest of the MSF. This Amended Initiative is designed to address the immediate needs of MSF awardees related to the COVID-19 pandemic. Both the Amended Initiative and the Delegation of Authority will sunset on December 31, 2022 as described in the Amended Initiative Guidelines.

Documenting and Reporting

All MSF relief provided through this Amended Initiative shall continue to be memorialized by final written award agreements or addendums, with terms and conditions in accordance with state law, these attached Resolution and otherwise satisfactory to the MSF Fund Manager, including, to the extent applicable and without limitation, any required quarterly reporting of rent rolls, financial information, and any other information required to facilitate reporting to the MSF and the Michigan legislature.

Recommendation

The MEDC recommends the MSF Board:

- Authorize the Amended Initiative Guidelines, as outlined in the attached resolution; and
- Authorize Delegation of Authority for the Amended Initiative, as outlined in the attached resolution.

EXHIBIT B -MSF AWARDEE RELIEF INITIATIVE APPROVALS THROUGH MARCH 4, 2021

	PROGRAM NAME	PROJECT	MSF APPROVAL DATE	DESCRIPTION
1	Community Revitalization Program	Veridea Group	4/27/2020	To extend the maturity date on the MCRP loan for a period of 90 days, as well as the ability to make other necessary changes to effectuate the maturity date extension.
2	Community Revitalization Program	Veridea Group	4/29/2020	To defer payment on the MCRP Agreement for a period of 90 days beginning with the May 2020 payment.
3	Community Revitalization Program	Fulton and Seward, L.L.C.	5/7/2020	Consent to allow deferral of principal payments on Lender share only for May-July 2020.
4	Community Revitalization Program	601 West LLC	5/8/2020	6 mos. of P&I payment deferrals on MCRP and 6 mos. of principal payment deferrals on the senior lender note.
5	CRP Revolving Permanent Fund	Bridge and Turner, L.L.C.	5/11/2020	Consent to accept interest only payments for three months on the Lender note, starting in May 2020.
6	Community Revitalization Program	Benton Harbor Flats LLC	5/11/2020	Extend Milestone Two to May 31, 2022 and Pre-Grant Disbursement to August 31, 2022.
7	Community Revitalization Program	Mid Towne Village LLC	5/20/2020	Request to defer 90 days of principal and interest payments on the MSF and the Lender loan.
8	Community Revitalization Program	Grand Rapids Downtown Market Holdings LLC	5/20/2020	12-month payment deferral from May 2020-April 2021, one month extension of maturity date, with the deferred amounts due at maturity.
9	Business Development Program	My Locker	5/28/2020	Extend Term from 6/1/2022 to 6/1/2023 and extend milestones 1-3.
10	Community Revitalization Program	Metropolitan Hotel Partners, LLC	6/2/2020	Request for 12 months of payment deferral, interest payment deferrals from March 2020 to June 2020 and principal and interest payments from July 2020 through February 2021.
11	Community Revitalization Program	Grand Lahser, LLC	6/2/2020	Extend Milestones One and Two to February 28, 2021 and extend Pre-Grant Disbursement Due Diligence Conditions to May 31, 2021.

	PROGRAM NAME	PROJECT	MSF APPROVAL DATE	DESCRIPTION
12	Business Development Program	Subaru Research and Development Inc.	6/4/2020	Extend Term from 11/30/2023 to 11/30/2024 and extend milestones 1-4 each by a year.
13	Community Revitalization Program	Corlin Builders, Inc.	6/9/2020	Extend due dates for Milestone One to July 1, 2020, Milestone Two to March 31, 2021, and Milestone Three Disbursement Due Diligence Conditions to June 30, 2021.
14	Community Revitalization Program	Sweetwater Development Partners, LLC	6/10/2020	90-day Approval extension.
15	Community Revitalization Program	RainCheck Development, LLC	6/11/2020	Extend Milestone Three to May 3, 2021.
16	21st CJF - CD Other	Eastern Elementary LDHA LP	6/18/2020	Milestone Two extended to 10/31/20 and Milestone Three extended to 2/28/22.
17	Community Revitalization Program	Lofts on 820, LLC	6/22/2020	Consent to principal payment deferral for July-Sept for the bank share only.
18	Business Development Program	Detroit Engineered Products, Inc.	6/22/2020	Forbearance until 6/30/2021. Grant amount decreased by 300k from 650k to 600k. Term extended from 6/30/2020 to 12/31/2021. Delete Key Milestone 3 and reduce RQNJs from 91 to 50.
19	Business Development Program	Sigma Machine, Inc.	6/22/2020	Decrease Maximum Disbursement from \$350,000 to 300,000, decrease RQNJs from 58 to 50, delete key milestone 3, extend Term from 6/30/2020 to 12/31/2021, forbear until 6/30/2021.
20	Business Development Program	Waupaca Foundry	6/23/2020	Term extended from 7/31/2021 to 7/31/2022. Milestone 2 extended from 4/30/2020 to 4/30/2021. Milestone 3 extended from 1/31/2021 to 1/31/2022.

	PROGRAM NAME	PROJECT	MSF APPROVAL DATE	DESCRIPTION
21	Business Development Program	LG Electronics USA, Inc.	6/29/2020	Eliminate Key Milestones Four through Six, Reduce the MBDP Grant amount from \$2,920,000 to \$1,500,000, Reduce the Qualified New Job (QNJ) Requirement from 292 to 150, and Change the Term of the Agreement from 6/30/2022 to 9/30/2019.
22	General Permanent Fund - CD	City of Detroit	6/29/2020	Extend Milestone Four deadline to Dec. 31, 2020.
23	Community Revitalization Program	Exchange Building, LLC	7/1/2020	Extend the construction loan maturity/interest only period, and Conversion Date from 7/7/30 to 10/7/20, and to extend due dates related to milestone three, project completion and certification of conversion of the loans from 7/31/20 to 10/31/20.
24	CDBG - 2018 - Community Development	City of South Haven	7/14/2020	City requested percentage change of MEDC contribution from 25% to 35%. This is to reflect the City's savings, which is not being shared proportionately. The City is under financial duress due to unprecedented elevated lake and river levels, revenue declines due to COVID.
25	CDBG - 2017 - Community Development	City of Newaygo	7/24/2020	The City of Newaygo requested a grant extension from 8/1/2020 to 12/31/2020. The Executive orders and Covid-19 have made it difficult to get sub-contractors and materials.
26	CRP Revolving Permanent Fund	City Modern 440 Alfred Street LLC	7/30/2020	90-day Approval Extension.
27	CDBG - 2018 - Economic Development	City of Houghton	8/5/2020	Due to Gov's order, Covid-19 restrictions, job creation put on hold. Grant extension required to 3/5/2021.
28	Community Revitalization Program	Sweetwater Development Partners, LLC	9/1/2020	90-day Approval extension.
29	Community Revitalization Program	Canute Properties, LLC	9/1/2020	Extend Milestone Two to March 31, 2021 and Pre-Grant Disbursement Due Diligence Conditions to June 30, 2021.

	PROGRAM NAME	PROJECT	MSF APPROVAL DATE	DESCRIPTION
30	Community Revitalization Program	POAH DD Sugar Hill, LLC	9/1/2020	Defer loan payments for 12 months and extend Milestone 3 due date by 90 days.
31	Community Revitalization Program	Exchange Building, LLC	9/22/2020	Extend construction maturity date and interest only period to 1/7/21, and due dates related to Milestone Three to 1/31/21.
32	Community Revitalization Program	Landmark Port Huron, L.L.C.	9/28/2020	30 day Approval extension.
33	Community Revitalization Program	Veridea Group	9/30/2020	Extend maturity date and defer MSF principal payments for 120 days.
34	Business Development Program	Huron, Incorporated	10/10/2020	Delete Key Milestones 2 and 3, Reduce Term from 10/31/2021 to 3/1/2020, Reduce RQNJs from 181 to 25, Reduce Maximum Grant Amount by \$1,206,650 from \$1,400,000 to \$193,350.
35	CDBG - 2018 - Community Development	City of South Haven	10/13/2020	Grant Term Extension.
36	Community Revitalization Program	Grand Rapids Downtown Market Holdings LLC	10/14/2020	Consent for refi of subordinate TCF loan to allow lower interest rate.
37	Business Development Program	Samsung SDI America	10/18/2020	Term extended from 5/31/2025 to 5/31/2026. M3-M9 all extended by 1 year.
38	Community Revitalization Program	Jackson Entertainment LLC	10/26/2020	Extend Theater Draw Expiration Date, interest only period, loan conversion and Milestone Three due date for the Theater Note from 12/5/20 to 9/10/21.
39	Community Revitalization Program	Veridea Group	11/5/2020	Refinance the loan participation with a new lender, mBank.
40	Community Revitalization Program	Strand Theater Manager, LLC	12/1/2020	Consent to allow PACE financing to payoff DMI and IFF.
41	Community Revitalization Program	Exchange Building, LLC	12/7/2020	Extend construction maturity date and interest only period to 4/7/21, and due dates related to Milestone Three to 4/30/21 for time to secure a new lender to refi and payoff current senior lenders. Project stabilization delayed by covid-19.

	PROGRAM NAME	PROJECT	MSF APPROVAL DATE	DESCRIPTION
42	Business Development Program	WPP Group USA, Inc.	1/5/2021	Extend Term from 5/30/2023 to 5/30/2024, Extend Milestone 1 from 11/30/2020 to 11/30/2021, Extend Milestone 2 from 11/30/2021 to 11/30/2022, Extend Milestone 3 from 11/30/2022 to 11/30/2023.
43	Business Development Program	Brose North America, Inc.	1/12/2021	Extend Term from 6/30/2022 to 6/30/2023, Extend Key Milestone 6 from 12/31/2020 to 12/31/2021, Extend Key Milestone 7 from 12/31/2021 to 12/31/2022.
44	Community Revitalization Program	Heritage Tower BC LLC	1/12/2021	Consent for subordinate loans to extend interest-only period to May 2021, extend Milestone Three due date to July 31, 2021 for both the loan and equity MSF agreements.
45	CDBG - 2018 - Economic Development	City of Houghton	1/27/2021	Due to Governor's order, COVID-19 delayed construction and hiring of employees. Extend to June 30, 2021.
46	CDBG - 2018 - Housing Rehabilitation	City of Adrian	2/3/2021	Term extension granted due to COVID-19/pandemic executive orders. Orders prohibited construction from occurring on non-emergency projects. Banking and financing were delayed and/or paused to allow for quicker assistance to entities most impacted by COVID. The original term end was 7/30/2021. The amendment changes the term end to 12/31/2021.
47	Community Revitalization Program	George F. Eyde Family, LLC	2/23/2021	Extend the Construction Loan Maturity Date and Milestone Three due date to June 19, 2021, which will result in a 90-day principal payment deferral.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-035**

EXTENSION AND AMENDMENT OF AWARDEE RELIEF INITIATIVE

WHEREAS, in order to mitigate the spread of COVID-19, various executive orders and Michigan Department of Health and Human Service epidemic orders have temporarily closed or reduced service availability for many businesses throughout Michigan (the “COVID-19 Emergency”);

WHEREAS, under Section 1 of Michigan Strategic Fund Act (“MSF Act”), MCL.125.2001, the Michigan legislature declared, among other things, it is necessary to alleviate and prevent conditions of unemployment and to preserve existing jobs and create new jobs, and to make available public and private development finance opportunities to businesses and communities within Michigan;

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

WHEREAS, recipients of incentive awards from the MSF are experiencing significant financial hardship as a result of the COVID-19 Emergency;

WHEREAS, in order to provide temporary emergency relief to awardees of MSF incentives and to ensure the long-term sustainability of projects and companies in the MSF incentive portfolios, the MEDC recommends that the MSF Board adopt the MSF Awardee Relief Initiative set forth in Exhibit A to this Resolution (the “Recommendation”); and

WHEREAS, the MSF Board wishes to adopt the Recommendation.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board adopts the Recommendation, effective March 23, 2021 through December 31, 2022.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021

EXHIBIT A

AMENDED MSF AWARDEE RELIEF INITIATIVE GUIDELINES

PURPOSE

The MSF Awardee Relief Initiative (“Initiative”) is intended to provide temporary relief to Michigan Strategic Fund (“MSF”) borrowers, grantees and other incentive awardees. Relief will vary based on a case by case review of requests and may include payment deferment, milestone extensions, maturity date extensions, refinance authorizations, re-size project scopes by reducing qualified new jobs and/or award amounts, and extensions of agreement execution deadlines to awardees of MSF Grants, Direct Loan and Loan Participation, Equity Investment and other MSF activity and credit enhancement awards in order to bolster the sustainability of the MSF supported projects and to assist awardees.

INITIATIVE OVERVIEW

The temporary Initiative authorizes the following: 1) to provide up to ~~twelve-twenty four (24)~~ months of deferred payments on any direct loan, loan participation, equity agreement, or other financing agreement and 2) extend Milestone due dates, maturity dates, or other dates within existing loan, grant, or equity agreements for a period not to exceed ~~twelve-twenty four (24)~~ months and 3) approve refinance requests that do not negatively impact the MSF position or likelihood of repayment and 4) approve extension of loan, grant, or equity agreement execution deadlines for a period not to exceed ~~twelve-twenty four (24)~~ months; 5) eliminate milestones and reducing qualified new job requirements, with a proportional reduction of the grant award, in order to re-size the project scope; and 6) approve forbearance requests of up to twenty four (24) months.

All requests require approval by the MSF Fund Manager, the MSF President and the State Treasurer, with only two required to act for a decision and only one required to sign final documents. Refinancing will not permit principal forgiveness, interest reduction, or re-amortization on the MSF debt, but may result in term extension. Payment deferment would consist of either principal or principal and interest relief as needed. The Initiative will be in place until December 31, 2022 and available for any MSF program awardee or ultimate beneficiary negatively financially impacted as a result of the COVID-19 pandemic. All applicants will be evaluated on at least the following criteria, as applicable:

- Evidence of suspension of tenant evictions for a minimum period matching the length of any MSF payment deferment or a period up to ~~twelve (12)~~ twenty four (24) months, if applicable; and
- Income loss credit enhancement needs or restrictions, retooling of facilities to meet emergency needs, job creation issues, job retention issues, other community needs or project delays due to COVID-19.

Initiative applicants must meet the following requirements:

- Applicant must be and remain current on all reporting requirements associated with their MSF Agreement;
- Applicant may be required to submit periodic reporting during the deferred payment period or forbearance period. Reporting requirements may consist of lender updates, residential and commercial rent rolls, jobs numbers at the project, and other financial or project information requested by the MEDC.
- Owner distributions will be prohibited during any period of MSF payment deferment or forbearance.
- A fee equal to one percent (1%) of the original incentive amount will be required as consideration for all forbearance requests.

DOCUMENTATION AND REPORTING

All MSF support through this ~~initiative~~ Initiative shall be memorialized by final written amendments to existing award agreements or addendums, with terms and conditions in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, to the extent applicable and without limitation, requiring performance-based milestones; and required quarterly reporting of rent rolls, financial information, and any other information required to facilitate reporting to the MSF and the Michigan legislature. The MEDC will provide a report to the MSF Board of all delegated actions taken under the Initiative on a quarterly basis.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

RESOLUTION 2021-036

STRATEGIC FUND DELEGATION OF AUTHORITY

WHEREAS, in order to mitigate the spread of COVID-19, various executive orders and Michigan Department of Health and Human Service epidemic orders have temporarily closed or reduced service availability for many businesses throughout Michigan (the “COVID-19 Emergency”);

WHEREAS, under Section 1 of Michigan Strategic Fund Act (“MSF Act”), MCL.125.2001, the Michigan legislature declared, among other things, it is necessary to alleviate and prevent conditions of unemployment and to preserve existing jobs and create new jobs, and to make available public and private development finance opportunities to businesses and communities within Michigan;

WHEREAS, under Section 2 of the MSF Act, MCL 125.2002, the purposes of the MSF Act and the Michigan Strategic Fund (“MSF”), among other things, is to assist businesses in obtaining additional sources of financing to aid Michigan in achieving the goal of long-term economic growth and full employment, to preserve existing jobs, to create new jobs, to reduce the cost of business and production, to alleviate and prevent unemployment through the retention, promotion, and development of facilities, activities, and industry, and otherwise assist in the achievement of foregoing findings and declarations of the Michigan legislature under the MSF Act;

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

WHEREAS, during the COVID-19 Emergency, the purposes of the MSF Act and the MSF are suited to the prompt delivery of economic development services and funds in furtherance of preserving the health, safety and welfare of businesses, communities and the citizens of Michigan;

WHEREAS, on April 14, 2020, the MSF Board adopted the MSF Awardee Relief Initiative to provide relief to businesses experiencing hardship as a result of the COVID-19 Emergency and also adopted a delegation of authority to allow certain authorized delegates of the MSF to approve certain actions as set forth in the MSF Awardee Relief Initiative;

WHEREAS, on March 23, 2021, the MSF Board extended and amended the MSF Awardee Relief Initiative due to the ongoing COVID-19 Emergency;

WHEREAS, under Section 5 of the MSF Act, MCL 125.2005(2), the purposes, powers and duties of the MSF are vested in and shall be exercised by the MSF Board.

WHEREAS, under Section 5 of the MSF Act, MCL 125.2005(7), and consistent therewith, under Article II, Section 1 of the Amended and Restated Bylaws adopted by the MSF Board on April 22, 2014 (“Bylaws”), the MSF Board may delegate to its president, vice-president, staff, the MEDC, or others those functions and authority the MSF Board deems necessary or appropriate, unless otherwise prohibited by law;

WHEREAS, under Article III, Section 1 of the Bylaws, the MSF President will provide for compilations of all general delegated authority; standard processes; and standard policies, in force (the "Strategic Fund Compiled Resolutions" or "SFCR");

WHEREAS, the MEDC recommends the MSF Board approve revisions to the SFCR in accordance with the terms and conditions of this Resolution;

WHEREAS, the MSF Board desires to approve revisions to the SFCR in accordance with the terms and conditions of this Resolution;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the MSF Board delegates the following authority effective March 23, 2021 through December 31, 2022:

125.2005-2 Michigan Strategic Fund Awardee Relief Initiative

(1) The MSF President, the MSF Fund Manager, and the State Treasurer, with only two required to act, may approve the following actions under the Michigan Strategic Fund Awardee Relief Initiative:

1. to provide up to twenty-four (24) months of deferred payments on any direct loan, loan participation, equity agreement, or repayment agreement;
2. to extend Milestone due dates, maturity dates or other dates within existing loan, grant, or equity agreements for a period not to exceed twenty-four (24) months;
3. to approve refinance requests that do not negatively impact the MSF position or likelihood of repayment;
4. to approve extension of loan, grant, or equity agreement execution deadlines for a period not to exceed twenty-four (24) months;
5. to approve amendments that eliminate milestones and reduce qualified new job requirements so long as the award amount is proportionately reduced; and
6. to approve forbearance requests of up to twenty-four (24) months.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with only one required to act, may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Michigan Strategic Fund Awardee Relief Initiative.

BE IT FURTHER RESOLVED, the MSF President shall compile and publish the above delegated authority as required under Article III of the Bylaws.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Jake Winder, Brownfield and MCRP Program Specialist

Subject: Request for Approval of an Act 381 Work Plan Amendment #2
Uptown Redevelopment Project

Request

The City of Bay City Brownfield Redevelopment Authority is requesting an administrative amendment to the Act 381 Work Plan to recognize the modification of the Michigan Business Tax (MBT) Zone boundaries between Project Zones A and B. Appendix A in this document outlines the boundary changes that will be made.

Background

A Work Plan was originally approved for this project by the MEGA Board on December 13, 2011 and originally anticipated \$30,250,716 in eligible activity costs for demolition, infrastructure improvements, site preparation, lead, asbestos or mold abatement. The project was approved to redevelop 43 acres of vacant property located in the City of Bay City.

The plan was then amended in June 2020 to allow for tax capture from new development of up to \$11,078,220 in state tax capture and \$16,268,658 in local tax capture to support eligible activities throughout the larger brownfield site. In total, with the previously approved activities and with the amendment, the Act 381 Work Plan allowed for the reimbursement of \$47,745,626 in MSF eligible activities with state tax capture totaling \$19,427,428.

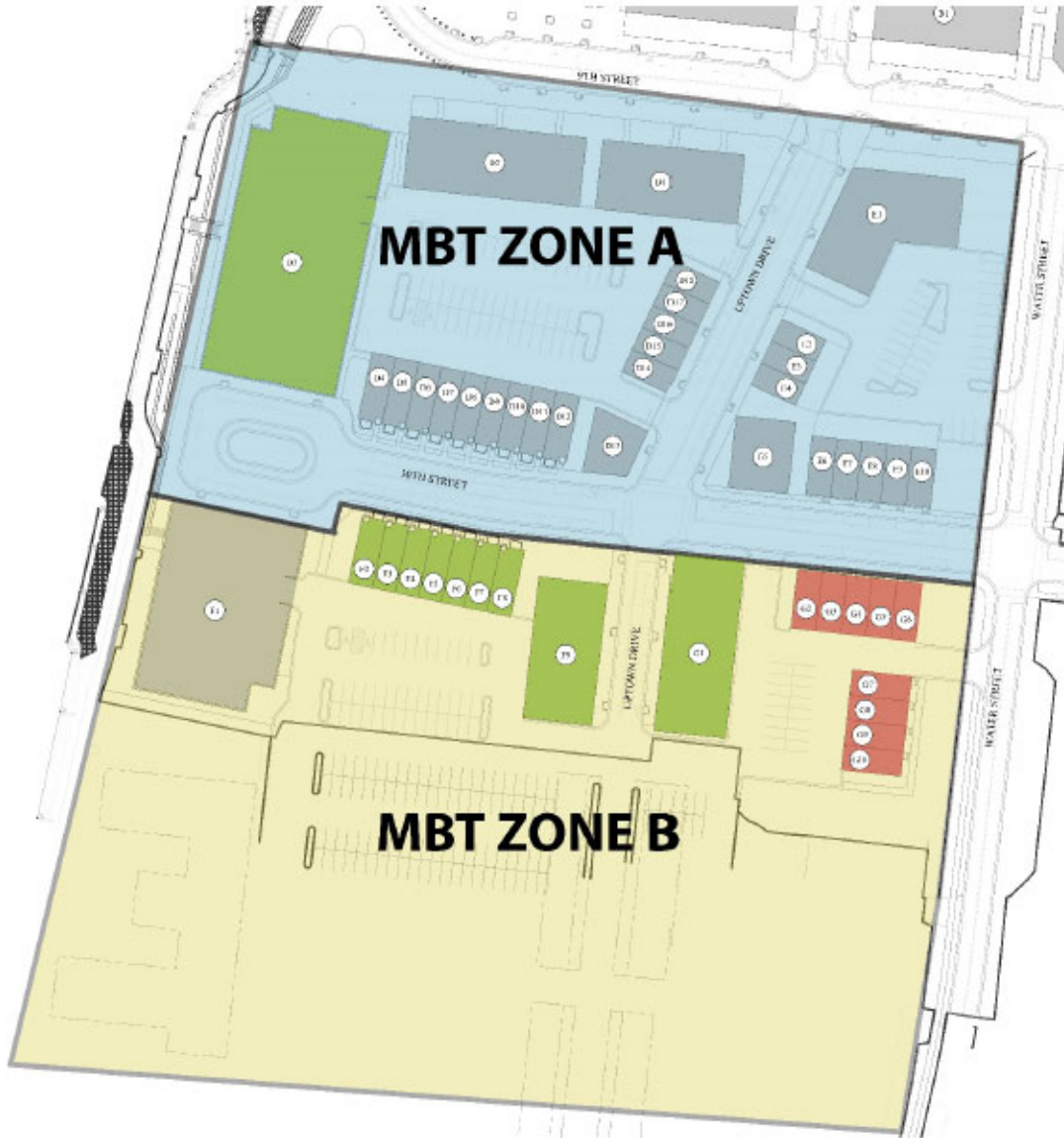
The reason for this request is for an administrative change to ensure the boundaries and legal descriptions within the Act 381 Work Plan are consistent with the boundaries and legal descriptions identified in the two associated projects that are utilizing MBT credits. Changes to the interior boundaries of the two zones are necessary due to the timeline related to the relocation of a high voltage overhead line and utility service pole. No other changes to the Act 381 Work Plan are being requested.

Appendix A includes the original and proposed site boundary maps.

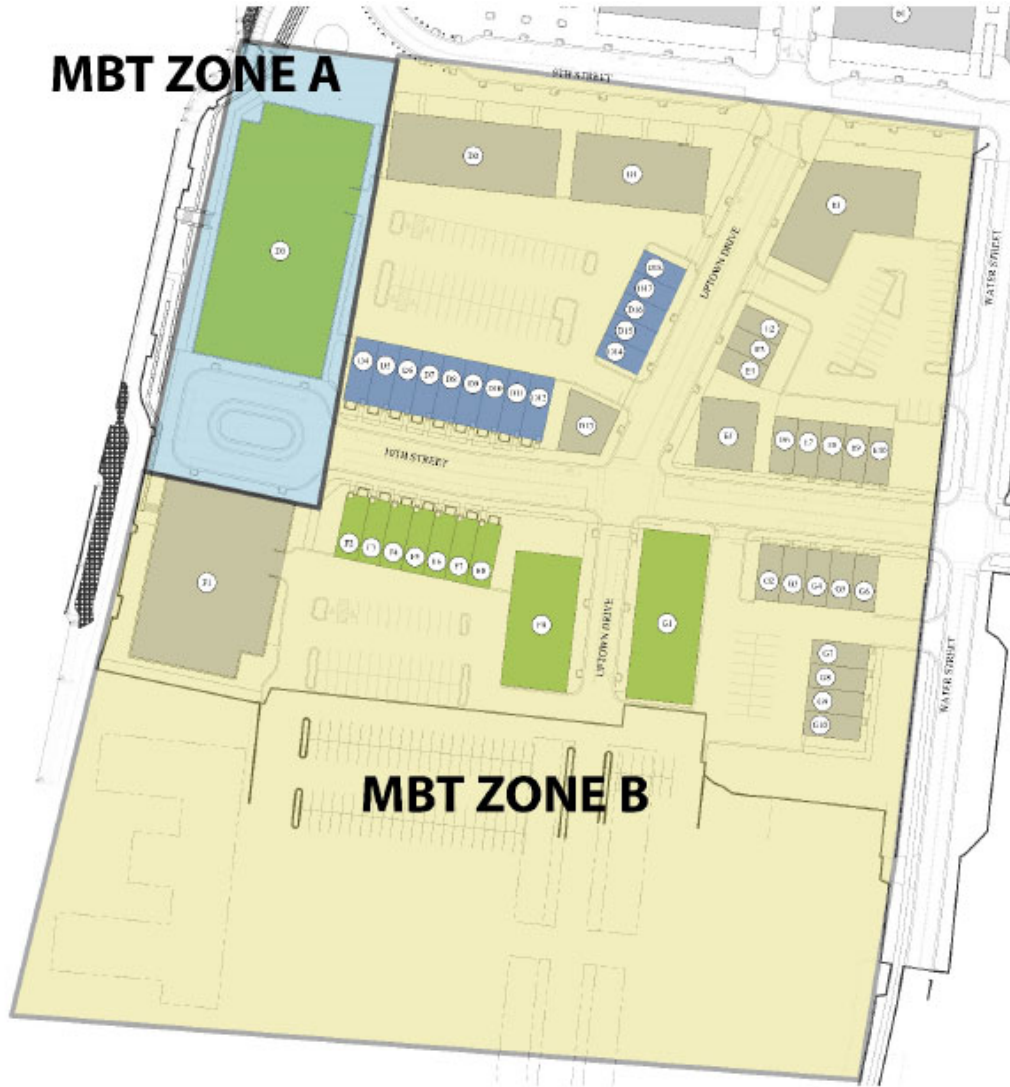
Recommendation

MEDC staff recommends approval of the administrative amendment to the Act 381 Work Plan to recognize the modification of the Michigan Business Tax (MBT) Zone boundaries between project Zones A and B.

APPENDIX A – PREVIOUSLY APPROVED SITE BOUNDARIES



APPENDIX A – RECENTLY APPROVED BOUNDARIES



MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-037**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF BAY CITY BROWNFIELD REDEVELOPMENT AUTHORITY
UPTOWN/RIVERS EDGE SITE REDEVELOPMENT
AMENDMENT #2**

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 MSF;

WHEREAS, the MEGA Board approved a Work Plan request for Uptown/Rivers Edge Site Redevelopment Project (the “Project”), by Resolution 2011-160 on December 13, 2011, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$30,250,716 in eligible activities;

WHEREAS, the MSF Board approved a Work Plan amendment request for the Project, by Resolution 2020-078 on June 23, 2020, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$47,745,626 in eligible activities;

WHEREAS, the City of Bay City Brownfield Redevelopment Authority (the “Authority”) wishes to amend the scope of the Project by amending the existing MBT boundaries in MBT Zones A and B;

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

NOW, THEREFORE BE IT RESOLVED, that the MSF Board approves the amended Act 381 Work Plan that recognizes the modification of the Michigan Business Tax (MBT) Zone boundaries between Project Zones A and B.

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

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2011-160 and 2020-078 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Rob Garza, Manager, Statutory Analysis

Subject: Request for Approval of a Brownfield Michigan Business Tax (MBT) Credit Amendment #2
Grand Traverse Commons North Wing Buildings 600 and 620
Redevelopment Project

Request

The Minervini Group, LLC (“Qualified Taxpayer” or “QT”) requests approval of an amendment to the Brownfield MBT Credit project to remove the third and final phase of the project and deem the project complete with the completion of the first two phases which occurred in February 2015.

Background

The project was originally approved by the Michigan Economic Growth Authority (“MEGA”) on December 15, 2009, with the project Pre-Approval Letter issued on March 2, 2011, as a three-phase project that included the renovation of Building 620, Building 600, the rehabilitation of the associated underground tunnels, and associated parking and public space improvements. The project qualifies for an MBT credit because it is blighted.

The MBT credit was previously amended on May 22, 2013 to add Grand Traverse Senior Living, LLC as a qualified taxpayer.

The reason for this request is that the construction of a pavilion on the Great Lawn, as part of the identified public improvements, could not be completed as intended. The QT was informed that the Michigan State Historic Preservation Office (“SHPO”), on behalf of the National Park Service (“NPS”), could not support the addition of a new building on the Great Lawn due to the historical significance of the lawn as a therapeutic space and arboretum. As a result, the QT could not move forward with the construction of the pavilion. Some of the public space improvements were made, however, the QT has chosen not to pursue the remaining credit amount. Total capital investment for the project is \$26,370,000.

Appendix A addresses the Brownfield MBT tax credit structure.

Recommendation

MEDC staff recommends approval of the Brownfield MBT Credit amendment request to remove the third and final phase of the project and deem the project complete with the completion of the first two phases which occurred in February 2015.

APPENDIX A – Brownfield Tax Credit Structure

Brownfield MBT Credit Amendment Request By:

The Minervini Group, LLC
 830 Cottageview Drive, Suite 1011
 Traverse City, Michigan 49894

Contact: Raymond Minervini, II, Authorized Member

	Previous Approval	Amendment
Project Eligible Investment	\$18,598,400	\$17,438,400
Requested Credit Amount	\$2,324,800	\$2,179,800
Requested Credit Percentage:	12.5%	12.5%

The project is a multi-phase project and will be completed in two (2) phases as described below:

Phase I (COMPLETED) – Renovation of Building 620 by Grand Traverse Senior Living LLC, with a total of \$9,087,000, and;

Phase II (COMPLETED) – Renovation of Building 600 by Grand Traverse Senior Living LLC, with a total of \$8,351,400.

Cost of Eligible Investments By Phase

Phase I	
Building Renovation	\$ 9,023,708
Addition of Machinery and Equipment	<u>63,292</u>
Phase I Total	\$ 9,087,000

Phase II	
Building Renovation	\$ 8,293,211
Addition of Machinery and Equipment	<u>58,189</u>
Phase II Total	\$ 8,351,400

Total Cost of Eligible Investments

Building Renovation	\$ 17,316,919
Addition of Machinery and Equipment	<u>121,481</u>
Total	\$ 17,438,400

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-038**

**GRAND TRAVERSE COMMONS NORTH WING
BUILDINGS 600 AND 620 REDEVELOPMENT PROJECT
THE MINERVINI GROUP, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #2
CITY OF TRAVERSE CITY**

At the meeting of the Michigan Strategic Fund (“MSF”) held on March 23, 2021 in Lansing, Michigan;

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

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

WHEREAS, by Resolution 2009-211 on December 15, 2009, the MEGA Board awarded a Brownfield MBT Tax Credit to The Minervini Group, LLC (the “Applicant”) to make eligible investment up to \$18,598,400 at an eligible property in the City of Traverse City (the “Project”);

WHEREAS, the project Pre-Approval Letter was issued to The Minervini Group, LLC on March 2, 2011;

WHEREAS, on May 22, 2013, the MSF Fund Manager amended the project to add Grand Traverse Senior Living LLC as a qualified taxpayer;

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

WHEREAS, a request has been submitted to amend the Project to remove the third and final phase of the project; and

WHEREAS, two component certificates of completion have been issued for the Project; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$2,179,800;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project by removing the third and final phase of the project.

BE, IT FURTHER RESOLVED, that the Project is amended by identifying the phasing of the Project as follows:

Phase I (COMPLETED) – Renovation of Building 620 by Grand Traverse Senior Living LLC, with a total of \$9,087,000; and

Phase II (COMPLETED) - Renovation of Building 600 by Grand Traverse Senior Living LLC, with a total of \$8,351,400.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Rob Garza, Manager, Statutory Analysis

Subject: Request for Approval of a Brownfield Michigan Business Tax (MBT) Credit Amendment #1
Pine Street Development One, LLC and The County of Grand Traverse
Brownfield Redevelopment Authority (BRA)
RiverWest Development Project

Request

Pine Street Development One, LLC (“Qualified Taxpayer” or “QT”) requests approval of an amendment to the Brownfield MBT Credit project to convert this project from a multi-phase project to a single-phase project and change the project scope to reflect the construction of an approximately 73,523 square foot, 4-story mixed use building containing approximately 13,000 square feet of first floor commercial space and approximately 60,523 square feet of office space on floors 2 through 4.

Background

The project was originally approved by the Michigan Economic Growth Authority (“MEGA”) on December 15, 2008, with the project Pre-Approval Letter issued on March 14, 2011, as a two-phase project that included the construction of a 50,000 square foot multi-screen cinema, 20,000 square feet of retail/commercial space, and a 200 space parking deck in Phase 1 and 70,000 square feet of office, commercial and/or retail space in Phase 2 located at 305 West Front Street in Traverse City. The project qualifies for an MBT credit because it is a facility.

In early 2020, a second developer not affiliated with the original project engaged the MEDC to seek support for an amendment that would allow the second developer to access part of the MBT Credit for a separate project on the site. This proposed project’s completion date far exceeded the MBT credit’s statutory expiration date of March 14, 2021 and, in an effort to include the MBT credit as part of its capital stack, the second developer proposed a legislative amendment to Act 36 of 2007 to extend the time of this credit to accommodate the proposed completion date. The legislation was not signed into law, and the second developer is now pursuing MCRP support for that project.

The reason for this request is because the Qualified Taxpayer, in conjunction with the city, determined that a mixed-use building with commercial and office space best met market demand and that it will be completed by the statutory expiration date of the MBT credit. The total capital investment for the project is decreasing to \$21,803,120 from \$33,000,000 in the original, two-phase project. The MBT credit amount is being reduced to \$3,091,456 from the originally approved amount of \$5,640,000.

Appendix A addresses the Brownfield MBT tax credit structure.

Recommendation

MEDC staff recommends approval of the Brownfield MBT Credit amendment request to convert this project from a multi-phase project to a single-phase project and change the project scope to reflect the construction of an approximately 73,523 square foot, 4-story mixed use building containing approximately 13,000 square feet of first floor commercial space and approximately 60,523 square feet of office space on floors 2 through 4.

APPENDIX A – Brownfield Tax Credit Structure

Brownfield MBT Credit Amendment Request By:

Pine Street Development One, LLC
10 Cottage View Drive, Suite 103
Traverse City, Michigan 48684

Contact: Eric Falconer, Manager

	Previous Approval	Amendment
Project Eligible Investment	\$28,000,000	\$15,457,278
Requested Credit Amount	\$5,640,000	\$3,091,456
Requested Credit Percentage:	20%	20%

TOTAL COST OF ELIGIBLE INVESTMENTS

Site Improvements	\$	860,463
New Construction		<u>14,596,815</u>
Total	\$	15,457,278

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-039**

**RIVERWEST DEVELOPMENT PROJECT
PINE STREET DEVELOPMENT ONE, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #1
CITY OF TRAVERSE CITY**

At the meeting of the Michigan Strategic Fund (“MSF”) held on March 23, 2021 in Lansing, Michigan;

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

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

WHEREAS, by Resolution 2008-178 on December 15, 2008, the MEGA Board awarded a Brownfield MBT Tax Credit to Pine Street Development ONE, LLC (the “Applicant”) to make eligible investment up to \$28,000,000 at an eligible property in the City of Traverse City (the “Project”);

WHEREAS, the project Pre-Approval Letter was issued to Pine Street Development ONE, LLC on March 14, 2011;

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

WHEREAS, a request has been submitted to amend the Project to convert this project from a multi-phase project to a single-phase project and change the project scope to reflect the construction of an approximately 73,523 square foot, 4-story mixed use building containing approximately 13,000 square feet of first floor commercial space and approximately 60,523 square feet of office space on floors 2 through 4; and

WHEREAS, no certificate of completion has been issued for the Project; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$3,091,456;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project by converting this project from a multi-phase project to a single-phase project and changing the project scope to reflect the construction of an approximately 73,523 square foot, 4-story mixed use building containing approximately 13,000 square feet of first floor commercial space and approximately 60,523 square feet of office space on floors 2 through 4.

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

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

From: Jeremy Webb, Sr. Business Development Project Manager

Subject: Amendment Request
Good Jobs for Michigan (“GJFM”) Program Award
Aptiv US Services General Partnership (“Company”)

Request Summary

This is a request from the Company to amend the GJFM Program Withholding Tax Capture Revenue Agreement (“Agreement”) to increase the Base Employment Level from 1,121 to 1,234, as outlined in the attached Resolution (the “GJFM Amendment Request”).

Background

On November 27, 2018, the MSF approved a 100 percent GJFM Program Award for up to 10 years valued at \$30,685,850. This project involves the creation of 500 Certified New Jobs and a capital investment of \$20,000,000, with the potential for up to \$30,000,000, in the city of Troy, Oakland County.

The Company is renovating its existing Troy, Michigan facility in order to seat approximately 500 engineers, support staff, and electronics labs. The labs will consist of engineering benches, failure analysis, engineering prototyping and validation. The site will also contain areas for secure vehicle storage (carpool), associated docks, cafeteria and vehicle demonstration area. The renovation has the potential to be 186,000 square feet of the 473,427 square feet of the Troy campus. The project will require significant capital investment and the creation of 500 new jobs related to engineering.

The Company’s parent, formed in 2011 as Delphi Automotive PLC, which, together with its subsidiaries, acquired certain assets of the former Delphi Corporation (now known as DPH Holdings Corp) and completed an initial public offering later that year. In late 2017, the parent company completed the separation of its former Powertrain Systems segment by distributing to Aptiv shareholders, on a pro rata basis, all of the issued and outstanding ordinary shares of Delphi Technologies PLC (“Delphi Technologies”), a public limited company formed to hold the spun-off business. Following the separation, the remaining company changed its name to Aptiv PLC. Also, as a result of the separation, Delphi Technologies became an independent public company trading on the NYSE. The Company was formed in 2017 for the purposes of employing and serving as paymaster for the Aptiv group’s U.S. employees.

The completion of the separation positioned the parent company as a global technology and mobility company serving the automotive sector. The parent company designs and manufactures vehicle components and provides electrical, electronic and active safety technology solutions to the global automotive and commercial vehicle markets, creating the software and hardware foundation for vehicle features and functionality. The parent company enables and delivers end-to-end smart mobility solutions, active safety and autonomous driving technologies and provides enhanced user experience and connected services.

Current Status of Project

As of January 1, 2021, the Company created 216 new jobs at the Troy, Michigan facility. In addition, the Company has invested approximately \$6,300,000 in the renovation of the Troy, Michigan facility since the project began.

Request

The Company inadvertently excluded jobs located in Auburn Hills, Plymouth Township, and Dearborn. The Company is requesting approval of an amendment to the Base Employment Level to include the three sites and adjust the date in which the Base Employment Level was set to match that of the date allowed for job creation. Ultimately, this will increase the Base Employment Level from 1,121 to 1,234.

The Company is still committed to moving forward with the project and has created jobs and made investments in the renovation of the site. This project supports the MEDC's strategic focus of supporting the growth of Michigan's mobility and automotive manufacturing industry. In addition, the project aides in the long term, equitable, high wage job growth.

Recommendation

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-040**

**APPROVAL OF A GOOD JOBS FOR MICHIGAN PROGRAM AWARD
AMENDMENT FOR
APTIV US SERVICES GENERAL PARTNERSHIP**

WHEREAS, Public Act 109 of 2017 authorized the Michigan Strategic Fund (the “MSF”) to create and operate the Good Jobs for Michigan Program (the “GJFM Program”);

WHEREAS, on September 26, 2017, the MSF created the GJFM Program and adopted guidelines for the GJFM Program;

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

WHEREAS, the MSF Board approved a GJFM Program award for Aptiv US Services General Partnership (the “Company”) of up to 100 percent for ten years, not to exceed \$30,685,850 on November 27, 2018 (the “GJFM Program Award”) for the renovation of the Company’s facility in Troy with an anticipated capital investment of \$20,000,000, with the potential for up to \$30,000,000, and the creation of 500 Certified New Jobs as it relocates its Indiana facility to the city of Troy;

WHEREAS, the MSF and the Company entered into an agreement governing the terms and conditions of the GJFM Program Award (the “GJFM Program Agreement”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the GJFM Program Agreement to increase the Base Employment Level from 1,121 to 1,234 (the “GJFM Amendment Request”);

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

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

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

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

From: Matt Chasnis, Business Development Project Manager

Subject: MSF Designated Renaissance Zone
Partial Revocation
Williams International Co., L.L.C. (“Company”)

Request

This is a request from the Company to partially revoke a portion of the geographic area of the Company’s MSF-Designated Renaissance Zone and correspondingly amend the associated Renaissance Zone Development Agreement to reflect the removal of the portion of the Renaissance Zone. The Agreement requires consent of the MSF for the sale of property included in the Renaissance Zone and this partial revocation is necessary for the Company to maintain its compliance with the Agreement (the foregoing, the “Ren Zone Amendment Request”).

Background

On June 27, 2017, the MSF approved a 15-year MSF Designated Renaissance Zone valued at \$39,500,000. The Company proposed to relocate its headquarters to the former Motown Motion Picture Studio, located at 1999 Centerpoint Parkway, Pontiac, as well as purchase two additional parcels totaling 120 acres of vacant land adjacent to the former studio. The project is expected to result in the creation of 400 new jobs and require \$344,500,000 in capital investment. In addition to supporting the approval of the MSF Designated Renaissance Zone, the City of Pontiac committed to provide a property tax abatement in support of the project. The abatement reduced the applicable special assessment mills and debt mills that are not exempted by the Renaissance Zone.

The Company has experienced great success with executing the project and has met all requirements of the Renaissance Zone thus far. The Company has moved their Headquarters to the City of Pontiac and reported a cumulative investment to-date of \$288,000,000 for the project, which is approximately \$6,500,000 more than the Company projected by this date. In addition, the Company is ahead of schedule for job creation and has created 281 QNJ’s above the base employment level of 500.

The Company is requesting a partial revocation of properties included within the geographic area identified in the Agreement. The zone currently encompasses 150.47 acres across 4 parcels and the Company sold a vacant portion of the property to 2100 S Opydyke LLC. The sale consists of 44.54 acres identified as 2100 S Opydyke and is located at that address in Pontiac, MI 48341. The sale includes parcel identification number 64-19-03-200-023 and 11 acres from parcel 64-19-03-200-022. After the sale, the remaining property within the zone would consist of 3 parcels, described as one continuous distinct geographic area of approximately 105.93 acres, comprising of the following property parcel numbers: 64-19-03-201-002, 64-19-03-202-001, and 64-19-03-200-022. A map depicting the current zone boundaries and the property being sold can be found within Exhibit A. Of the 105.93 acres that will remain within the zone, the Company has developed 40 acres and the sale would not affect existing plans to develop the 65 vacant acres remaining within the zone. If the partial revocation request is approved, the vacant land property will be added back

to the tax payroll for both the City of Pontiac and the State of Michigan and allow further development, job creation, and private investment in the City, which the new owner plans to begin immediately.

Company Background

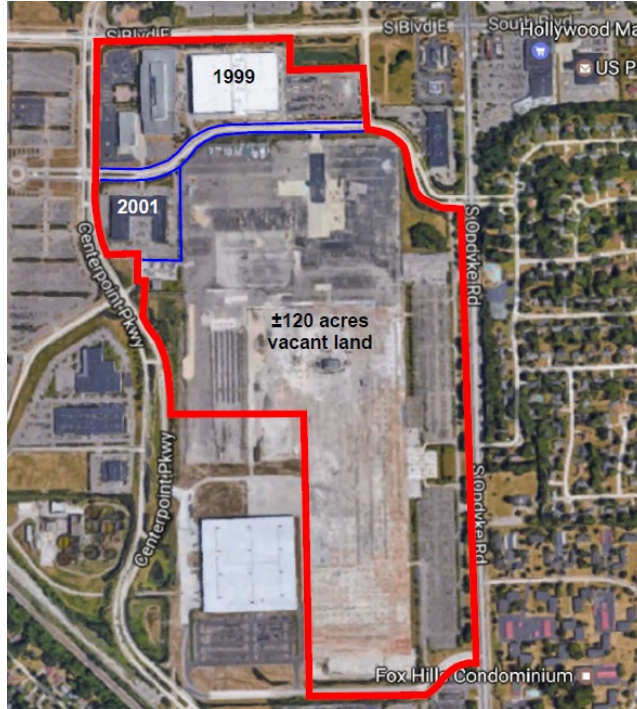
Founded in 1955, the Company is a world leader in the development and manufacturing of small gas turbine engines. The Company has expanded its development, testing, production, and product support capabilities to create a large, versatile organization with the capacity to meet growth objectives in aviation, industrial, and military markets. The Company established their headquarters in Pontiac where it also supports high-tech manufacturing and testing of new product lines in development. The Company has a second US facility, located in Ogden, Utah, which is used to support gas turbine design-to-production.

Recommendation

MEDC Staff recommends approval of the Ren Zone Amendment Request, as outlined in the attached resolution.

EXHIBIT A

Depiction of the Property Prior to the Sale



Depiction of the Property Being Sold



MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-041**

**PARTIAL REVOCATION OF AN MSF-DESIGNATED RENAISSANCE ZONE
Williams International Co., LLC**

WHEREAS, Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to twenty-seven (27) renaissance zones (a “Renaissance Zone”) in one or more city, village, or township if consented to by the local unit of government in which the proposed renaissance zone will be located;

WHEREAS, on June 27, 2017 via MSF Resolution 2017-091, the MSF Board approved a fifteen (15) year Renaissance Zone for Williams International Co., LLC’s (the “Company”) project on a site in the City of Pontiac encompassing four (4) property parcels (the “Williams Renaissance Zone”);

WHEREAS, subsequently, the Company has sold a portion of real property encompassing the Williams Renaissance and has requested it be removed;

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

WHEREAS, the MEDC recommends the MSF Board approve the revocation of property parcel 64-19-03-200-023 and the portion of property parcel 64-19-03-200-022 the Company no longer owns from the Williams Renaissance Zone.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the revocation of property parcel 64-19-03-200-023 and the portion of property parcel 64-19-03-200-022 the Company no longer owns from the Williams Renaissance Zone effective as of February 25, 2021; and

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate the final terms and conditions of and to execute an amendment to the development agreement and any other related documents necessary to effectuate the terms of this Resolution on behalf of the MSF.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-034**

**APPROVAL OF THE MARCH 23, 2021 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

WHEREAS, on February 25, 2014, Michigan Strategic Fund (“MSF”) approved use of consent agendas at MSF Board meetings, pursuant to defined consent agenda guidelines;

WHEREAS, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently revised by the MSF Board on December 19, 2017 (the “Consent Agenda Guidelines”)

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes: February 23, 2021
Awardee Relief Initiative Amendment
Uptown/River’s Edge Redevelopment: Brownfield Act 381 Work Plan Amendment
Building 600 and 620 Grand Traverse Commons: Brownfield MBT Amendment
Riverwest/Pine Street Development ONE: Brownfield MBT Amendment
Aptiv: GJFM Amendment
Williams International: Renaissance Zone Amendment

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Michele Wildman, Senior Vice President, Community Development
Lori Mullins, Managing Director, CD Incentives
Rob Garza, Senior Program Specialist

Subject: Recommendation to Adopt Brownfield Tax Increment Financing MSF Program Guidelines

Request

The Michigan Economic Development Corporation (MEDC) staff recommends adoption of the Brownfield Tax Increment Financing MSF Program Guidelines (Brownfield Program Guidelines) which are intended to consolidate key program information and policies into one MSF Board-approved document. The Brownfield Program Guidelines incorporate the following information:

- A program overview explaining that these guidelines only apply to brownfield work plans that come before the MSF, not local-only brownfield plans or brownfield work plans approved by the Department of Environment, Great Lakes and Energy (EGLE),
- Program Goals,
- Applicant criteria and project considerations used in identifying the types of projects and opportunities MEDC staff brings before the Michigan Strategic Fund (MSF) Board for authorization of state tax capture,
- Information on the award structure and application process,
- Eligible property criteria, and
- Detailed program policies.

Background

The Brownfield Program is enabled by PA 381 of 1996, as amended (the Act). The Act authorizes municipalities to create a brownfield redevelopment authority to facilitate the implementation of brownfield plans to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax reverted, blighted, or functionally obsolete property. The Act also prescribes certain powers and duties of certain state officers and agencies to authorize and permit the use of certain tax increment financing. State tax capture, for projects with MSF or EGLE approved work plans, includes up to 24 mills levied for school operating purposes and for State Education Taxes. Local schools are made whole by the school aid fund and thus do not forgo operating millage funding when a brownfield plan is approved. The MSF considers requests for state tax capture for both business development and community development projects that meet the program goals of encouraging and promoting capital investment in and redevelopment of brownfield and historic properties in order to transform underutilized properties into vibrant areas that are attractive to residents and businesses.

The Brownfield Program Guidelines include a set of policies in Appendix B that provide direction and transparency to applicants who are seeking to use the program as a funding mechanism to address

brownfield eligible project costs. The following summary of the detailed program policies outlines the types of questions that are asked by applicants and the direction that has been provided in the past or that is proposed to be provided moving forward. Most of the past program direction has been communicated through the Act 381 Guidance document which is co-authored by the MEDC and EGLE. That 43 page document is available on the www.miplace.com website and provides very detailed information on eligible activities and application instructions. Some of the information included in the Act 381 Guidance can be interpreted to be policy and thus the MEDC believes those policy items should be reviewed and approved by the MSF moving forward. Several policy items in the Brownfield Program Guidelines are new or different than what has previously been included in the Act 381 Guidance, and those new items are referenced below and will be updated in the Guidance document if approved by the board.

- The project considerations include several new items including reference to emerging developers, target industries and Geographically Disadvantaged Business Locations, which support alignment with the agency's strategic plan and the state's economic development priorities.
- Land Bank Fast Track Authority (LBFTA) Owned or Controlled Eligible Property - The policy includes new language around when the MSF will consider a transfer of property to LBFTA ownership for the purposes of qualifying and maximizing eligible activities, not otherwise permitted under statute.
- Targeted Redevelopment Area (TRA) – the policy describes project circumstances and criteria necessary for the MSF to consider support for a TRA based on the prevalence of brownfield conditions throughout the proposed area, and the likelihood that designation will lead to significant alleviation of brownfield conditions. The language included in the Brownfield Program Guidelines is more detailed than what is currently in the Act 381 Guidance. Only one TRA has been approved in the past but questions about TRAs from prospective applicants are increasing.
- Eligible Activity Costs Incurred Prior to MSF Approval – The policy provides clarity to applicants regarding how long before MSF approval eligible activity costs may be incurred and included in a work plan request. This policy, which has not previously been part of the Act 381 Guidance, states that costs incurred more than one year prior to the approval of the local brownfield plan will not be considered unless they were incurred by a public entity.
- Tax Increment Revenue (TIR) Initial Capture Date and Capture Period – The policy clarifies that the beginning date of TIR capture does not need to coincide with the first year that the taxable value increases but the capture period cannot exceed 30 years and the end date of capture can be no later than 35 years following the eligible property being approved in the Plan.
- Proportionality of State and Local Taxes – The policy explains that capture of school and local taxes to reimburse the cost of eligible activities must be proportional to the ratio of school to local millages available for capture at the time such approval is granted. If a different TIF authority is capturing local taxes causing the state and local support of the project to be out of proportion, then local support can be increased through another local contribution such as an abatement.
- Interest – The policy limits the maximum amount of interest that may be reimbursed to 5% simple interest calculated on certain hard costs financed over the number of years estimated for tax increment revenue reimbursement.
- Contingency – The policy clarifies that the MSF will consider state tax capture for reimbursement of up to 15% contingency based on certain hard costs.

The process of reviewing the proposed guidelines was conducted through both an internal and external lens. Internally, a cross-functional workgroup including representatives from the Business Development, Community Development, Strategy and Policy and Legal units reviewed the guidelines in collaboration with MEDC Leadership and provided recommendations. Additionally, external stakeholders have been engaged in this process – through a series of virtual roundtable discussions to provide direct feedback on the proposed guidelines. Participants included economic development practitioners representing several

local brownfield redevelopment authorities, Community Economic Development Association of Michigan, the Michigan Municipal League, real estate developers who have used the program and consultants who have supported applicants.

Recommendation

MEDC Staff recommends adoption of the Brownfield Tax Increment Financing MSF Program Guidelines, with immediate effect.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-042**

**APPROVAL OF GUIDELINES
BROWNFIELD TAX INCREMENT FINANCING PROGRAM**

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (“MSF Act”) to enable the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, pursuant to Public Act 381 of 1996 (the “Statute”), the MSF may approve brownfield work plans and authorize tax increment revenue capture for school operating purposes and for State Education Taxes;

WHEREAS, the MEDC recommends the adoption of the attached guidelines, labeled as Exhibit A, to be utilized for the Brownfield Tax Increment Financing Program (“Brownfield Program Guidelines”);

WHEREAS, the MSF Board wishes to adopt the Brownfield Program Guidelines;

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the adoption of the Brownfield Program Guidelines.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN STRATEGIC FUND

BROWNFIELD TAX INCREMENT FINANCING MSF PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Brownfield program has three distinct components with approvals by separate entities.¹

This includes:

- I. Local Plans in which local units of government that are authorized to create Brownfield Redevelopment Authorities (BRA) develop and approve brownfield plans that promote revitalization of brownfield properties through the use of Brownfield Tax Increment Financing (TIF).
- II. Local and Department of Environment, Great Lakes and Energy (EGLE) Plans which have local capture in addition to approval from EGLE for projects requesting incremental State Taxes be captured to pay for department-specific eligible activities.
- III. Local and Michigan Strategic Fund (MSF) Plans which include local capture in addition to approval from the MSF for incremental State Tax capture to reimburse for non-department (EGLE) specific eligible activities² which are referred to as non-environmental or MSF brownfield eligible activities.

The Brownfield Program helps to facilitate the redevelopment of brownfield properties³ that might otherwise be cost prohibitive due to the pre-existing conditions on the property (e.g., contaminated, functionally obsolete, historic or blighted) or due to tax-reverted status. This tool provides BRAs in Michigan communities with the ability to capture most of the incremental increase in property tax millages, generated from increased property tax values, to reimburse developers, local units of government or other investors for development activities (identified in The Act). Generally, Brownfield TIF is used to support redevelopment projects by providing a financing mechanism for brownfield eligible activities.

PROGRAM GOALS

The Brownfield Program encourages and promotes capital investment and redevelopment of brownfield and historic properties in order to transform underutilized properties into vibrant areas that are attractive to residents and businesses.

The MSF supports these goals by:

- Attracting investors to brownfield sites to create new jobs, housing and general vitality to serve as a catalyst for other investment and talent recruitment and retention; and
- Facilitating business attraction, expansion and retention.

To ensure alignment with the state's priorities, each prospective project is extensively evaluated to determine the business opportunity, financial need, and the overall benefits related to the reuse of a property.

APPLICANT CRITERIA

¹ Approval of Brownfield TIF by other entities may include different considerations than those outlined herein.

² Eligible activities include, but are not limited to, demolition, lead, asbestos or mold abatement, site preparation and infrastructure improvements that directly benefit the eligible property as defined in the [Act 381 Work Plan Guidance Document](#).

³ Brownfield properties are defined in Act 381 Section 2 (p) "Eligible property" as defined under Brownfield Redevelopment Financing Act, as amended (The "Act") and summarized in Appendix A herein,



MICHIGAN STRATEGIC FUND

The Act authorizes local units of government to create Brownfield Redevelopment Authorities to develop and approve local brownfield plans. Generally, properties are identified by the Brownfield Redevelopment Authority or municipality in conjunction with a developer or company interested in redeveloping that property. Interested applicants must first apply for TIF through their local BRA. Once locally approved, any BRA that has a project that fits the goals of the program as determined by the MSF may apply.

PROJECT CONSIDERATIONS

In addition to being required to document that the project is located on an eligible property (see **Appendix A**) through the locally approved brownfield plan, the Michigan Strategic Fund shall consider the following statutory criteria to the extent reasonably applicable to the type of activities proposed as a part of the prospective work plan:

- Whether the individual activities included in the work plan are sufficient to complete the eligible activity. (Sec 15(12)(a)).
- Whether each individual activity included in the work plan is required to complete the eligible activity. (Sec 15(12)(b)).
- Whether the cost for each individual activity is reasonable. (Sec 15(12)(c)).
- The overall benefit to the public. (Sec 15(12)(d)).
- The extent of reuse of vacant buildings and redevelopment of blighted property. (Sec 15(12)(e)).
- Creation of Jobs. (Sec 15(12)(f)).
- Whether the eligible property is in an area of high unemployment. (Sec 15(12)(g)).
- The level and extent of contamination alleviated by or in connection with the eligible activities. (Sec 15(12)(h)).
- The level of private sector contribution. (Sec 15(12)(i)).
- If the developer or projected occupant of the new development is moving from another location in this state, whether the move will create a brownfield. (Sec 15(12)(j)).
- Whether the project of the developer, landowner, or corporate entity that is included in the work plan is financially and economically sound. (Sec 15(12)(k)).
- Other state and local incentives available to the developer, landowner, or corporate entity for the project of the developer, landowner, or corporate entity that is included in the work plan. (Sec 15(12)(l)).
- Any other criteria that the Michigan Strategic Fund considers appropriate for the determination of eligibility or for approval of the work plan. (Sec 15(12)(m)).

OTHER PROJECT CONSIDERATIONS:

Expanding upon the statutory criteria outlined above, the MSF will also consider the project's local and regional impact, place considerations and economic and financial considerations. The considerations listed below are aimed at ensuring alignment between the economic priorities of the state with the needs of local municipalities. Projects are unique and each will be considered on its own merits, therefore, there is no scoring or minimum number of considerations to be met.

Local and Regional Impact Considerations:

- Project supports the vision and goals stated in the local master plan, downtown plan, capital improvements plan, economic development strategy, or regional economic development strategy or initiative.
- Project is located in and/or addresses adopted strategies of a Redevelopment Ready Community, Michigan Main Street Community or a community engaged in Build Ready Sites.
- Project aligns with or supports other state agency initiatives or coordinated state agency activities.
- Community financially supports the project as demonstrated through local tax increment revenue capture or other financial support for the project.
- The proposed project will not cause detriment to adjacent municipalities.
- Project positively contributes to public health through abatement of lead, asbestos, mold or other contaminants.
- Project strengthens connections between local/regional workforce and career opportunities and the community, region and/or state's overall workforce and opportunities particularly in support of the growth and development of the MEDC's strategic focus industries.
- Project is supported by existing utilities, housing, transportation, public transit and other community services.
- Project includes improvements and upgrades to existing public infrastructure and public spaces.



MICHIGAN STRATEGIC FUND

- The community has a documented public participation strategy for engaging a diverse set of community stakeholders.
- Project is proposed entirely or in part by emerging developer(s)⁴ who seek to generate community development projects that serve as a catalyst for community impact, specifically in Geographically Disadvantaged Business Locations.
- Located in a Geographically Disadvantaged Business Location⁵; [Click here](#) to see a map of Michigan's Geographically Disadvantaged Business Locations.
- Supports business attraction, expansion or retention within MEDC's identified strategic focus industries, which includes, without limitation, Mobility and Automotive Manufacturing, Medical Device Technology, Engineering, Design and Development, Technology, Advanced Manufacturing and Professional and Corporate Services.
- Supports business attraction, expansion or retention within a Regional Impact Industry, which includes, without limitation, Agribusiness, Tourism, Logistics, Financial Services and Other Manufacturing.
- Project supports opportunities for creation of new, high wage jobs and/or pathway jobs⁶.

Place Considerations:

- Project includes context-sensitive concentrated development, meaning it has density, building type(s), and scale appropriate to the neighborhood context and positively contributes to the pedestrian experience.
- Contributes to a traditionally dense mixed-use area and contains multi-story elements.
- Project promotes restoration of a Historic Resource.
- Project promotes mixed-income neighborhoods.
- Incorporate integrated and sustainable approaches to manage the quantity and the quality of stormwater for infrastructure improvements.
- Proposed plans demonstrate principles of Universal Design; designed to be accessed, understood and used to the greatest extent possible by all people.
- Redevelopment meets a third-party certification for green buildings (e.g., Leadership in Energy and Environmental Design [LEED], Energy Star, Living Building Challenge, Net Zero Energy Building, Green Globes).
- Availability of public transportation, non-motorized transportation infrastructure or other transportation programs to improve job access, or proximity/accessibility for workforce.

Economic and Financial Considerations:

- Financial need for the incentive is clearly demonstrated and a “but for” case can be made.
- The project appears to be financially viable based on the amount of developer equity and projected cash flow to fully service all proposed debt and returns are reasonable.
- Anticipated future taxable values are based on reasonable projections.

FINANCIAL STRUCTURE AND AWARD LIMITATIONS

The MSF (or EGLE) may authorize the capture of tax increment revenue generated from the School Operating millage (18 mills) and State Education Tax (SET) millage (6 mills) by the requesting BRA. These tax revenues, for

⁴ Michigan-based developers with limited real estate experience and financial resources who support local initiatives and have completed commercial real estate training programs.

⁵ Geographically Disadvantaged Business Locations are defined as economically distressed and historically underinvested census tracts and counties, especially in urban and rural areas, that tend to experience relatively high unemployment and low household incomes. MEDC and the State of Michigan operationalize Geographically Disadvantaged Business Locations to constitute Treasury-designated Opportunity Zones and Small Business Administration-defined HUBZones (Historically Underutilized Business Zones).

⁶ A Pathway Job is categorized as either “targeted” or “promising.” A targeted job is a Qualified New Job in which the wages generally allow a family to sustain life needs such as food, shelter, utilities, transportation and childcare, etc. to support a modest life style, and also includes an employer sponsored health program and/or other employer sponsored benefits. Identifying a target job is generally determined using third-party resources. A promising job is a Qualified New Job in which the wage is below a wage generally considered a “targeted” wage threshold for the applicable county, however, is designed to provide a career pathway to a “targeted” job within a reasonable period of time, such as over a five (5) to ten (10) year period. Identifying a “promising” job is generally determined through identified proposed training that is expected to result in industry-recognized credentials, or third-party resources and analyses then utilized by the MEDC.



MICHIGAN STRATEGIC FUND

which capture is approved by the MSF or EGLE are referred to as State Tax. Fifty percent of the taxes levied under the SET captured annually for up to 25 years for projects included in a brownfield plan after January 1, 2013 will be paid to the state for use in the State Brownfield Redevelopment Fund to support program administration and grant and loan programs. The amount of the request considered by the MSF cannot exceed the maximum amount of eligible activities as identified in the brownfield plan. There is no eligible activity maximum amount for a single request; however, the MSF reserves the right to award less than the amount requested, based on staff evaluation of the proposed project.

APPLICATION AND SELECTION PROCESS

All applicants are required to provide a draft work plan while working with their Community Assistance Team member or Business Development Manager. Community Assistance Team members can be identified by going to miplace.org and Business Development Managers can be identified by going to michiganbusiness.org.

The following is a summary of the process⁷:

1. Identify Project: MEDC engages with local partners around a potential project.
2. Project Scoping and Feasibility Review: Applicant provides draft intake documentation for initial review.
3. Letter of Interest: MEDC provides a Letter of Interest, when appropriate.
4. MEDC completes a comprehensive review of the project, including compliance with statutory requirements, verification of local approval, background check of entities being reimbursed and works with the applicant to ensure they have an administratively complete work plan with additional supporting documents.
5. MEDC prepares a recommendation to the Michigan Strategic Fund (MSF) Board or its authorized delegate for consideration and if approved, the BRA administers collection of State Tax increment and developer reimbursement.
6. The BRA reports project activity annually, and the MEDC provides reporting results to the legislature, required by Act 381⁸.

Background Check

The Michigan Strategic Fund (“MSF”) Act requires the MSF Board to establish requirements to ensure any applicant(s) seeking an MSF incentive in the amount of \$15,001 or more is subject to a civil and criminal background check as part of the due diligence process for programs and activities created and operated by the MSF. Background check guidelines and procedures are outlined in the [MSF Background Review Policy](#) and can be found on our website at michiganbusiness.org.

PROGRAM REQUIREMENTS AND LIMITATIONS

The MEDC, in conjunction with the Department of Environment, Great Lakes and Energy (EGLE) provides an Act 381 Work Plan Guidance document, which is [posted online](#) and contains in depth explanation of statutory definitions and eligible activities. See **Appendix B** for specific statutory interpretations and MSF policies.

APPENDIX A: ELIGIBLE PROPERTY

Eligible property includes one or more of the following:

⁷ A more detailed process flow chart can be found at miplace.org.

⁸ BRAs are statutorily required to report BRA activity and active project data to the MEDC by August 31 on an annual basis. For a project to be eligible for Community Development Incentive Support, the municipality in which the project is located must be in compliance with the statutory reporting requirements.



MICHIGAN STRATEGIC FUND

Facility:

As defined in Public Act 451 of 1994, MCL 324.20101, means any area, place, or property where a hazardous substance in excess of concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located. A Phase I and Phase II Baseline Environmental Assessment is used to determine whether the property is a facility. The MEDC will confirm with the Michigan Department of Environment, Great Lakes and Energy (EGLE) who will certify the property as a facility after adequate documentation is received from the developer.

Historic Resource:

A publicly or privately-owned historic building or structure, individually listed, or located within a historic district designated by the National Register of Historic Places, the State Register of Historic Sites, or a local unit acting under the Local Historic Districts Act, 1970 PA 169. Documentation is required to verify any of the above designations.

Functionally Obsolete:

Property that is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself, or the property's relationship with other surrounding property as determined by a Michigan Advanced Assessing Officer or a Michigan Master Assessing Officer.

Blighted:

Property that meets any of the following criteria as determined by the respective unit of government, building official, or assessor when applicable:

- Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;
- Is an attractive nuisance to children because of physical condition, use, or occupancy;
- Is a fire hazard, or is otherwise dangerous to the safety of persons or property;
- Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use;
- Is tax reverted property owned by a qualified local governmental unit, by a county, or by this state;
- Is property owned, by or under the control of, a land bank fast track authority under the Land Bank Fast Track Act, 2003 PA 258; and
- Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.

Transit-Oriented Property:

Property that houses a transit station in a manner that promotes transit ridership or passenger rail use.

Transit-Oriented Development:

Infrastructure improvements that are located within ½ mile of a transit station or transit-oriented property that promotes transit ridership or passenger rail use as determined by the municipality.

Targeted Redevelopment Area (TRA):

A development area with at least 40 and no more than 500 contiguous parcels located within a Qualified Local Government Unit (QLGU) and designated as a TRA by resolution of the governing body and approved by the MSF.

Adjacent or Contiguous:



MICHIGAN STRATEGIC FUND

Other parcels that are adjacent or contiguous to qualifying property described above that is part of the same project and all properties are improved.



MICHIGAN STRATEGIC FUND

APPENDIX B: Detailed Program Policies

Land Bank Fast Track Authority Owned or Controlled Eligible Property

Act 381 allows any property owned by or under the control of a Land Bank Fast Track Authority (LBFTA) to qualify as eligible property under the blighted definition, however, the MSF will not support state tax capture for projects that qualify as blighted due to being owned or under the control of a LBFTA, if there is not a clear demonstration that the property was acquired and held by the LBFTA for a reasonable amount of time prior to the property's inclusion within a brownfield plan, or if acquisition of the property by the LBFTA was for the purpose of reducing the property's initial taxable value to zero, increasing access to additional eligible activities or qualifying an otherwise non-brownfield property as a brownfield. Exceptions to this policy that allow for the transfer of properties to a land bank will be considered for projects where the land bank has waived the 5/50⁹ capture for those properties and one or more of the following apply:

- Project has state or federal mortgages or regulatory agreements in place for affordable or attainable housing
- Project is preserving a historic resource
- Project is expected to have an extraordinary economic development benefit to the state and also has extraordinary infrastructure needs. These projects will have a profound ripple effect of positive change that fundamentally enhances the fiscal capacity of state and local governments or redefines the identity and image of the state's economy.

Targeted Redevelopment Area (TRA)

Act 381 allows for properties to qualify as eligible properties by being included in a targeted redevelopment area of not fewer than 40 and not more than 500 contiguous parcels of real property located in a qualified local governmental unit and designated as a Targeted Redevelopment Area by resolution of the governing body and approved by the Michigan Strategic Fund. A brownfield plan using the Targeted Redevelopment Area designation to qualify eligible property should fully describe the goals of the project and why the parcels should qualify for the designation. The MSF will consider support for a TRA based on the prevalence of brownfield conditions throughout the proposed area, and the likelihood that designation will lead to significant alleviation of brownfield conditions. The following criteria apply to eligible property designated as a TRA by the BRA and MSF:

- Capture on all parcels must begin at the same time, and within five years of inclusion in the brownfield plan.
- Parcels included in a TRA designation must have identified eligible activities occurring on or supporting the eligible property.
- Once a TRA designation is approved, parcels may not be removed. Parcels included in a TRA designation may only be removed from the associated brownfield plan or Act 381 work plan through the termination or abolishment of the brownfield plan and TRA designation by the approving BRA.
- Eligible property included in the TRA designation may not be contributing available capture to another TIF authority.

Eligible Activity Costs Incurred Prior to MSF Approval

Any costs incurred for MSF eligible activities prior to approval of the brownfield plan, work plan, or combined brownfield plan are made at the developer's risk and with the understanding that State Tax capture may not be approved for those activities. The MSF understands that there are often practical reasons that some non-environmental eligible activities may be incurred prior to completion and approval of the brownfield plan and the Act 381 work plan. The date which eligible activity costs may be incurred and included in the reimbursement of eligible activity costs recommended for

⁹ 5/50 Capture is fifty percent of the eligible tax reverted property specific tax that for five years is distributed to the authority that sold or otherwise conveyed the property under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774, which sale or conveyance caused the property to be eligible tax reverted property, as described in Public Act 260 of 2003 (211.1025).



MICHIGAN STRATEGIC FUND

MSF approval must typically be the lesser of up to one year prior to the local approval of a brownfield plan or the start date which the municipality approves for eligible activity cost expenditures. Costs incurred more than one year prior to the approval of a local brownfield plan will not be considered as part of the recommendation unless there are special considerations that justify the request or those cost were incurred by a public entity in which case they may be considered for reimbursement.

Tax Increment Revenue (TIR) Initial Capture Date and Capture Period

The beginning date of TIR capture does not need to coincide with the first year that the taxable value increases but the capture period cannot exceed 30 years and the end date of capture can be no later than 35 years following the eligible property being approved in the Plan. In the case of a brownfield plan that was approved without tax capture (a Michigan Business Tax (MBT) only plan), that plan may be amended to begin capture after 5 years from the original approval date, but the start date of capture must be identified to begin within 5 years of the approval of the brownfield plan and capture may not exceed 30 years from the start date.

Proportionality of State and Local Taxes

Unless otherwise explicitly stated by the MSF in the Act 381 work plan approval, capture of state and local taxes to reimburse the cost of eligible activities must be relatively proportional to the ratio of state to local taxes being levied at the time such approval is granted. Alternatively, the local support could be achieved through another local source such as an abatement, or other approved local contribution rather than the local brownfield tax increment revenue.

If a BRA decides to pass through a percentage of captured taxes to taxing jurisdictions, then state support using the proportionality test will be applied in the same percentage. For example, if the BRA utilizes 90 percent of local taxes for reimbursement of eligible activities, then only 90 percent of state taxes can be utilized for the same and 10 percent is passed through to the taxing jurisdictions including the state.

Interest

The MSF may support up to [5 percent simple interest](#) on a project based on the following criteria:

- Interest will be based on the cost of principal eligible activities including demolition, infrastructure improvements, site preparation and lead, asbestos and mold abatement.
- The project must demonstrate financial need as determined by MEDC staff's analysis of project financing, including the layering of state and local incentives.
- Interest must be supported by the local BRA and the interest rate must be included in the approved brownfield plan.
- Interest will be calculated based on the number of years required to fully reimburse non-environmental and/or environmental activities as reflected in the Act 381 work plan.

The MSF reserves the right to approve an interest rate and/or interest amount lower than what is requested in the work plan.

Responsible Party

Act 381 prohibits School Tax capture to be used for response activities that benefit a party responsible for an activity causing a release under section 20126 or 21323a of the NREPA. Act 381 contains an exception for municipalities in regards to landfills only. Act 381 does not prohibit use of School Taxes for non-environmental activities. The MSF may consider work plans that include non-environmental activities that benefit a responsible party, if the response activities are also being addressed outside of the Act 381 work plan. MEDC staff will coordinate with EGLE when reviewing the project.

Contingency

The MSF may support up to a maximum of fifteen percent contingency for unforeseen circumstances and cost overruns



MICHIGAN STRATEGIC FUND

on the estimated cost of the proposed activities. The contingency shall not be calculated on the costs for brownfield plan/work plan preparation or implementation, interest, or for activities conducted prior to Act 381 work plan submittal.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021
To: Michigan Strategic Fund Board
From: Chris Cook, Director – Capital Access
Subject: Grow Michigan II Program Award - Amendment

Request

This is a request to amend certain terms and conditions to the program award for Grow Michigan II, LLC (“GMI II” or “Fund”), a new mezzanine style loan fund. The requested changes include adding a seat to the Fund’s board of managers and amending the final closing date. The scope of the proposed changes to the terms are designed to allow the Fund to better pursue its mission of pursuing primarily public welfare investments, including improving the scope of its outreach to support potentially eligible businesses for both investment and support services.

Background

On October 23, 2018 the MSF Board approved an award request of \$9.6 million which is to be contributed as an equity investment into Grow Michigan II, LLC. The purpose of this investment is to leverage private sector investment with a targeted Fund size of \$59.6 million. The approved MSF award would be divided into two investments, a \$9.5 million equity investment to the Fund which would be used by the Fund to provide loans to operating companies, and a \$100,000 preferred equity investment to the Fund which would defray start-up expenses. The approved terms and conditions were developed largely based on those of Grow Michigan LLC (“GMI”). A summary of the terms and conditions as approved by the MSF are included in Exhibit A to this memo.

Performance of GMI

In 2012, the MSF executed a subscription agreement for up to \$9.5 million and a loan agreement for \$500,000 with GMI. This subscription leveraged \$42 million in private sector investment. Using this funding, GMI made 33 investments totaling \$61.7 million. These investments were supported by \$320 million in private sector lending. The companies which received investment from GMI provided 3,200 jobs in Michigan. Management of GMI anticipates a positive ROI which would result in a complete return of capital to MSF. The \$500,000 loan provided by MSF to GMI has been repaid in full.

Summary of Proposed Changes

The following are the proposed changes to GMI II:

Board of Managers – The Board of Managers for GMI II would change from 9 to 10 members. The additional board member will act as a Community Manager and will be responsible for serving as an

interface between banks and the community, with a focus on conducting outreach to traditionally underserved communities. Appointment to the Community Manager will be based on approval of the other nine seats of the Board of Managers of GMI II.

Final Closing Date – The date by which all class A investor subscription agreements must be executed will be amended to December 31, 2021. The Fund executed four subscription agreements with class A bank investors prior to the expiration of the original closing date. However, the total commitment related to these subscriptions did not meet the threshold necessary to encumber the initial tranche of MSF funding. The primary reason for this was a shift in importance of the Community Reinvestment Act (“CRA”), a set of federal rules which have the objective of encouraging banks to meet the credit needs in the communities in which they serve. Uncertainty related to potential changes to CRA which were occurring during the period prior to the initially approved final closing date ultimately led to a lower-than-expected demand for investment in GMI II. In response to this shift in the focus of potential investors, the Fund chose to shift its focus to increasing outreach to support historically underserved communities as a part of its mission of pursuing primarily public welfare investment. Though COVID-19 did delay marketing efforts by the Fund under its revised mission, management of the Fund states that significant commitments are anticipated should the MSF agree to the proposed changes.

Minimum Investment – The minimum permitted investment the Fund may provide to an eligible business is being lowered to \$250,000. The original minimum investment amount was set at \$1 million. This change is anticipated to allow the Fund to identify more projects which may benefit from this type of investment.

Bank Holding Company – Management of the Fund, in conjunction with the interests of one or more potential Class A investors, has requested that specific language be added to the operating agreement to limit voting rights (4.99% threshold) and to limit commitment levels (24.99 % threshold) as it relates to potential class A investors which may have a bank holding company.

Recommendation

Staff recommends the MSF approve the revisions to the previously approved terms and conditions as noted within Exhibit A of the proposed resolution.

EXHIBIT A

Grow Michigan II, LLC

Summary of Term and Conditions of the Fund

The following is a summary of terms and conditions of the Fund:

General Terms

Awardee: Grow Michigan II, LLC

Purpose: The Fund's investments will generally focus on strong growth potential (revenue and jobs) lower middle-market companies in Michigan with \$3 to \$75 million in revenues. Target transactions will generally range from \$1 to \$3 million for terms from generally three to five years. No single transaction shall exceed \$5 million. The Fund will not invest more than 10% of the Fund's committed capital in any portfolio company (including affiliates).

Michigan Investments The Fund will invest only in Michigan based companies, and only in Michigan based projects.

Eligible Investments: The Fund will invest only in operating companies deriving at least 50% of gross revenue from operations related to the following industries: manufacturing; warehousing; freight transportation/logistics; distribution; technology; research & development; and mining.

MSF Commitment: The Michigan Strategic Fund will provide not more than \$9.6 million of capital support to the Fund in the form of a (a) \$9.5 million Class B equity ("Class B Investment"), and (b) \$100,000 preferred equity funding ("Class C Investment") to defray organization and early operating expenses.

The MSF will make eligible for call of the Class B Investment based on a schedule of Class A commitments as follows:

- \$2 million upon the first \$10 million of Class A investment
- \$2.5 million upon the aggregate commitment of \$20 million of Class A investment

- \$2.5 million upon the aggregate commitment of \$35 million of Class A investment
- \$2.5 million upon the aggregate commitment of \$50 million of Class A investment

Further, the MSF reserves the right to advance at a ratio of Class A investment to MSF commitment of not less than 5 to 1.

Commitment Period:

The commitment period will be for a term of five years from initial closing and the Board of Managers may extend the commitment period for two additional periods of two years each.

Board of Managers of the Fund:

The operating agreement for the Fund shall provide that the Board of Managers shall consist of nine individuals, one-third of which shall be individuals designated by the MSF Fund Manager.

Investment Committee of the Fund:

The operating agreement for the Fund shall provide that the Investment Committee of the Fund shall consist of five individuals, one of which shall be appointed by the MSF Fund Manager.

Other:

Other terms and conditions deemed necessary or appropriate by the MSF Fund Manager or MSF President.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-044**

**APPROVAL OF AMENDMENTS
FOR THE GROW MICHIGAN II, LLC PROJECT**

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

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

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to MCL 125.2088h, the Jobs for Michigan investment fund was created as a permanent fund authorized by the state constitution (“Investment Fund”);

WHEREAS, pursuant to MCL 125.2088(h)(3), the Investment Fund shall be invested as authorized under Chapter 8A for the purpose of creating incentives for activities arising out of retaining or creating jobs, or increasing capital investment activity, or increasing commercial lending activity or encouraging the development and commercialization of competitive edge technologies, or revitalizing Michigan communities;

WHEREAS, pursuant to Chapter 8A, specifically, MCL 125.2088(b)(2)(c), Investment Fund monies are authorized to be invested for programs or activities authorized under the MSF Act as long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(c), the MSF has, among other things, the power to make investments;

WHEREAS, by Resolution 2018-177, the MSF approved investment in Grow Michigan II, LLC, a private equity fund (“PE Fund”) in collaboration with the management of the existing Grow Michigan, LLC of: (i) up to a \$9.5 million equity investment in the PE Fund toward further investments by the PE Fund in operating companies and (ii) up to a \$100,000 equity investment in the PE Fund toward defraying initial start-up and other operating expenses of the PE Fund, along with other general terms and conditions made part of Resolution 2018-177 (the, foregoing, collectively, “PE Fund Investments”);

WHEREAS, on or about August 12, 2019, the MSF formalized the commitment of its PE Fund Investments consistent with Resolution 2018-177;

WHEREAS, the PE Fund has requested amendments to the PE Fund Investments consistent with the terms set forth on the attached Exhibit A (“Amendments”); and

WHEREAS the MEDC recommends that the MSF approve the Amendments.

NOW THEREFORE, BE IT RESOLVED, the MSF approves the Amendments;

BE IT FURTHER RESOLVED, other than as to the Amendments, Resolution 2018-177 remains in full force and effect; and

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager or MSF President to negotiate the final terms and conditions of the Amendments and approves the MSF Fund Manager or MSF President to sign all documents necessary to effectuate the foregoing.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021

EXHIBIT A

Grow Michigan II, LLC Summary of Amendments

Purpose (Portfolio Company Transactions):	Target mezzanine transactions will be amended to accommodate a minimum potential investment of \$250,000 (changed from the original potential minimum investment of \$1 million).
Closing Date and Commitment Period:	The final closing date to admit additional members will be extended to no later than December 31, 2021 (changed from the original outside date of March 2020), with the commitment period extending to no later than December 31, 2026 (changed from the original outside date of March 2025) however such commitment period may be extended two times by the Board of Managers for periods of two years each.
Board of Managers of the Fund:	The operating agreement for the Fund shall provide that the Board of Managers shall consist of ten individuals (changed from the original of nine individuals), with three individuals designated by the MSF Fund Manager (changed from the original of a one-third ratio). The aforementioned increase of one individual to the Board of Managers is anticipated to include the addition of an independent individual recognized as a community leader to be elected by the Board of Managers.
Other:	Other terms and conditions deemed necessary or appropriate by the MSF Fund Manager or MSF President, including adding voting and commitment limitation provisions arising out of the Bank Holding Company Act of 1956, as amended, which would apply to certain anticipated Class A Investors.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: **Jibran Ahmed, Business Development Project Manager**
Rob Garza, Manager, Statutory Analysis

Subject: **Request for Michigan Business Development Program Grant**
Request for Jobs Ready Michigan Program Grant
Request for Approval of an Act 381 Work Plan
Grobbel Cold Storage Redevelopment Project

Project Summary

The request will support a business development project located in the City of Detroit that will include the construction of an approximately 87,000 square food storage building during Phase 1 of the project and an approximately 71,000 square foot expansion in Phase 2, representing \$33,000,000 in total capital investment. The new storage facility will include a cooler, freezer, shipping and receiving and office areas. Due to growth in business, E.W. Grobbel Sons, Inc. (“Company”) is currently at capacity in its existing location in the Eastern Market and needs to expand. This growth includes expanding product offerings and creating new lines of business, such as meat snacks, retail sliced meats, shelf stable pickled produce, and healthy vegan snack bites. This project will strengthen the region's agricultural ecosystem, increase the tax base for the city, and is anticipated to create 300 jobs. The project will include approximately 94,308 square feet of public infrastructure improvements such as sidewalks, curb installation, and storm sewer installation.

The project will occur in a geographically disadvantaged area of Detroit, creating attainable jobs with a company who actively hires and supports community residents with a positive corporate culture and philosophy. A majority of the Company's workforce are from the surrounding Detroit neighborhoods. This large-scale, job-creating project will provide a range of employment, from entry-level opportunities to long-term careers. The Company offers a variety of certifications to foster continued skill growth in areas such as forklift driving, internal auditing, and machine operation. The Company also offers wage increases associated with training opportunities and promotes from within, with many of its supervisors having started at entry level positions.

The Company's expansion in Eastern Market's Innovation Zone is a key project for retaining the food industry in Detroit. The Food Innovation Zone is a concerted effort by the City of Detroit to remain competitive in the food industry by preparing land for development for food-based production, processing and manufacturing. The project would help to establish a large anchor company and further enhance development and attraction opportunities. With the introduction of the federal Food Modernization Act, food businesses are having to make updates to old facilities that can be cost-prohibitive and are forced to consider alternative locations both inside and outside of Michigan. The success of the Food Innovation Zone is essential to serve as a model for the rest of the state in demonstrating innovative ways to approach the food sector.

The Company has been asked by its' suppliers to locate in closer proximity, which would provide financial advantages experienced with lower freight and building costs. In order to offset the disadvantage faced by being located further away from its suppliers, incentive assistance is needed to ensure this project is placed in Michigan. The competing states of Ohio, Nebraska, and Georgia offer existing, move-in ready facilities to accommodate this growth. In order to help secure the project, collaboration between multiple state and local partners is necessary. These partners include the Detroit Economic Growth Corporation, Michigan Department of Agriculture & Rural Development, and the Michigan Department of Transportation. All these partners have expressed, through their added support, commitment towards winning this project for the region.

Request

E.W. Grobbel Sons, Inc. is requesting a Michigan Business Development Program performance-based grant in the amount of \$800,000 and a Jobs Ready Michigan Program performance-based grant in the amount of \$200,000. In addition, the City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$3,276,724 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$33,000,000.

Program Summary

The request for Brownfield support is consistent with program requirements to reactivate underutilized properties. The project qualifies for the Brownfield Act 381 program because the site is a facility and blighted. The project is consistent with the MEDC's Regional Impact Industry of Agriculture. The project also meets local objectives by focusing on increasing agriculture processing and creating the Food Innovation Zone to support the growth and attraction of the agriculture industry.

Local Support

Local support for the project includes the local tax capture portion of the Work Plan, valued at \$4,859,050 and an Industrial Facilities Exemption Tax Abatement (IFT) for 12 years valued at \$5,620,977. Local approval of the IFT District is anticipated in March 2021. The City of Detroit is engaged with the MEDC's Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Tax Capture Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on February 24, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on February 10, 2021 or met the statutory qualification of blight by being owned by a Land Bank Fast Track Authority.

There are 65.3238 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (36.74%) and local millage equaling 41.3238 mills (63.26%). Tax increment capture will begin in 2022 and is estimated to continue for 27 years. Tax capture for the project is impacted by a 12-year Industrial Facilities Exemption Tax Abatement (IFT) and the blended ratio is shown below. The state tax capture is recommended to be capped at \$3,276,724, which is the amount of tax increment revenue anticipated to be generated in 27 years.

Total MSF eligible activities are estimated at \$8,135,774. MSF eligible activities breaks down as follows:

State tax capture	(40.28%)	\$	3,276,724
Local tax capture	(59.72%)	\$	4,859,050
TOTAL		\$	8,135,774

Cost of MSF Eligible Activities

Demolition		\$	408,000
Infrastructure Improvements			2,494,000
Site Preparation		+	2,180,700
Sub-Total		\$	5,082,700
Contingency (15%)		+	762,405
Sub-Total		\$	5,845,105
Interest (5%)		+	2,265,669
Sub-Total		\$	8,110,774
Brownfield/Work Plan Preparation		+	10,000
Brownfield/Work Plan Implementation		+	15,000
TOTAL		\$	8,135,774

In addition, the project is requesting \$2,399,372 in TIF from EGLE to assist with environmental eligible activities.

Applicant History

E.W. Grobbel Sons, Inc. is one of the United States' oldest corned beef companies, operating in Detroit since 1883. The Company specializes in processed beef products, including corned beef, roast beef, pastrami, and prime rib. Neither E.W. Grobbel Sons, Inc., nor its principals, have previously been awarded incentives by the MSF. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

Recommendation

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

- a) State tax capture for the Act 381 eligible activities capped at \$3,276,724, utilizing the current state to local capture ratio.
- b) A Michigan Business Development Program performance-based grant in the amount of \$800,000.
- c) A Jobs Ready Michigan Program performance-based grant in the amount of \$200,000.

APPENDIX A – Project Map and Renderings





APPENDIX B – Programmatic Requirements

Key Statutory Criteria

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

a) Overall Benefit to the Public:

The project will reactivate an underutilized site in the City of Detroit and create a cold storage facility that will generate significant job growth.

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

This project is expected to create approximately 300 new, full-time equivalent jobs in the production sector with an average hourly wage of \$28.12.

c) Area of High Unemployment:

The City of Detroit unadjusted jobless rate was 18.7% in November 2020. This compares to the statewide seasonally adjusted average of 6.3% in November 2020.

d) Level and Extent of Contamination Alleviated:

The project will include the removal and disposal of an estimated 40,000 tons of urban/historic fill that may contain various contaminants presumably exceeding Part 201 generis residential criteria.

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

Approximately 34 parcels meet the statutory qualification of blight by being owned by a Land Bank Fast Track Authority (LBFTA). These parcels have been owned by the LBFTA as far back as 2015.

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.

APPENDIX C - Organizational Chart

E. W. Grobbel Sons, Inc.					
E.W. Grobbel Sons, Inc. EIN: 382188414					
E.W. Grobbel Sons, Inc. Manager: Jason J. Grobbel					
Member			Ownership Interest	EIN	State of Organization
Jason J. Grobbel			100.00%		Michigan
Key Principals/Guarantors:		Amount of Guarantee			
Jason J. Grobbel		100%			

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-045**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
E.W. GROBBEL SONS, INC.**

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

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

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

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

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

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

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

WHEREAS, E.W. Grobbel Sons, Inc. (“Company”) has requested a performance based MBDP Grant of up to \$800,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021

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

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP").

Date: January 27, 2021


Company Name:	E.W. Grobbel Sons Inc.
Project Location:	City of Detroit
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$800,000
Base Employment Level:	230
Qualified New Jobs:	At least 300 at the Project Location
Municipality Supporting Project:	The City of Detroit has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Date of MSF Board Approval
Term of the Agreement:	November 30, 2027
Milestone Based Incentive:	Disbursements will be made over a 3-year period and will be performance based on job creation as follows: Milestone 1: \$200,000 for the creation of 75 jobs. Milestone 2: \$200,000 for the creation of 75 jobs. Milestone 3: \$400,000 for the creation of 150 jobs.

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

Acknowledged as received by:

E.W. Grobbel Sons Inc.

By:


Printed Name: Jason J. Grobbel
Its: PRESIDENT

Michigan Economic Development Corporation

By:


Printed Name: Jibran Ahmed
Its: Business Development Project Manager

January 27, 2021 – E.W. Grobbel Sons Inc.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-046**

**APPROVAL OF A JOBS READY MICHIGAN PROGRAM GRANT TO
E.W. GROBBEL SONS, INC**

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (“MSF Act”) to enable the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy;

WHEREAS, pursuant to the MSF Act, specifically MCL 125.2088(b)(2)(c), funds appropriated to the MSF under the Michigan Business Development Program (“MBDP”) are authorized to be expended for programs or activities authorized under the MSF Act, so long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable milestones;

WHEREAS, on April 23, 2019, via MSF Resolution 2019-066, the MSF (i) created the Jobs Ready Michigan Program (“JRMP”) by transferring funds from the MBDP to fund grants to eligible business applicants to support talent recruitment or training needs to retain or create jobs, and (ii) adopted the guidelines for the JRMP (the “Guidelines”);

WHEREAS, E.W. Grobbel Sons, Inc. (“Company”) has requested a JRMP grant of up to \$200,000 (“Grant Request”) for attainment of the milestones and other general terms and conditions outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

BE IT FURTHER RESOLVED, the MSF Fund Manager, or the MSF President, is directed to negotiate the terms and conditions and execute all final documents necessary to effectuate the JRMP Award Recommendation in accordance with the MSF Act and the Guidelines.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

EXHIBIT A
JOBS READY MICHIGAN PROGRAM
Performance Based Incentive - Term Sheet - Summary

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Jobs Ready Michigan Program ("JRMP").

Date: January 27, 2021

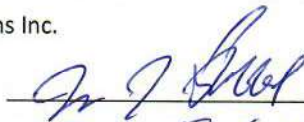
Company Name:	E.W. Grobbel Sons Inc.
Project Location:	City of Detroit
JRMP Incentive Type:	Performance Based Grant
Maximum Amount of JRMP Incentive:	Up to \$200,000
Municipality Supporting Project:	The City of Detroit has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Eligible Activities:	Date of MSF Board Approval
Term of the Agreement:	November 30, 2025
Milestone Based Incentive:	Disbursements will be made over a 3-year period and will be performance based as follows: Milestone 1: \$66,667 Upon demonstrated documentation of at least \$66,667 in costs related to employee recruitment Milestone 2: \$66,667 Upon demonstrated documentation of at least \$66,667 in costs related to employee recruitment Milestone 3: \$66,666 Upon demonstrated documentation of at least an additional \$66,666 in costs related to employee recruitment

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

Acknowledged as received by:

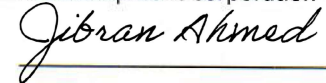
E.W. Grobbel Sons Inc.

By:


Printed Name: JASON J. GROBBEL
Its: PRESIDENT

Michigan Economic Development Corporation

By:


Printed Name: Jibrán Ahmed
Its: Business Development Project Manager



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-047**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
GROBBEL COLD STORAGE REDEVELOPMENT PROJECT**

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

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at multiple addresses, but most prominently at 1903 Leland Street within the City of Detroit, known as the Grobbel Cold Storage Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 40.28% to 59.72% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated February 23, 2021. 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 \$5,845,105 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$2,265,669 in interest, a maximum of \$10,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$3,276,724.

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

BE IT FURTHER RESOLVED, that the MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$2,265,669 related to the eligible activities for the Project.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

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

From: Joshua Hundt, Executive Vice President & Chief Business Development Officer
Fred Molnar, Vice President of Entrepreneurship and Innovation
Ryan Hundt, Regional Director, Growth and Development

Subject: Talent Expansion Signature Initiative

Request

Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) Board approve \$9 million across two separate but related programs outlined below as part of the MEDC’s Talent Expansion signature initiative. The proposal consists of \$7.5 million of Community Development Block Grant (“CDBG”) Coronavirus Aid, Relief and Economic Security (“CARES”) funds for the Regional Talent Innovation Grant program, and \$1.5 million for the Tech Talent Expansion: STEM Internships and Startups program from FY 2021 Business Attraction and Community Revitalization program.

Background

As MSF Board Members are acutely aware, COVID-19 has caused significant economic harm, including substantial job losses in Michigan and impacts on small businesses. Michigan has spent nearly \$240 million in small business relief to complement the more than \$19 billion in federal relief provided to Michigan businesses in 2020. In December, the federal government funded another round of Paycheck Protection Program – Michigan businesses have been able to access more than \$1.5 billion in federal funding this year, with more funds being provided each day. The Governor has proposed another \$225 million for small businesses to address gaps in federal pandemic relief for key segments of our business community and continue Michigan on the path to recovery. Considering these factors, the MSF is being asked to consider programming that addresses additional gaps.

An important element to setting Michigan on the path to recovery is to begin initiating new talent programming to further address both near-term (COVID recovery period) and long-term (post COVID) talent challenges in Michigan’s economy. A comprehensive effort to expand Michigan’s talent base through programming that will provide local EDOs the opportunity to develop innovative new regional programming to help workers and businesses during the COVID recovery period and beyond is an essential step to set the Michigan economy up for long-term success.

In the past, a handful of strategies and initiatives have been deployed in an effort to address talent constraints, including the MSF-approved Jobs Ready Michigan program, and the Department of Labor and Economic Opportunity's Futures for Frontliners, Michigan Reconnect, and the Going Pro Talent Fund. Although these programs will produce significant benefits and meaningfully address many of Michigan's talent challenges, new investment and new programming is necessary to address COVID related challenges (recovery period and beyond) as well as the retention of college students with degrees in Science, Technology, Engineering and Math (STEM). While MEDC staff continues to evaluate and consider the recommendation of future programming for MSF approval, especially related to attracting high-tech talent to the state, the MSF is uniquely positioned to help address the need to attract, retain, and spur collaborative development of local-led training solutions through the programs outlined below.

Regional Talent Innovation Grants (\$7.5 million)

The COVID-19 pandemic has resulted in large-scale job losses across many industries, disproportionately impacting individuals working in low-wage occupations and those with lower educational attainment. Businesses have also been impacted, with less capital available to dedicate toward workforce training and upskilling. These trends have further necessitated regional collaboration and public funding to support training initiatives across the state.

The Regional Talent Innovation Grants will provide \$7.5 million in CDBG-CARES Act funding to help leverage competitive workforce training pilot programs, led by local economic development organizations and workforce development partners. Through the use of these funds, trainees will benefit from obtaining industry-recognized credentials that may eventually lead to higher wages and enhanced occupational skills, thereby minimizing risk to future economic downturns and job losses for low-to-moderate income individuals, while better preparing the workforce for a post-pandemic economy.

The approved funding will provide grants between \$500,000 and \$950,000 to eligible applicants to help address regionally-specific talent needs, leveraging existing talent development and retention tools where applicable, while also being able to create new training programs specific to each region and its communities. Eligible economic development organizations or other non-profits will serve as the grant applicant, and the programming will target growth in specific occupations in high-demand from regional employers. Applicants will be required to design programs that support low-to-moderate income individuals, prioritizing individuals living in Geographically Disadvantaged Areas as well as COVID related recovery issues as they relate to training needs. Through these training and retention efforts, approximately 750 individuals will receive training within in-demand and strategic occupations. Through this approach, the state will directly address the lack of post-secondary credentials and a skills mismatch in occupations related to the MEDC's Strategic Focus industries.

Applicants will be evaluated on a variety of factors, as outlined in the attached guidelines, including but not limited to:

- Fit with MEDC Strategic Plan
- Fit with community vision/priority/strategy
- Regional impact of COVID-19 on workforce and training
- Workforce preparation and training in response to COVID-19

- Capacity and program management plan
- Partnership and leveraged resources
- Alignment with Sixty by 30 Goal

To evenly distribute funding across the state, the Regional Talent Innovation Grant – CDBG Program review team will make it a priority to ensure regional impact across the state.

The MEDC anticipates launching the application period for the Regional Talent Innovation Grant – CDBG Program in early April 2021, with grant agreements executed in Summer 2021. Award decisions will be made using a general delegation of authority under the CDBG program as outlined in the “Strategic Fund Compiled Resolutions.”

STEM Internships and Startups (\$1.5 million)

Purpose

The objective of the STEM Internships program is talent retention of Michigan’s STEM college graduates to directly address the unmet need for tech talent through exposure to STEM occupations across Michigan, with the goal of program participants ultimately remaining in Michigan.

Eligibility

- Eligible intern candidates are students at institutions of higher education in Michigan in a STEM field of study, with an emphasis on computer science.
- Eligible companies are businesses that can offer an internship in a STEM focused position.

Implementation

This program is based on the successful Ann Arbor/Ypsilanti SmartZone internship program overseen by Ann Arbor SPARK since 2011. The Ann Arbor/Ypsilanti SmartZone internship program funds 50% of an intern, the receiving company funds the remaining 50%. Intern placement is for a 10–12 week period and provides relevant STEM work experience for the intern.

Through the MEDC STEM Internships Program, the MSF will partner with Ann Arbor SPARK to scale the successful Ann Arbor/Ypsilanti SmartZone internship program *statewide*, with the goal of placing between 425-450 STEM students annually into internships with STEM focused positions throughout Michigan.

The fundamental elements of the statewide program are:

- The program will support annually between 425 - 450 STEM college student internships through an annual budget of \$1.5 million.
- Intern placement is for a 10–12 week period and provides relevant STEM work experience for the intern.
- Ann Arbor SPARK will hire and employ all the interns across the state, irrespective of company location, as temporary W-2 employees, handling all payroll, tax, and compliance responsibilities.

- Ann Arbor SPARK will manage the submission of timesheets, approvals, payment to student interns, and collection of the matching funds from the companies. Participating employers will be charged 11% of wages to cover FICA, FUTA taxes and worker's compensation associated with the directed wages.
- Ann Arbor SPARK will provide 50% of the intern pay, participating companies will provide 50% of the intern pay.
- Hourly wage will be \$15/hour.
- Two categories of awards will be made: full-time and part-time. The maximum award per intern will be \$3,000 (full-time) or \$1,500 (part-time).
- Ann Arbor SPARK will establish the screening process for the student interns and the companies to ensure a positive experience for the students, and a fruitful outcome for the companies.
- Company Selection: Companies will be scored via a matrix. Premiums will be awarded to a company's score if they fall into categories such as:
 - Company is high-tech with demonstrated growth
 - Company is providing an internship with a meaningful job description that falls into the STEM category with a preference placed on Computer Science.
 - Company has a track record of successful internships, and will provide meaningful oversight/mentorship, etc.
- Since most internships occur May through August, the program will be designed to cap expenditures before May.
- Ann Arbor SPARK will create a structure that focuses on regional impact across the state, implementing the program to ensure equal access to all regions of the state.
- Ann Arbor SPARK will work with the appropriate local support entities across the state. The overarching goal is that the local support entities will retain the primary relationship with their local client companies and recommend them to the internship program. Local entities, such as SmartZones via the MSF-funded Gateway Representatives (GWR), local Economic Development Organizations, etc., will be responsible to validate or endorse companies applying to the program.
- Ann Arbor SPARK will take the best practices developed in the Ann Arbor/Ypsilanti SmartZone program and create a toolkit that the other local entities statewide can use in intern recruitment activities.
- Ann Arbor SPARK will create a dedicated web page(s) on its website to share fundamental details of the program and assist companies and students on how to apply to the program.
- Ann Arbor SPARK will leverage its marketing capabilities and teams to promote the program across the entire State of Michigan.
- Sponsorship dollars will be made available to entities such as the local SmartZone, local EDO support entities (i.e. 20 Fathoms in Traverse City), the MI-SBDC, Invest Detroit, Michigan Venture Capital Association, MichBio, BBC, Automation Alley, etc. that wish to participate in local on-campus career fairs and other events that would allow the interface of companies with students interested in finding STEM-related internship opportunities.
- After successful completion of the internship, Ann Arbor SPARK will track the employment status of the interns for a minimum of 12 months to measure both retention in Michigan, as well as those remaining employed in the knowledge economy in a professional role.

MEDC staff is requesting support from the MSF in the amount of \$1.5 million in funding for an initial one-year term, with the option to extend the grant and allocate additional funding for four additional years at the sole discretion of the Michigan Strategic Fund.

Recommendation

MEDC staff recommends adoption of the Talent Expansion signature initiative as follows:

1) Regional Talent Innovation Grant Program:

1. Approval of the Regional Talent Innovation Grant Program Guidelines as set forth in Attachment A to the proposed Resolution;
2. The allocation of \$7.5 million in CDBG-CARES funding.

2) STEM Internships and Startups Program:

1. Approval of a grant of up to \$1.5 million to Ann Arbor SPARK for an initial term of one-year with the option to extend the term by an additional four one year terms and allocate additional funding at the sole discretion of the MSF.

MICHIGAN STRATEGIC FUND

RESOLUTION

2021-048

REGIONAL TALENT INNOVATION GRANT PROGRAM

WHEREAS, in the Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, 15 USC 116 (the “CARES Act”), the US Congress appropriated funds to the US Department of Treasury to be allocated and disbursed to states to address the economic impacts of COVID-19, including \$5 billion in funding to the Community Development Block Grant (“CDBG”) program administered through the Department of Housing and Urban Development;

WHEREAS, the State of Michigan received \$62,488,375 in CARES funding through the CDBG program;

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (“MSF Act”) to enable the MSF to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, pursuant to the MSF Act, MCL 125.2007(c), the MSF has the power to make grants;

WHEREAS, the MEDC recommends the MSF adopt the criteria set forth in Appendix A to the Resolution to implement the Regional Talent Innovation Grant Program (the “Talent Innovation Grant Program”); and

WHEREAS, the MEDC recommends that the MSF allocate \$7,500,000 of CDBG CARES Act funding to the Talent Innovation Grant Program (the “Funding Request”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Talent Innovation Grant Program and the Funding Request.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN STRATEGIC FUND

REGIONAL TALENT INNOVATION GRANTS - CDBG PROGRAM

PROGRAM GUIDELINES

Appendix A

PROGRAM OVERVIEW

The Michigan Economic Development Corporation (MEDC), on behalf of the Michigan Strategic Fund (MSF), will administer the Regional Talent Innovation Grants – CDBG program. This tool is designed to provide up to \$7.5 million for grants ranging between \$500,000 and \$950,000 to eligible applicants to help address regionally-specific talent needs, leverage existing talent development and talent retention tools where applicable, and help to create new training programming specific to each region and its communities.

An eligible economic development organization, or other non-profit will serve as the grant applicant. The programming should target growth in specific occupations of high-value to the region. Applications with collaboration between multiple organizations will be prioritized.

The applicants should design grants to support job training and workforce development activities benefiting low-to-moderate income individuals in response to job losses or lack of access to upskilling as a result of COVID-19, prioritizing people living in geographically disadvantaged areas. Applicants should have a plan on how to market the program to underserved populations. All programs should support Michigan's broader Sixty by 30 goal – the goal of 60% of Michigan's population having a post-secondary credential by 2030.

PROGRAM GOALS

The Regional Talent Innovation Grant Program is designed to address long-term unemployment and underemployment for low-to-moderate income individuals, a trend that has been further exacerbated by the COVID-19 pandemic, while also providing the necessary capital to businesses and regional economic development partners to collaborate and create training programs to prepare the workforce for a post-pandemic economy. In doing so, this program will address regional supply-demand mismatches within the local labor market and expand the local workforce through innovative programming delivered through local economic development and workforce development partnerships. This program serves as a tool for eligible applicants that desire to support talent retention through job creation and training efforts by providing grant funding to address these issues in response to the COVID-19 crisis. These efforts should support the resilient and equitable growth of high economic impact industries within Michigan, while ensuring areas with high unemployment and high poverty rates are prioritized. The program intends to train people for new jobs, retain talent for new jobs, or provide training that results in industry-recognized credentials.

ELIGIBLE APPLICANTS

Eligible applicants include local and/or regional economic development organizations located in Michigan. Applicants that demonstrate collaboration with partners in economic development, workforce development, education, and private sector employers will be prioritized.

If a region has multiple organizations that could be considered qualified applicants, the organizations should communicate with one another to avoid competing application submissions. The MSF will only award grant funds to one qualified



applicant under each grant agreement. If multiple applications for the same community are submitted, they must represent different partners with a separate talent retention or training focus. If multiple applications are submitted on behalf of the same region, both applications will be denied. Applications should be submitted to rtig@michigan.org.

ELIGIBILITY REQUIREMENTS

Applicants must meet all the following eligibility requirements:

- The applicant is located within the boundaries of the region the applicant serves.
- The applicant must demonstrate that it will retain talent or train workers, post-secondary students, and/or job seekers for high-priority occupations.
- The applicant must have both a local economic developer and a workforce development partner as part of the application materials.
- The applicant must demonstrate the ability to qualify individual recipients or job classifications of the program as low or moderate income as defined by the Department of Housing and Urban Development (HUD).

PROJECT CONSIDERATIONS

Applications will be evaluated on a variety of factors, including but not limited to:

- **Fit with MEDC strategy:** Competitive applicants will describe how this program supports resilient and equitable growth of Michigan's economy, improving Michigan's competitive position with focus industries through talent expansion.
- **Fit with community vision/priority/strategy:** Competitive applicants will outline and provide examples of how this funding will support new or existing plans to retain talent, and/or train individuals for priority occupations.
- **Regional impact of COVID-19 on workforce and training:** Competitive applicants will be able to provide information that adequately describes the COVID-19 impact on the regional workforce, and the need for training to prepare low-to-moderate income individuals for a post-pandemic economy.
- **Workforce preparation and training in response to COVID-19:** Competitive applicants will be able to identify regionally-specific training and workforce development priorities that address job loss and lack of upskilling caused by COVID-19 in an effort to minimize the risk of future economic disruptions for low-to-moderate income individuals.
- **Applicant capacity and program management plan:** Competitive applicants will have demonstrated a history of managing programs related to talent attraction, retention, and/or training. Each applicant must have a clearly defined plan for program management and a process for disbursing funds. The applicant must also demonstrate the ability to qualify individual recipients or job classifications of the attraction/retention/training program as low-to-moderate income (LMI). A link to HUD's FY20 Income Limits by County will be available on the michiganbusiness.org website, along with other application materials. The MSF expects funds to be disbursed by the applicant as quickly as possible. In any event, all funds must be disbursed by the applicant within 90 days of completing eligible project activities.
- **Partnership and Resource Leveraging:** Competitive applicants will articulate how their organization and other co-applicants/partners support regional talent attraction, retention, and/or training efforts, and will identify a plan to support businesses, workers, students, and/or job seekers with accessing these resources. Technical assistance and financial assistance programs and/or partnership will be given equal consideration.
- **Metrics:** Competitive applicants will be able to identify key measurable outcomes for talent retention, and/or training. Examples of metrics for training include the number of industry-recognized credentials earned and jobs



created in key focus industries. Examples of metrics for a talent retention program include the number of new/retained jobs in key focus industries and wage increases.

- **Alignment with Sixty by 30 Goal:** Competitive applicants will describe how grant funds will support Sixty by 30, the State of Michigan's goal of 60% postsecondary educational attainment by 2030.

Additional factors that may be considered include – but are not limited to – the total amount of funding requested by the applicant is consistent with the program guidelines, the application is consistent with the program guidelines, an applicant being located in a geographically disadvantaged area as defined by either a State Opportunity Zone or State HUBZone.

FINANCIAL STRUCTURE AND AWARD LIMITATIONS

This tool is designed to provide up to \$7.5 million for grants ranging between \$500,000 and \$950,000 to eligible applicants to help address regionally-specific talent needs, leverage existing talent development and talent retention tools where applicable, and help to create new training programming specific to each region and its communities.

APPLICATION PROCESS

The application for the Regional Talent Innovation Grant – CDBG Program will be available online at the michiganbusiness.org website. The first section of the application will ask questions to determine an applicant's eligibility to participate in the program. The second section will ask narrative questions and may require document submissions that will be used to score applications. The last section will ask applicants to certify their application for submission.

The application will need to be completed in one attempt; therefore, it is important that applicants have all of the above information on-hand at the time of submission. Applicants may wish to record their answers in a separate word document and gather all required attachments before starting the application.

The application for the Regional Talent Innovation Grant – CDBG Program will be available online at michiganbusiness.org. Completed applications should be submitted to rtig@michigan.org.

CDBG Compliance Part II will need to be completed based on the National Objective that the applicant will be qualifying under. Separate compliance documentation related to specific project related activities will be required.

A comprehensive program guide with example programmatic frameworks, a list of priority occupations, and the full application will be available on michiganbusiness.org.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-049**

**STEM INTERNSHIPS AND STARTUPS PROGRAM GRANT
TO ANN ARBOR SPARK**

WHEREAS, the Michigan Legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (the “MSF Act”) to authorize the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans, and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, pursuant to Section 88b(2)(c) of the MSF Act, MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF Act shall be expended or invested for activities authorized under the MSF Act as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to Section 7(c) of the MSF Act, MCL 125.2007(c), the MSF has the power to make grants;

WHEREAS, the MEDC recommends creation and operation of a program aimed at increasing the rate at which Michigan science, technology, engineering and mathematics (“STEM”) college graduates finding meaningful employment in Michigan by funding a portion of the costs of an intern placement with Michigan-based companies (the “STEM Internships and Startups Program”);

WHEREAS, the MEDC recommends that the MSF Board approve a grant of \$1,500,000 to Ann Arbor SPARK to support the STEM Internships and Startups Program with an initial term of one year, with the option to extend the term for up to an additional four one-year terms and allocate additional funding at the sole discretion of the MSF (the “Ann Arbor SPARK Grant Request”); and

WHEREAS, the MSF Board wishes to approve the Ann Arbor SPARK Grant Request.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Ann Arbor SPARK Grant Request; and

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate final terms and conditions of the Ann Arbor SPARK Grant Request and to execute all documents necessary to effectuate the Ann Arbor SPARK Grant Request.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021
To: MSF Board Members
From: Doug Kuiper, Senior Vice President, Marketing & Communications
Subject: Tourism and Business Marketing & Communications RFPs

REQUEST

The Michigan Economic Development Corporation (“MEDC”) requests the Michigan Strategic Fund (“MSF”) Board approve the release of four Requests For Proposals (“RFP”) to obtain proposals from advertising, marketing and public relations agencies to support the integrated marketing, communications and advertising activities that promote Michigan as a world-class travel destination and business location. Specifically, the MEDC is seeking approval from the MSF Board to issue the following RFPs that support core marketing and communications campaigns:

- Travel Michigan Advertising
- Business Marketing Advertising
- Travel and Business PR & Communications
- Seasonal Travel Guide

BACKGROUND

Between February 2015 and March 2016, the MSF Board approved issuance of four marketing and public relations services Requests for Proposals (“RFPs”) and authorized the MSF Fund Manager to appoint Joint Evaluation Committees (“JECs”) to review the proposals. The MSF subsequently awarded contracts to McCann Erickson for business marketing advertising, McCann Erickson for Travel Michigan advertising, Current Global for related PR and communications, and Meredith Corporation for the seasonal travel guide. Contracts were awarded beginning October 1, 2016.

With the current contract terms ending, the MEDC is requesting agency proposals for services that support travel and business marketing integrated campaign development, deployment, measurement and enhancement. Proposed strategies and services must accomplish the following:

- Promote Michigan as a world-class travel destination and business location.
- Generate new business prospects for the state.
- Increase awareness of the full suite of services MEDC offers to Michigan businesses and communities.
- Increase the visibility and selection of Michigan as a regional and national leisure travel destination.

- Improve the perception of Michigan as a desirable place to live, work and play.

These objectives meet the strategic focus of the MEDC to market the state and promote Michigan’s image as a world-class business and leisure travel destination. Among numerous other responsibilities and qualifications, the considered contractors must showcase a commitment to diversity, equity and inclusion, as well as to the state of Michigan, in policy, practice and creative work. Additional details for the statements of work and scoring criteria can be found in the attached supplemental materials.

The MEDC anticipates the following proposed timeline for execution of these RFPs:

Seasonal Travel Guide

Issue RFP to Public	March 23, 2021
Proposal Submission Deadline	May 19, 2021
JEC Submissions Review Completed	June 3, 2021
Presentations Completed	June 28, 2021
Award Travel Guide RFP	by July 1, 2021

Travel and Business Marketing, PR & Communications

Issue RFP to Public	March 23, 2021
Proposal Submission Deadline	May 19, 2021
JEC Submissions Review Completed	June 3, 2021
Presentations Completed	June 28, 2021
Award RFPs	by September 30, 2021 (contingent on State of Michigan budget approval)

The recommended JECs are comprised of individuals including MEDC staff and external industry partners, who have varied areas of expertise and will review the proposals submitted and make the recommendations to the MSF Board.

Seasonal Travel Guide

- Susan Estler, Travel Commissioner & Executive Director of Travel Marquette
- Stan Smith, Integrated Marketing Manager, Detroit Metro Convention & Visitors Bureau
- Chad W. Wiebesick, VP, Marketing and Communications, Destination Ann Arbor
- Otie McKinley, Media and Communications Manager, MEDC
- Kelly Wolgamott, Director of Travel Marketing, Travel Michigan, MEDC
- Robin Peebles, Publications Travel Michigan, MEDC

Travel Marketing

- Sally Laukitis, Chair, Travel Commission
- Camille Jourden-Mark, Vice President and General Manager, Michigan Adventure
- Pablo Majano, Senior RRC Manager, Community Development, MEDC
- Robin Peebles, Publications Specialist, Travel Michigan, MEDC
- Ken Yarsevich, Advertising Specialist, Travel Michigan, MEDC

- Doug Kuiper, Senior Vice President, Marketing & Communications, MEDC
- Kelly Wolgamott, Director of Travel Marketing, Travel Michigan, MEDC

Business Marketing

- Tamekia Nixon, VP of Marketing, Detroit Regional Partnership
- Kate Ahlers, Manager of Customer Experience Strategy, MEDC
- Melanie Ashley, Design Manager, MEDC
- Katie Smith, Web Content Manager, MEDC
- Doug Kuiper, Senior Vice President, Marketing & Communications, MEDC
- Paige Wirth, Director of Business Marketing, MEDC

PR & Social

- Elaine Redd, Chief Communication Officer, Flint & Genesee County Chamber
- Julie Rogers, Director of Marketing at Grand Hotel/Michigan Travel Commissioner
- Nick Nerbonne, Digital Media Director, MEDC
- Courtney Overbey, Senior Communications Specialist, MEDC
- Doug Kuiper, Senior Vice President, Marketing & Communications, MEDC
- Michelle Grinnell, Director of Public Relations, MEDC

RECOMMENDATION

MEDC staff recommends that the MSF Board approve the following actions:

- 1) Issuance of the Travel Marketing RFP, the Travel Marketing JEC, and the Travel Marketing RFP Scoring and Evaluation Criteria;
- 2) Issuance of the Business Marketing RFP, the Business Marketing JEC, and the Business Marketing RFP Scoring and Evaluation Criteria;
- 3) Issuance of the PR & Communications RFP, the PR & Communications JEC, and the PR & Communications RFP Scoring and Evaluation Criteria; and
- 4) Issuance of the Travel Guide RFP, the Travel Guide JEC, and the Travel Guide RFP Scoring and Evaluation Criteria.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-050**

TOURISM MARKETING REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF has reviewed a scope of work, timeline and eligibility requirements for awarding a contract to a qualified company to develop and execute a comprehensive tourism marketing campaign on behalf of the MSF (the “Tourism Marketing RFP”), as set forth in Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to issue the Tourism Marketing RFP (the “Tourism Marketing RFP Issuance”);

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Tourism Marketing RFP:

- Sally Laukitis, Chair, Travel Commission
- Camille Jourden-Mark, Vice President and General Manager, Michigan Adventure
- Pablo Majano, Senior RRC Manager, Community Development, MEDC
- Robin Peebles, Publications Specialist, Travel Michigan, MEDC
- Ken Yarsevich, Advertising Specialist, Travel Michigan, MEDC
- Doug Kuiper, Senior Vice President, Marketing & Communications, MEDC
- Kelly Wolgamott, Director of Travel Marketing, Travel Michigan, MEDC

WHEREAS, the MEDC recommends, and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the Tourism Marketing RFP (the “Tourism Marketing RFP Scoring and Evaluation Criteria”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves 1) the Tourism Marketing RFP Issuance; 2) the JEC as set forth above; and 3) the Tourism Marketing RFP Scoring and Evaluation Criteria;

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Tourism Marketing RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to appoint alternate members to the JEC if any of the members identified above are unable to or unwilling to serve.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021

Exhibit A
TOURISM MARKETING AND ADVERTISING
STATEMENT OF WORK

A. PURPOSE

The purpose of this RFP is to obtain proposals from advertising agencies to support integrated marketing and advertising activities for the Pure Michigan travel brand that promote travel to and within the state of Michigan. The MSF anticipates executing a multi-year contract with the selected vendor and expects to add supplemental funding, if approved, each year of the contract term to continue implementation and enhancement of the campaign.

B. BACKGROUND AND OBJECTIVES

The MSF desires to extend the State's fully integrated travel marketing and promotional campaign under the Pure Michigan brand, within Travel Michigan, which promotes the state as a premier four-season travel destination with an unmatched quality of life.

Marketing Objectives

The MSF is seeking agency proposals for services that support campaign development, deployment and enhancement. Proposed strategies and activities must accomplish the following:

- Promote Michigan as a world-class, four-season travel destination to the U.S. and International markets.
- Generate visitors to michigan.org
- Deliver qualified referrals to Michigan travel destination web sites
- Create engagement with related social media platforms
- Protect and advance the substantial equity of the Pure Michigan brand

These objectives meet the strategic focus of marketing the state and promoting Michigan's image as a world-class business and leisure travel destination.

C) CONTRACTOR RESPONSIBILITIES & QUALIFICATIONS

- Expertise and proven success, within the agency's current client roster, in brand management.
- Develop, deploy and maintain seasonal integrated paid media campaigns that include the appropriate media channels to reach our target audiences. Media channels could include: TV (traditional and CTV), print, digital online advertising, native content, SEM, paid social, influencer marketing, brand integrations, and more. Services and expertise included in campaign creation and maintenance should include:
 - Market segmentation and travel insights by demographic to establish relevant micro-campaigns within the traditional seasonal campaigns

- Creative strategy and design development
 - Campaign analytics and key performance indicator strategies
 - Media buying and planning, including ongoing optimization of campaign elements and analysis. Providing media and creative performance reporting following campaign completion.
 - Campaign extensions for web platform use
 - Search engine optimization campaign development for seasonal executions
 - Creation of custom and user-generated content
- Ability to develop branded experiential marketing opportunities in key markets
 - Development and management of the industry partner program
 - Creation of campaign content for industry trade events
 - Manage contracts, negotiations and communication with campaign talent, media partners, and vendors
 - Participate in regular strategy and weekly status meetings with MEDC staff, as well as other agencies of record and research vendors
 - Collaborate with MEDC's design, public relations, website teams
 - Integrate and maintain media performance reporting into an interactive dashboard
 - Sub-contract specialized marketing services as needed
 - Proven capability to partner with additional agencies, including MSF's selected vendors for earned media and business marketing advertising services
 - Commitment to diversity, equity and inclusion in policy, practice and creative work
 - Demonstrated passion for and commitment to Michigan

Exhibit B
 Proposal Evaluation Form
 Travel Marketing – Advertising RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Statement of Work:</p> <ul style="list-style-type: none"> Applicant statement of work addresses stated marketing objectives in the RFP and provides qualifications and strategies to address requirements laid out in contractor responsibilities and qualifications section of RFP 		<p>Max. Possible Points: 40</p> <p>Score: _____</p>
<p>Bidder Information:</p> <ul style="list-style-type: none"> Name of the applicant organization Location of the applicant organization The applicant must clearly indicate that the organization is a full-service integrated advertising agency The applicant must clearly indicate eligibility criteria based off of the requested contractor qualification and responsibilities Additional expertise and experience applicant brings to the contract The applicant must demonstrate financial stability The applicant must showcase a commitment to diversity, equity and inclusion, as well as to the state of Michigan, in policy, practice and creative work 		<p>Max. Possible Points: 30</p> <p>Score: _____</p>
<p>Prior Experience:</p> <ul style="list-style-type: none"> The applicant should indicate past experience, using specific examples, with developing, deploying and enhancing full-service integrated marketing and advertising activities 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Staffing:</p> <ul style="list-style-type: none"> Identified existing team structure Identified team structure/team location for this account with expected staff time allocation to account if awarded the business Identified areas of expertise Identified collaborators 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Total Score:</p>		<p>Max. Possible Points: 100</p> <p>Score: _____</p>



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-051**

BUSINESS MARKETING REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF has reviewed a scope of work, timeline and eligibility requirements for awarding a contract to a qualified company to develop and implement a comprehensive, fully-integrated business marketing and advertising campaign that will increase the awareness of and promote Michigan as a world-class business location to live, work and play, while creating new business prospects (the “Business Marketing RFP”), as set forth in Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to initiate the competitive proposal process to award a contract to a qualified company to develop and execute a comprehensive, fully-integrated business marketing and advertising campaign (the “Business Marketing RFP Issuance”);

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Business Marketing RFP:

- Tamekia Nixon, VP of Marketing, Detroit Regional Partnership
- Kate Ahlers, Manager of Customer Experience Strategy, MEDC
- Melanie Ashley, Design Manager, MEDC
- Katie Smith, Web Content Manager, MEDC
- Doug Kuiper, Senior Vice President, Marketing & Communications, MEDC
- Paige Wirth, Director of Business Marketing, MEDC

WHEREAS, the MEDC recommends, and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the Business Marketing RFP (the “Business Marketing RFP Scoring and Evaluation Criteria”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves 1) the Business Marketing RFP Issuance; 2) the JEC as set forth above; and 3) the Business Marketing RFP Scoring and Evaluation Criteria;

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Business Marketing RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to appoint alternate members to the JEC if any of the members identified above are unable to or unwilling to serve.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Exhibit A
BUSINESS MARKETING AND ADVERTISING
STATEMENT OF WORK

A. PURPOSE:

The purpose of this RFP is to obtain proposals from advertising agencies to continue supporting the design and implementation of integrated marketing and communications activities to attract, retain and grow target industries that deliver economic benefit to the people of the state. The MSF anticipates executing a multi-year contract with the selected vendor and expects to add supplemental funding, if approved, each year of the contract term to continue implementation and enhancement of the campaigns.

B. BACKGROUND AND OBJECTIVES

The organization desires to extend its fully integrated business marketing campaigns, which seek to attract, retain and grow businesses that deliver economic benefit and opportunity to the people of Michigan.

Marketing Objectives

The MSF is requesting agency proposals for services that support campaign development, deployment and enhancement. Proposed strategies and activities must:

- Promote Michigan as a world-class business location.
- Generate new business prospects for the state.
- Increase awareness of the full suite of services MSF offers to Michigan businesses and communities.
- Improve the perception of Michigan as a desirable place to live, work and play.

These objectives meet the strategic focus of marketing the state and promoting Michigan's image as a world-class business and leisure travel destination.

C. CONTRACTOR RESPONSIBILITIES & QUALIFICATIONS

- Expertise and proven success, within the agency's current client roster, in brand management.
- Develop, deploy and maintain annual integrated paid media campaigns that include print, digital display, SEM, social, direct marketing and more. Services and expertise included in campaign creation and maintenance should include:
 - Market segmentation and background
 - Design strategy and creative development
 - Custom content strategy and development
 - Campaign analytics and key performance indicator strategies
 - Media buying and planning, including ongoing optimization of campaign

elements and analysis. Providing regular media and creative performance.

- Campaign extensions for web platform use
- Search engine optimization competency
 - Website audits
 - Natural search evaluation and reporting
 - Keyword strategy
 - Web content consultation and optimization support
- Creation or management of industry trade events
- Creation or management of custom content
- Manage contracts and communication with campaign talent, media partners and vendors
- Participate in regular strategy and status meetings with MEDC staff, as well as MEDC's other agencies of record
- Collaborate with MEDC's design, public relations, website teams
- Conduct regularly scheduled creative and media performance reporting
- Integrate and maintain media performance reporting into MEDC's Marketing and Communications interactive dashboard
- Sub-contract specialized marketing services as needed and in coordination with MEDC marketing team
- Proven capability to partner with additional agencies, including MEDC's selected vendors for earned media and Pure Michigan advertising services
- Commitment to diversity, equity and inclusion in policy, practice and creative work
- Demonstrated passion for and commitment to Michigan

Exhibit B
 Proposal Evaluation Form
 Business Marketing – Advertising RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Statement of Work:</p> <ul style="list-style-type: none"> Applicant statement of work addresses stated marketing objectives in the RFP and provides qualifications and strategies to address requirements laid out in contractor responsibilities and qualifications section of RFP 		Max. Possible Points: 40 Score: _____
<p>Bidder Information:</p> <ul style="list-style-type: none"> Name of the applicant organization Location of the applicant organization The applicant must clearly indicate that the organization is a full-service integrated advertising agency The applicant must clearly indicate eligibility criteria based off of the requested contractor qualification and responsibilities Additional expertise and experience applicant brings to the contract The applicant must demonstrate financial stability The applicant must showcase a commitment to diversity, equity and inclusion, as well as to the state of Michigan, in policy, practice and creative work 		Max. Possible Points: 30 Score: _____
<p>Prior Experience:</p> <ul style="list-style-type: none"> The applicant should indicate past experience, using specific examples, with developing, deploying and enhancing full-service integrated marketing and advertising activities 		Max. Possible Points: 15 Score: _____
<p>Staffing:</p> <ul style="list-style-type: none"> Identified existing team structure Identified team structure/team location for this account with expected staff time allocation to account if awarded the business Identified areas of expertise Identified collaborators 		Max. Possible Points: 15 Score: _____
<p>Total Score:</p>		Max. Possible Points: 100 Score: _____



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-052**

PUBLIC RELATIONS REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF has reviewed a scope of work, timeline and eligibility requirements for awarding a contract to a qualified company for develop and implement an integrated public relations and social media program to improve the perception of the State of Michigan as a desirable place to do business, as a regional and national leisure travel destination, and as a desirable place to live, work and play (the “Public Relations RFP”), as set forth in Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to issue the Public Relations RFP (the “Public Relations RFP Issuance”);

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Public Relations RFP:

- Jenn Queen, Senior VP, Marketing, Communications & Events Ann Arbor Spark
- Elaine Redd, Chief Communication Officer, Flint & Genesee County Chamber
- Julie Rogers, Director of Marketing at Grand Hotel/Michigan Travel Commissioner
- Nick Nerbonne, Digital Media Director, MEDC
- Courtney Overbey, Senior Communications Specialist, MEDC
- Doug Kuiper, Senior Vice President, Marketing & Communications, MEDC
- Michelle Grinnell, Director of Public Relations, MEDC

WHEREAS, the MEDC recommends, and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the Public Relations RFP (the “Public Relations RFP Scoring and Evaluation Criteria”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves 1) the Public Relations RFP Issuance; 2) the JEC as set forth above; and 3) the Public Relations RFP Scoring and Evaluation Criteria;

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Public Relations RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to appoint alternate members to the JEC if any of the members identified above are unable to or unwilling to serve.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021

Exhibit A

BUSINESS AND TOURISM PUBLIC RELATIONS AND SOCIAL MEDIA STATEMENT OF WORK

A. PURPOSE

The purpose of this RPF is to obtain proposals from public relations firms to support integrated public relations and social media services that promote Michigan to both business and consumer audiences. The MEDC anticipates executing a multi-year contract with the selected vendor and expects to add supplemental funding, if approved, each year of the contract term to continue implementation and enhancement of public relations and social media efforts.

B. BACKGROUND AND OBJECTIVES

The MSF desires to extend its comprehensive, fully integrated public relations efforts, which seek to attract, retain, and grow businesses that deliver economic benefit and opportunity to the people of Michigan. The MEDC, on behalf of the MSF, markets the state to its selected audiences and serves as lead on paid and field marketing, public relations, earned media, social and digital media, video production, event planning and protocol events related to business development programs, travel and tourism, mobility initiatives and other placemaking initiatives within the organization.

Public Relations and Social Media Objectives

The MSF is seeking agency proposals for services that will assist in the development and implementation of an integrated public relations and social media program. Proposed strategies and activities must:

- Promote Michigan as a world-class business location and four-season leisure travel destination.
- Generate new business prospects to the state through improved perception of Michigan as a desirable place to do business.
- Increase awareness of the full suite of services the MSF offers to Michigan entrepreneurs, businesses and communities.
- Increase the visibility of Michigan as a regional and national leisure travel destination.
- Strengthen the perception of Michigan as a desirable place to live, work and play.

These objectives meet the strategic focus of the State to market the state and promote Michigan's image as a world-class business and leisure travel destination.

RESPONSIBILITIES & QUALIFICATIONS

Qualifications, responsibilities and objectives are defined in the following sections by target audience. In addition:

- Contractor to develop a strategic communications plan, or plans, each year that supports strategic focus areas, industries and programs.
- Applicants should highlight a proven capability to partner with additional agencies,

- including MSF's selected vendors for business marketing and travel advertising services.
- Applicants should demonstrate a commitment to diversity, equity and inclusion in policy, practice and creative work.
- Applicants should show unquestioned passion for and commitment to Michigan.

Public Relations

- Position Michigan within national media and targeted trade media as the place for business development and expansion
- Position Michigan with national media and tech and automotive outlets as the global leader in producing and developing the next generation of transportation technologies through mobility and EV initiatives.
- Position the MSF and MEDC with in-state media, local partners, and the Michigan business community as a resource for business growth opportunities within the state.
- Develop and promote proactive "good news" story creation and support.
- Leverage key national trends or stories to tell a "Why Michigan" story.
- Integrate and align public relations efforts with digital (website) and marketing strategies.
- Improve the perception of Michigan as a place to do business.
- Position Michigan within national venture capital communities as a place for investment.
- Improve the perception of Michigan as a place for entrepreneurial growth.
- Improve the perception of Michigan as an ideal location to live, work and play.
- Ensure a focus on diversity, equity and inclusion in all media plans and pitching.

Social Media Objectives

- Increase the number of social media followers to broaden reach of the message.
- Increase the number of Michigan Mobility social media followers to broaden the reach of Michigan's mobility and EV ecosystem message.
- Increase audience engagement to maximize exposure of MSF and MEDC content.
- Increase audience engagement to maximize exposure of Michigan Mobility content.
- Increase website traffic to michiganbusiness.org from social channels.
- Deploy MEDC-owned content, including custom content through marketing efforts, consistently and effectively across relevant platforms.

Public Relations Objectives

- Position Michigan within national leisure travel and lifestyle media as a top destination for travelers in the U.S.
- Position Michigan as a top leisure travel destination within influencer media in key areas, including outdoor recreation, food & craft beverage, arts & culture, authentic cities and golf.
- Highlight the diversity of the state's leisure travel offerings, including seasonality and geographic diversity.
- Create media pitches to increase awareness of Michigan's "hidden gems" and diverse communities.
- Encourage in-state travelers to travel to new regions of the state and create opportunities for weekend getaways.
- Inspire travelers to extend their stay (instead of a day trip, an overnight trip; instead of a weekend trip a week-long trip, etc.)
- Ensure a focus on diversity, equity and inclusion in all media plans and pitching.
- Integrate public relations efforts with social, digital and campaign marketing strategies.

Social Media Objectives

- Increase the number of social media followers to broaden reach of the Pure Michigan message.
- Increase and create deliberate opportunities for audience engagement to maximize exposure of Pure Michigan content and build loyalty among fans.
- Increase website traffic to michigan.org from Pure Michigan social channels.
- Engage and collaborate with the public relations, marketing and web teams to ensure cohesion across the public-facing aspects of the brand.
- Deploy MEDC-created content, including videos, consistently and effectively across relevant platforms.

Exhibit B
 Proposal Evaluation Form
 Travel and Business– Public Relations & Social Media RFP

Name of Applicant: _____
 Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
Statement of Work: <ul style="list-style-type: none"> Applicant statement of work addresses stated marketing objectives in the RFP and provides qualifications and strategies to address requirements laid out in contractor responsibilities and qualifications section of RFP 		Max. Possible Points: 40 Score: _____
Bidder Information: <ul style="list-style-type: none"> Name of the applicant organization Location of the applicant organization The applicant must clearly indicate that the organization is a full service integrated public relations and digital media agency The applicant must clearly indicate eligibility criteria based off of the requested contractor qualification and responsibilities Additional expertise and experience applicant brings to the contract The applicant must demonstrate financial stability The applicant must showcase a commitment to diversity, equity and inclusion, as well as to the state of Michigan, in policy, practice and creative work 		Max. Possible Points: 30 Score: _____
Prior Experience: <ul style="list-style-type: none"> The applicant should indicate past experience, using specific examples, with developing, deploying and enhancing full-service integrated public relations and digital media activities 		Max. Possible Points: 15 Score: _____
Staffing: <ul style="list-style-type: none"> Identified existing team structure Identified team structure/team location for this account with expected staff time allocation to account if awarded the business Identified areas of expertise Identified collaborators 		Max. Possible Points: 15 Score: _____
Total Score:		Max. Possible Points: 100 Score: _____



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-053**

OFFICIAL TRAVEL GUIDE REQUEST FOR PROPOSALS

WHEREAS, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

WHEREAS, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

WHEREAS, the MSF has reviewed a scope of work, timeline and eligibility requirements for awarding a contract to a qualified company to develop and distribute the official State of Michigan Travel Guide (the “Travel Guide RFP”), as set forth in Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to issue the Travel Guide RFP (the “Travel Guide RFP Issuance”);

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Travel Guide RFP:

- Susan Estler, Travel Commissioner & Executive Director of Travel Marquette
- Stan Smith, Integrated Marketing Manager, Detroit Metro Convention & Visitors Bureau
- Chad W. Wiebesick, VP, Marketing and Communications, Destination Ann Arbor
- Otie McKinley, Media and Communications Manager, MEDC
- Kelly Wolgamott, Director of Travel Marketing, Travel Michigan, MEDC
- Robin Peebles, Publications Travel Michigan, MEDC

WHEREAS, the MEDC recommends, and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the Travel Guide RFP (the “Travel Guide RFP Scoring and Evaluation Criteria”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves 1) the Travel Guide RFP Issuance; 2) the JEC as set forth above; and 3) the Travel Guide RFP Scoring and Evaluation Criteria;

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Travel Guide RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to appoint alternate members to the JEC if any of the members identified above are unable to or unwilling to serve.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021

Exhibit A

PURE MICHIGAN OFFICAL TRAVEL GUIDE

STATEMENT OF WORK

A) **PURPOSE**

The purpose of this RFP is to obtain proposals from full-service integrated marketing partners and publishers with extensive knowledge of the Michigan tourism product. The selected partner will execute copy writing and content development, sales, production, and proactive distribution of the official State of Michigan warm weather, fall and winter travel guides, featuring articles, with a focus on editorial expertise, compelling photography, and innovative distribution solutions.

The MSF anticipates executing a multi-year contract with the selected vendor and expects to add supplemental funding, if approved, each year of the contract term to continue implementation and enhancement of the campaign.

B) **BACKGROUND AND OBJECTIVES**

For more than 20 years, the MSF has executed a contract with a full-service, integrated marketing partner and publisher for the development, sales, production and proactive distribution of the official state of Michigan travel guides, featuring articles with a focus on high quality content, editorial experience, compelling photography and innovative – but proven – proactive distribution solutions. In 2020, we printed two seasonal guides—a spring/summer guide and a fall winter. The guide’s final presentation should be an inviting, user-friendly piece that features comprehensive information designed to “pitch” Michigan as an appealing travel destination to prospective visitors. The overall major objective is to encourage inquirers to make specific travel plans to visit Michigan.

The guide needs to feature experiential, compelling, dynamic content that differentiates Michigan from our competitors. Therefore, the project will be awarded to that vendor whose bid clearly demonstrates its ability to accomplish this objective in an innovative, logically organized, informative and vividly attractive format, balanced with cost-efficient considerations.

The official state travel guide is promoted via the Travel Michigan call center when inquirers phone Michigan’s toll-free number for general travel information; via social media engagement; at various Travel Michigan public relations and social media events; by the Travel Michigan website; through the Pure Michigan consumer tourism e-newsletter program; and at Michigan’s 14 Welcome Centers.

C) **TRAVEL MICHIGAN MARKETING OVERVIEW**

The role of the official state travel guide in our overall marketing efforts will be:

1. To serve as a proactive marketing tool that would be effective in enticing readers to come to Michigan.
2. To target consumers who have a proven interest in traveling to Michigan.
3. To enhance readers’ perception of Michigan.
4. To extend Travel Michigan’s reach in out-of-state markets.
5. To afford the Michigan travel industry an effective way to invest advertising dollars to promote their tourism product outside Michigan.

6. To produce the State's official warm-weather and official fall/winter, full-color, glossy travel guide at the most economical cost.
7. To complement Travel Michigan's overall campaign marketing efforts
8. To support Travel Michigan's successful Pure Michigan branding initiatives.

Exhibit B
Proposal Scoring and Evaluation Form
Travel Guide – RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Statement of Work:</p> <ul style="list-style-type: none"> • Applicant statement of work addresses stated marketing objectives in the RFP and provides qualifications and strategies to address requirements laid out in contractor responsibilities and qualifications section of RFP. • Provide additional innovative and/or added-value components. • Offer a cost-effective strategy to expand Travel Michigan's reach in out-state markets via proactive distribution of a min. of 500,000 copies of the spring/summer travel guide to households in Travel Michigan key markets 		<p>Max. Possible Points: 40</p> <p>Score: _____</p>
<p>Bidder Information:</p> <ul style="list-style-type: none"> • Name of the applicant organization • Location of the applicant organization • The applicant must clearly indicate that the organization is a full-service integrated marketing partner and publisher with specific experience with editorial development, ad sales, pre-press production, printing services and proactive distribution. • The applicant must clearly indicate eligibility criteria based off of the requested contractor qualification and responsibilities • Additional expertise and experience applicant brings to the contract • The applicant must demonstrate financial stability • The applicant must showcase a commitment to diversity, equity and inclusion, as well as to the state of Michigan, in policy, practice and creative work 		<p>Max. Possible Points: 30</p> <p>Score: _____</p>
<p>Prior Experience:</p> <ul style="list-style-type: none"> • The applicant should indicate past experience, using specific examples, with experience with editorial development, ad sales, pre-press production, printing services and proactive distribution 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Staffing:</p> <ul style="list-style-type: none"> • Identified existing team structure • Identified team structure/team location for this account with expected staff time allocation to account if awarded the business • Identified areas of expertise • Identified collaborators 		<p>Max. Possible Points: 15</p> <p>Score: _____</p>
<p>Total Score:</p>		<p>Max. Points: 100</p> <p>Score: _____</p>



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Michelle Audette-Bauman, Community Assistance Team Specialist
Debbie Stehlik, Commercial Real Estate Investment Manager
Lisa Edmonds, Program Specialist, MCRP and Brownfield

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Other Economic Assistance - Loan Participation Award and a Request for Approval of an Act 381 Work Plan
234 West Cedar, LLC and Park@Cedar, LLC – 400 Rose Phase 2

Project Summary

The request will support a community development project located in the City of Kalamazoo that will construct a new four-story mixed-use building representing \$26,204,164 in total capital investment. The development will include 101 apartments, a small commercial space, 115 underground parking spaces and 12 at-grade spaces over a 1.35-acre site. Approximately ten percent (10%) of the apartment units will be designated as workforce housing for households making 80% to 120% of area median income. This project is a very high priority for the City of Kalamazoo because it will add a significant number of new housing units, including workforce housing, near the primary downtown retail corridor and within walking distance of employers like Bronson Hospital, Zoetis and Western Michigan University Stryker School of Medicine. The City's Master Plan identifies mixed-income housing as a priority in the downtown district and this project helps to implement the community vision for downtown development.

The building is expected to total 152,819 square feet which includes residential uses of 75,360 square feet, including 29,060 square feet of common area and amenity space, 471 square feet of commercial space, 2,880 square feet of at-grade parking and 45,048 square feet of underground parking. Construction costs for the building are projected to be \$177 per square foot; this is comparable to similar new construction projects in the region. As part of the project scope, 16,875 square feet of public space will be improved, including sidewalks, landscaping enhancements and the addition of a snowmelt system. Monthly rents for market rate residential units in the project range from \$1,073 (\$2.28 per square foot) for studios up to \$2,697 (\$1.78 per square foot) for 2-bedrooms. Apartments targeted to individuals making between 80% and 120% of area median income are priced with monthly rents of \$971 (\$2.06 per square foot) for studios up to \$1,695 (\$1.81 per square foot) for 2-bedrooms units.

The project has a financial gap due to costs associated with the redevelopment of a brownfield site with appropriate infill and because inclusion of workforce housing constrains the traditional debt the project can support. The development team is contributing 12% equity and deferring a 4% developer fee; additionally, the team has leveraged over \$17,000,000 in senior financing. The debt service coverage ratio is projected to drop slightly below 1.2 in years 8 through 13 due to refinance assumptions; staff is comfortable with this due to the experience of the development team. With Michigan Community Revitalization Program loan support, as well as local and state brownfield tax increment financing reimbursement, the project is projected to generate a 4% equity IRR. The revitalization of this underutilized brownfield property into a

mixed-use development with appropriate urban density that enhances walkability and creates mixed-income housing units within the traditional downtown district would not be feasible without this support.

Request

234 West Cedar, LLC and Park@Cedar, LLC (“Applicants”) are requesting a MCRP Other Economic Assistance Loan Participation Award in the amount of \$4,850,000 and the City of Kalamazoo Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$1,821,217 to reimburse for MSF eligible activities. Additionally, staff is requesting transfer of funds from the Investment Fund to the Michigan Community Revitalization Program through MCL 125.2088b(2)(c) for the specific purpose of this project. The Applicant anticipates that the project will result in a total capital investment in the amount of \$26,204,164.

Program Summary

The request for MCRP and Brownfield support is consistent with program requirements as the project will leverage private investment to transform underutilized property into a vibrant development that contributes to a traditional downtown district. The project qualifies for the MCRP and Brownfield Act 381 programs because the site is a facility. The project is consistent with the MEDC strategic plan because it contributes to the development of vibrant places that attract and retain talent and because it supports investment in a Geographically Disadvantaged Business Location. Additionally, the revitalization of an underutilized brownfield property and creation of appropriate urban density that enhances walkability and creates mixed-income housing units within a traditional downtown district is well aligned with the goals of Community Development programs at MEDC.

This project is a very high priority for the City of Kalamazoo because it will add a significant number of new housing units to the downtown district which is identified as a community need in the City’s Master Plan. The City has also prioritized this project because the addition of new housing units adjacent to the primary downtown retail corridor will help grow the customer base for small businesses in downtown, while also supporting large employers like Bronson Hospital that are within walking distance of the site. Additionally, the project is seeking LEED certification and will incorporate significant green elements on the site. Staff are recommending this project for support because of its alignment with programmatic requirements, local priorities, MEDC Community Development goals and alignment with MEDC’s strategic plan.

Local Support

Local support for the project includes a 12-year Neighborhood Enterprise Zone tax abatement valued at approximately \$1,500,000, as well as the local portion of the brownfield plan, which is anticipated to total approximately \$2,654,651. The City of Kalamazoo is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Financing Opportunity – Other Economic Assistance – Loan Participation

The senior lender, 1st Source Bank, along with the Applicant has requested the MSF participate in up to \$4,850,000 of a total \$21,934,742 in construction to permanent loan financing. The MCRP Other Economic Assistance – Loan Participation Award will be used to help offset the costs related to the significant environmental clean-up required on the site as well as the proposed underground parking. The development team has maximized available traditional debt, which is approximately 65% of the total development cost, and are contributing over \$3,200,000 in equity. In addition, they are deferring 100% of developer fees. The project is also leveraging Brownfield TIF and a Neighborhood Enterprise Zone abatement. It is anticipated that loan disbursements to the project will be made on a pro-rata basis. Below outlines a summary of the development sources and the proposed structure of the loan participation. With the financing structure

described below, it is anticipated that the investors will be able to achieve a return of just over 4% from operations.

Loan Terms

MSF Facility:	MCRP Other Economic Assistance Loan Participation
Borrower:	234 West Cedar, LLC and Park@Cedar, LLC
Senior Lender:	1 st Source Bank
Total Amount of Loans:	Currently estimated at \$21,934,742
Lender Share:	Currently estimated at \$17,084,742
Total Capital Investment:	Currently estimated at \$26,204,164
MSF Eligible Investment:	Currently estimated at \$23,892,246
Minimum Eligible Investment:	Currently estimated at \$19,400,000
MSF Share:	Up to the lesser of 21% of “Eligible Investment” or \$4,850,000
Term:	Shall match that of the Senior Lender, anticipated to be 84 months
Amortization:	Shall match that of the Senior Lender, anticipated to be 360 months
Interest Rate:	1.0% per annum
Repayment Terms:	Monthly interest only for up to 30 months, followed by monthly principal and interest payments with principal due at maturity.
Collateral:	To reasonably match that of the Senior Lender, currently anticipated to be a 1st priority security interest in the real estate, assignment of rents and leases, and a security interest in the TIF reimbursements. MSF Share of collateral will be subordinated to that of the Senior Lender.
Guarantee:	To reasonably match that of the Senior Lender, currently anticipated to be the unconditional 100% personal guarantees of the owners during construction and limited to their individual ownership interests in the project following construction completion and project stabilization. MSF Share of the guarantees will be subordinated to that of the Senior Lender.
MSF Fees:	Equal to 1.0% of the MSF Share of the Loan Amount
Reserves:	Anticipated to be over \$1,350,000 in construction interest, lease up, and construction reserves and contingencies.
Deferred Developer Fees:	\$1,048,973 or 4.0%
Funding:	The MSF will fund up to \$4,850,000 to be disbursed following closing of the financing and other performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon receipt of the following:

- Copies of final construction documents.
- Final development budget.
- Appraisal
- Minimum owner equity investment of \$3,220,449.
- Other documents may be required for review.

Summary of Development Sources:

Bank Share	\$	17,084,742	65.20%
MSF Share	\$	4,850,000	18.51%
Deferred Developer Fee	\$	1,048,973	4.00%
Developer Equity	\$	3,220,449	12.29%
TOTAL	\$	26,204,164	100.00%

Summary of Development Uses:

Acquisition	\$	562,215
Hard Construction Costs	\$	22,852,746
Eligible Soft Costs	\$	1,039,500
Other	\$	1,749,703
TOTAL	\$	26,204,164

Tax Capture Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Kalamazoo, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on March 1, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on February 11, 2021.

There are 61.3641 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.6757 mills (38.58%) and local millage equaling 37.6884 mills (61.42%). There is a NEZ tax abatement on the property for 12 years, which makes the blended ratio 40.69% to 59.31% state to local, respectively. Tax increment capture will begin in 2022 and is estimated to continue for 25 years. Total MSF eligible activities are estimated at \$6,524,679, however the work plan projects the maximum capture to be \$4,475,867. The state tax capture is recommended to be capped at \$1,821,217, which is the amount of state tax increment revenue anticipated to be generated in 25 years. MSF eligible activities breaks down as follows:

State tax capture	(40.69%)	\$	1,821,217
Local tax capture	(59.31%)	\$	2,654,651
TOTAL		\$	4,475,867

Cost of MSF Eligible Activities

Demolition	\$	211,280
Lead & Asbestos Abatement		51,704
Infrastructure Improvements		5,445,549
Site Preparation	+	346,982
Sub-Total	\$	6,055,515
Contingency (7.4%)	+	449,164
Sub-Total	\$	6,504,679
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	5,000
TOTAL	\$	6,524,679

Applicant History

234 West Cedar, LLC (“Applicant”) is owned by Roger E. Hinman and Park@Cedar, LLC (“Co-Applicant”) is owned by Joseph L. Gesmundo. The ownership group was involved in the development of 400 Rose Phase 1 which is adjacent to the location of the currently proposed project. That project received support from the Michigan Strategic Fund in the form of a Michigan Community Revitalization Program loan in the amount of \$4,400,000 and approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$1,500,000. Phase I was completed in February 2020 and is currently 97% occupied based on a January 2021 rent roll with rental rates at or above what was originally projected.

Entities related to Roger E. Hinman have been involved in the development and investment of over 10 million square feet of commercial space over the last 40 years. Hinman has been involved with several successful projects that received support from the Michigan Strategic Fund previously, including: Brownfield tax increment financing for the 10 Ionia project in Grand Rapids, the Battle Creek Tower Renaissance Zone and Terrace Plaza in Muskegon which received a MCRP grant.

Entities related to Joseph L. Gesmundo have been developing real estate, mainly in Kalamazoo County, for over 50 years. Gesmundo has been involved in hundreds of millions of dollars of development including apartment units, commercial office buildings and retail space. Gesmundo has also been involved in the redevelopment of several brownfield sites including the 750 Trade Centre Office building in Portage and the Parchment Paper plant in Parchment which is now home to the Advia Credit Headquarters.

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

Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

Recommendation

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

- a) Approval of funds to be transferred for the specific purpose of this project through MCL 125.2088b(2)(c) to the MCRP Program for the purpose of the program authorized under MCL 125.2088b(2)(c) as long as the program provides for repayment for breach of the written agreement or the failure to meet measurable outcomes.
- b) State tax capture for the Act 381 eligible activities capped at \$1,821,217, utilizing the current state to local capture ratio.
- c) A MCRP Other Economic Assistance Loan Participation Award in the amount of up to \$4,850,000 for 234 West Cedar, LLC and Park@Cedar, LLC on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Project Map and Renderings



400 Rose Phase 2



SOUTH FACADE



APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on October 27, 2020, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and a financial review has been completed.

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

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

This project is a very high priority for the City of Kalamazoo because it will add a significant number of new housing units, including workforce housing, near the primary downtown retail corridor and within walking distance of employers like Bronson Hospital, Zoetis and Western Michigan University Stryker School of Medicine. The City's Master Plan identifies mixed-income housing as a priority in the downtown district in order to support both downtown employers and small businesses. Additionally, the project redevelops a brownfield property with appropriate density and urban form, increasing the taxable value of the site and improving walkability in downtown.

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

This project will act as a catalyst for additional revitalization in the community as new residents of the development spend dollars on goods and services in downtown and the larger community. Successful completion of the project is anticipated to encourage investment in nearby properties that are underutilized or in need of revitalization. The project also led to the creation of a Neighborhood Enterprise Zone which is expected to be expanded to adjacent properties to encourage revitalization and investment.

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

Local support for the project includes a 12-year Neighborhood Enterprise Zone tax abatement valued at approximately \$1,500,000, as well as the local portion of the brownfield plan, which is anticipated to total approximately \$2,600,000.

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

The cost to redevelop this brownfield site is greater as a result of the additional expenses associated with the environmental cleanup, site preparation and infrastructure activities required to construct the new building and the underground parking. In addition, the inclusion of workforce housing constrains the cash flow the project has the ability to generate. With the requested incentive programs, the project is able to meet debt service coverage ratio requirements and provide a return of just over 4%. Without these incentives the project would not be financially viable or offer a return high enough to attract investment.

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

The project does not reuse vacant, historic or blighted buildings.

F. Creation of jobs:

The project is expected to create two full-time equivalent jobs with estimated hourly wages averaging \$15.

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

The total private sector investment is expected to be approximately \$21,354,164 which includes \$17,084,742 in project financing from 1st Source Bank, \$3,220,449 in developer equity and \$1,048,973 in deferred developer fees.

H. Whether the project is financially and economically sound:

The project has an average debt service coverage ratio of 1.21 to 1.00. The debt service coverage ratio is projected to drop slightly below 1.20 for six years in years 8 through 13. This is primarily the result of refinance assumptions after Year 7. Staff is comfortable with this due to the combined experience and financial wherewithal of the owners which is adequate to support any financial deficiencies the project may experience. The development team is contributing over \$3,000,000 in equity or 12%, has maximized traditional financing, and is projected to earn a return of just over 4.0%.

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

The project increases density of the area by adding 101 apartment units and 471 square feet of commercial space to currently undeveloped property, which will add new residents and a new small business space to a currently undeveloped property in downtown Kalamazoo.

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

The project promotes mixed-use development and walkability by adding both residential and commercial space within walking distance to local businesses, downtown employers, cultural attractions, public spaces and other community amenities. The project will also improve pedestrian infrastructure around the site by installing a snowmelt system, enhancing lighting and landscaping and creating on-street parking to buffer the sidewalk from street traffic. There are multiple public transit stops.

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

The project does not include abandoned public buildings.

L. Whether the project promotes sustainable development:

The development team will seek Leadership in Energy and Environmental Design (LEED) certification for the project and the construction team will adopt LEED processes for recycling and indoor air quality. Low or no VOC paints and adhesives will also be used. The project will include green/live roofs and stormwater storage will be added under the at-grade parking area. The development has access to public transportation and will also include accommodations for bicycle storage to encourage alternate modes of transportation.

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

The project does not involve the rehabilitation of a historic resource.

N. Whether the project addresses area-wide redevelopment:

The project will address area-wide redevelopment by creating new housing units that can help to meet demand for market rate and attainable housing in the City of Kalamazoo. Bringing more

housing units downtown helps to support existing small businesses and can help drive demand for new businesses in the area. Additional housing can also support area employers seeking to attract and retain talent that is looking to locate in vibrant places that offer high quality housing within walking distance of small businesses, cultural assets and other community amenities.

O. Whether the project addresses underserved markets of commerce:

The project addresses underserved markets of commerce by providing high quality market rate and attainable apartments in downtown Kalamazoo. The City's Master Plan identified demand for 1,400 housing units over a 5-year period based on a 2016 housing study; since that time approximately 800 units have been added. A number of recent developments that included residential units are reporting occupancy rates over 90% which provides additional indication of demand for quality downtown apartment units.

P. The level and extent of environmental contamination:

Environmental consultants concluded the property is a Facility due to the presence of Arsenic in the soil at the site at levels above residential cleanup criteria. A BEA has been submitted related to the properties confirming "facility" status. Documentation of Due Care Compliance will be applicable and appropriate management of soils during redevelopment will be necessary.

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 does not involve the rehabilitation of a historic resource.

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

The project will not compete with or affect existing Michigan businesses.

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

There are no additional criteria associated with the project.

Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:

The City of Kalamazoo unadjusted jobless rate was 4.5% in December 2020.

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

The property is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

APPENDIX C - Organizational Chart

Company Name - Tenant's In Common; 234 West Cedar, LLC (234) and Park@Cedar, LLC (P@C)			
EIN: (234) 47-3925240; (P@C) 82-5299221			
Member	Ownership Interest	EIN	State of Organization
Tenant In Common 1 - 234 West Cedar, LLC	50.00%	47-3925240	Michigan
Roger E. Hinman 100.00%			
Tenant In Common 2 - Park@Cedar, LLC	50.00%	82-5299221	Michigan
Joseph L. Gesmundo 100%			

Key Principals/Guarantors:	Amount of Guarantee
Roger E. Hinman	100% initially then 25% upon stabilization
Joseph L. Gesmundo	100% initially then 25% upon stabilization

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-054**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO
234 WEST CEDAR, LLC AND PARK@CEDAR, LLC**

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

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

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

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

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

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

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

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to MCL 125.2088h(1), the Jobs for Michigan investment fund was created as a permanent fund authorized by the state constitution (“Investment Fund”);

WHEREAS, pursuant to MCL 125.2088h(3)(e), the MSF Board shall direct the investment and reinvestment of the Investment Fund as authorized under Chapter 8A for incentives, including, but not limited to, for the purposes of creating incentives in this state for revitalizing Michigan communities;

WHEREAS, pursuant to MCL 125.2088b(2)(c), the Investment Fund may allocate money for authorized programs to make expenditures or investments from the Investment Fund for programs or activities authorized pursuant to the 21st Century Jobs Trust Fund legislation as long as those programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(c), the MSF has, among other things, the power to make loans and investments;

WHEREAS, 234 West Cedar, LLC and Park@Cedar, LLC (“Company”) has requested a MCRP performance based Other Economic Assistance Loan Participation Award of up to \$4,850,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

WHEREAS, the MEDC recommends that the MSF approve funding of up to \$4,850,000 from the Investment Fund to fund the MCRP Award Recommendation (the “Funding”);

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

BE IT FURTHER RESOLVED, the MSF Board approves the Funding.

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate the above approved MCRP Award Recommendation.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021

EXHIBIT A
“TERM SHEET”

Loan Terms

MSF Facility:	MCRP Other Economic Assistance Loan Participation
Borrower:	234 West Cedar, LLC and Park@Cedar, LLC
Senior Lender:	1st Source Bank
Total Amount of Loans:	Currently estimated at \$21,934,742
Lender Share:	Currently estimated at \$17,084,742
Total Capital Investment:	Currently estimated at \$26,204,164
MSF Eligible Investment:	Currently estimated at \$23,892,246
Minimum Eligible Investment:	Currently estimated at \$19,400,000
MSF Share:	Up to the lesser of 21% of “Eligible Investment” or \$4,850,000.
Funding:	The MSF will fund up to \$4,850,000 to be disbursed at closing of the financing and completion of other performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon receipt of the following: <ul style="list-style-type: none">- Copies of final construction documents.- Final development budget.- Appraisal- Minimum owner equity investment of \$3,220,449- Other documents may be required for review.
MSF Loan Amount:	\$4,850,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount
Term:	Shall match that of the Lender, anticipated to be 84 months
Amortization:	Shall match that of the Lender, anticipated to be 360 months
Repayment Terms:	Monthly interest only for up to 30 months, followed by monthly principal and interest payments with principal due at maturity.

Collateral: To reasonably match that of the Senior Lender, currently anticipated to be a 1st priority security interest in the real estate, assignment of rents and leases, and a security interest in the TIF reimbursements. MSF Share of collateral will be subordinated to that of the Lender.

Guarantee(s): To reasonably match that of the Senior Lender, anticipated to be the unconditional 100% personal guarantees of the owners during construction, and guarantees limited to their individual ownership interests in the project following construction completion and project stabilization. MSF Share of the guarantees will be subordinated to that of the Senior Lender.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-055**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY
400 ROSE PHASE 2**

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

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

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

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

WHEREAS, the City of Kalamazoo Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 423, 427 and 429 S. Park Street and 314 and 234 West Cedar Street within the City of Kalamazoo, known as 400 Rose Phase 2 (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 40.69% to 59.31% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Work Plan dated March 1, 2021. 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 \$6,504,679 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$5,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$1,821,217.

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

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

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Dana Kollewehr, Community Assistance Team Specialist
Jake Winder, Brownfield and MCRP Specialist
Debbie Stehlik, Commercial Real Estate Investment Manager

Subject: Request for Approval of an Act 381 Work Plan
470 Market Redevelopment Project, 470 Market PropCo, LLC

Project Summary

The request will support a community development project located in the City of Grand Rapids that will redevelop a vacant three-story former industrial building into much-needed residential units and bring vitality back to this block of the downtown. This redevelopment project, representing \$31,276,633 in total capital investment, will rehabilitate the existing 217,860 square foot building, which is situated on 2.25 acres, into approximately 173 market rate apartments and a partially below-grade parking area. The building is comprised of three floors with each floor being approximately 70,000 square feet. The 1st floor, which is partially below grade, will include leasing and maintenance office space, a fitness center, clubroom for residents, five garden-style apartments and a parking area. The 2nd and 3rd floors will each have 84 apartments with a mix of studio, one- and two-bedroom units throughout the building. The rent for these units will range from \$975 - \$1,700 per month which is \$1.87 to \$2.55 per square foot. The construction cost per square foot is \$160.67 which is consistent with similar projects in the region.

The historic building originally housed the American Box Board Company followed by periodic use by other commercial and industrial businesses. Revitalization of this underutilized historic property will add new rental housing options, which are in high demand in the area. While the project is located within the DDA, it is southwest of the traditional downtown, in an area of the district that is considered a working waterfront with a mix of uses, including light industrial, education, government, and utilities. The City and community leaders have identified this area of the City as a high priority for public and private investment with plans for a variety of new cultural community assets, attractions, and infill development. This project, and others like it, will have a substantial impact on the future revitalization of this corridor.

A challenge in financing this project exists due to the added costs associated with converting an industrial brownfield site to a residential use. The project's financing sources include senior debt in the amount of \$20,880,000 or 67% of total development cost, owner equity in the amount of \$10,396,633 representing 33% of total development cost which includes cash equity in the amount of \$6,652,735 and \$3,743,898 in Historic Tax Credit equity. The development team anticipates a 6.7% return.

Request

The City of Grand Rapids Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$2,674,141 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in total capital investment in the amount of \$31,276,633.

Program Summary

The request for Brownfield support is consistent with program requirements because it is reactivating a vacant and underutilized brownfield site that requires additional financial support to redevelop. The project qualifies for the Brownfield Act 381 program because the site is a facility. The project is consistent with the MEDC Strategic Plan by transforming an underutilized property into vibrant space and developing an attractive place where talent is interested in locating.

The project meets local objectives by providing increased housing density and new rental housing units which contributes to the local and regional goal of increasing housing units within the area as there is high unmet demand at all price points. The project will provide new housing options for those moving to and within the region thereby supporting the housing needs of area employers. Additionally, new residents in this area of the City will benefit area businesses in and around downtown Grand Rapids.

Local Support

Local support for the project includes the local portion of the Brownfield Tax Increment Financing Plan valued at \$880,693 and a 10-year Obsolete Property Rehabilitation Act (OPRA) tax abatement in the amount of approximately \$2,880,000. The City of Grand Rapids is certified with the MEDC's Redevelopment Ready Communities (RRC) program and the site is located in a Michigan Geographically Disadvantaged Business Location.

Tax Capture 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 amendment for this property on August 11, 2020. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on February 16, 2021.

There are 30.6079 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (78.41%) and local millage equaling 6.6079 mills (21.59%). Tax increment capture will begin in 2022 and is estimated to continue for 19 years. The state tax capture is recommended to be capped at \$2,674,141, which is the amount of tax increment revenue anticipated to be generated in 19 years. Total MSF eligible activities are estimated at \$4,802,751. Due to the project's location in the DDA and to the OPRA associated with this project, as well as the recommended tax increment capture, MSF eligible activities breaks down as follows:

State tax capture	(75.23%)	\$ 2,674,141
Local tax capture	(24.77%)	\$ 880,693
TOTAL		\$ 3,554,834

Cost of MSF Eligible Activities

Demolition	\$	356,200
Infrastructure Improvements		3,370,757
Site Preparation	+	445,000
Sub-Total	\$	4,171,957
Contingency (15%)	+	625,794
Sub-Total	\$	4,797,751
Brownfield/Work Plan Preparation	+	5,000
TOTAL	\$	4,802,751

In addition, the project is requesting \$155,000 in TIF from EGLE to assist with environmental eligible activities.

Applicant History

470 Market PropCo LLC is co-owned by Michael Obloy, Principal with Monroe Residential Partners, and Drew Friestedt, Principal with Monroe Residential Partners based in Chicago, Illinois. While the development team has extensive experience in development and redevelopment projects throughout the Midwest, they have not previously been awarded incentives from the Michigan Strategic Fund (MSF). A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

Recommendation

MEDC staff recommends approval of an Act 381 Work Plan and State tax capture for the Act 381 eligible activities capped at \$2,674,141 utilizing the current state to local capture ratio.

APPENDIX A – Project Map and Renderings





APPENDIX B – Programmatic Requirements

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 public will benefit from the redevelopment of a historic, vacant building as well as added residential density within the City. Additional year-round residents will provide new customers to nearby businesses, income taxes to support public services and future increased property taxes.

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

This project is expected to create approximately three (3), full-time equivalent jobs in the professional services industry with an average hourly wage of \$21.

c) Area of High Unemployment:

The City of Grand Rapids unadjusted jobless rate was 5.7% in December 2020.

d) Level and Extent of Contamination Alleviated:

The property is contaminated with PAHs and metals in the soil and groundwater concentrations exceeding the Generic Residential Cleanup Criteria (CRCC). The Developer will undertake department specific and due care activities to conduct initial due diligence to confirm the extent of the existing contamination, excavate, transport and properly dispose of any known contaminated soils.

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

The project will reuse and redevelop a functionally obsolete building, however for purposes of these incentives it is qualifying as a facility.

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.

APPENDIX C - Organizational Chart

470 Market (Grand Rapids) PropCo LLC Organizational Structure
 470 Market (Grand Rapids) PropCo LLC EIN: 85-4208757
 470 Market (Grand Rapids) PropCo LLC Manager: Andrew Adams Friestedt

Member	Ownership Interest	EIN	State of Organization
470 Market (Grand Rapids) OZBE, LLC - MD Manager LLC (Manager)	100.00%	85-4197632	Delaware
WF Market GR OZF LLC (WF Market GR Manager LLC, Manager)	85.00%	85-4297829	Illinois
Michael Scott Shechtman	100.00%		
470 Market OZF LLC	15.00%	85-4306840	Illinois

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-057**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
470 MARKET 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, 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 Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 470 Market Avenue within the City of Grand Rapids, known as 470 Market Redevelopment (the “Project”);

WHEREAS, the City 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; and

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 75.23% to 24.77% ratio currently existing between school and local taxes for non-homestead properties in the Downtown Development Authority, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated February 4, 2021. 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 \$4,797,751 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$5,000 for Brownfield/Work Plan preparation, with the total capture of state school taxes capped at a maximum of \$2,674,141.

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

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

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Sue DeVries, Community Assistance Team Specialist
Debbie Stehlik, Commercial Real Estate Investment Manager
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Loan
Middleville Main, LLC – Middleville Main Project

Project Summary

The request will support a community development project located in the Village of Middleville that will construct a new three-story, mixed-use building on vacant village-owned property in the downtown, representing \$2,840,448 in total capital investment. The project will consist of approximately 15,500 square feet over three floors. The ground floor will contain approximately 2,500 square feet of commercial space and seven garages lining the back of the building while floors two and three will contain 11 residential apartments, with rents ranging from \$900 to \$1,400 per unit with an average of \$1.13 per square foot. The building will contain approximately 11,545 square feet of total residential square footage plus approximately 1,455 square feet of common area. The total construction cost per square foot is \$162.69, which is in line with other recent projects in that region.

Middleville Main is the result of an extensive process spearheaded by the Village of Middleville and the MEDC's Redevelopment Services Team. The opportunity will infill a priority redevelopment site adjacent to the village hall. The location was identified through the Redevelopment Ready Community process and the developer was brought to the project through the Redevelopment Services Team's developer showcase, and has been awarded a \$100,000 Architectural and Engineering grant from the MEDC. This vacant site was previously home to a hotel building, which burned down. The land has remained vacant since the fire in 1981 leaving a large gap in the streetscape. Located in the heart of the downtown commercial district and across the street from a historic building that was recently renovated with CDBG funds, the construction of this new building will finally connect the commercial corridor, both visually and functionally. The project will dramatically transform the appearance of the Village's main street and offer pedestrians a connected walking and shopping experience. It will also provide workforce housing which is needed in the community. Bradford White is a major employer in Middleville. Their executives participated with village representatives in the Redevelopment Services Team process of planning for development in Middleville. Bradford White expressed a strong need for housing of this type to attract employees.

Middleville's vision is to make downtown once again an economically healthy place to shop, work, play and live and this project will be a catalyst for realizing their vision.

A financing gap exists due to a combination of factors. Banks are hesitant to provide extensive funds in a market that has seen little to no new construction or development of this type. The project request is necessary to balance the current debt, equity and return requirements as it relates to the overall project cost. Without the requested assistance, the required equity, when compared to the maximum debt, would be too

large to provide a sufficient return to justify the investment. Additionally, the project's more rural location may not support the same levels of rent that more populated cities do, while construction costs are similar to those in urban areas. The developer has maximized senior financing and the requested assistance is necessary to support redevelopment in this location, allow the project to be financed, and generate a reasonable return of 7.8%.

The demand for residential housing in this price point is substantiated by the project's appraisal and by the US Census Bureau 2019 American Communities Survey (ACS) data, which shows that Middleville has 330 rental units making up 26% of the communities total housing units. ACS shows the median rent at \$1,015 per month and the vacancy rate was three percent. The appraisal for this property, completed in July of 2020, indicates that based on comparable residential units in the Grand Rapids Metropolitan Area, monthly rents for this building should average \$1,155, which is consistent with the project's proforma.

These units are considered attainable as the median household income in Middleville is \$59,536. Furthermore, the Bradford White representative has shared that new plant floor employees can start at up to \$20.00 per hour with a minimum starting wage of \$16.00 per hour. Professional employees are being paid competitive salaries for the market. With rents for the project being priced for 70-80% Area Median Income for Middleville, starting employees would fall in line with the general recommendation to not spend more than 30% of take home pay on rent. It is also worth noting that the average commute for a Bradford White employee is 30 minutes, according to the company. Adding 11 new attainable housing units in the downtown will open up new housing alternatives for 11 households, potentially reducing their commuting costs while helping support local businesses and building vitality in the downtown.

Request

Middleville Main LLC ("Applicant") is requesting a MCRP performance-based Direct Loan in the amount of \$990,000, which is approximately 40% of the project's total eligible investment. The Applicant anticipates that the project will result in a total capital investment in the amount of \$2,840,448.

Program Summary

The request for MCRP support is consistent with many Community Development goals. The project is in a certified RRC Community. It is accelerating private investment in an area of historical disinvestment and is an infill new construction project. It contributes to a traditionally dense mixed-use area and contains multi-story elements. The project qualifies for the MCRP as "any other property" as determined by the fund board, because development of the property will promote community revitalization consistent with the findings and declarations in Section 90 of the Act.

Sec. 90. The legislature finds and declares that any activity under this chapter to promote community revitalization will accelerate private investment in areas of historical disinvestment, contribute to Michigan's reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and protect the natural resources of this state and is a public purpose and of paramount concern in the interest of the health, safety, and general welfare of the citizens of this state.

Middleville Main is consistent with Section 90 of the Act, because it is accelerating private investment in an area of historical disinvestment by enabling new development on an important downtown property that was once a downtown hotel. Due to a fire 40 years ago and due to lack of investment, the site has been vacant for four decades. The project is also consistent with Section 90 in that it contributes to Michigan's reinvention as a vital, job generating state. This project is developing an attractive place that is both

supporting the vibrancy of the downtown and providing needed workforce housing to support local businesses.

Local Support

Local support for the project includes a \$20,000 contribution from the Middleville DDA Façade Program and a \$29,205 Commercial Redevelopment tax abatement. The Village of Middleville is certified with the MEDC’s Redevelopment Ready Communities (RRC) program.

Financing Opportunity – MCRP Performance-Based Loan

The Applicant has requested a MCRP Performance Based Loan with terms described below, to assist in filling a financing gap for the project. The rental rates in the subject market are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. The project was recently appraised “As Complete” at \$1,840,000, lending further credence to the need for subsidy as the total budget for the project exceeds this number by \$1,000,000. The developer has maximized senior debt at \$1,425,000 and is contributing nearly 12% equity to the project. The project has a projected debt service coverage ratio of 1.23, based on interest only payments, and a reasonable return of 7.8%, also assuming interest only payments.

It has been determined that structuring the award as an amortizing loan would result in a debt service coverage ratio below 1.0 to 1.0 and a negative developer return. Equity has also been evaluated as an incentive option and deemed not feasible, as the desired returns are not achievable for either the MEDC or the developer, with both being near or below zero and the MEDC not able to recoup its initial investment through income from operations.

As noted above, the appraised value of \$1,840,000 is approximately \$1,000,000 less than the total project costs. This is very typical of the projects we see and is especially true in the smaller, more rural markets that do not command the level of rental rates that a more populated, urban location does. This is the type of situation that creates the need for subsidy as traditional financing sources are limited by both cash flow and appraised values, both of which are restricted by the rent levels that can be obtained in the more rural areas of our state. This is further exacerbated by the fact that many of these areas have not seen new construction or development in many years, nearly 30 years in the case of Middleville, making traditional lenders even more hesitant to provide funding in a market lacking new construction or comparable development and proven rental rates, absorption statistics and values. Without public support it would be impossible to bring projects like Middleville Main to fruition.

Loan Terms

MSF Facility:	MCRP Direct Loan
Borrower:	Middleville Main, LLC
Senior Lender:	Macatawa Bank
Total Amount of Loans:	Currently estimated at \$2,415,000
Lender Share:	Currently estimated at \$1,425,000
Total Capital Investment:	Currently estimated at \$2,840,448

MSF Eligible Investment:	Currently estimated at \$2,541,630
Minimum Eligible Investment:	Currently estimated at \$2,033,304
MSF Share:	Up to the lesser of 40% of “Eligible Investment” or \$990,000. The project is eligible for an award of up to 50% of eligible investment because the population of the Village of Middleville is less than 15,000.
Term:	Up to 48 months
Amortization:	Up to 360 months
Interest Rate:	1.0% per annum
Repayment Terms:	Annual Interest only payments for a period of up to 48 months, with the first annual payment waived and due with the second annual payment at 24 months. The loan will be evaluated at maturity to establish whether it could be refinanced to a new term with monthly principal and interest payments to the MSF or all or a portion could be forgiven based on set test criteria. The test criteria is a 1.30x debt service coverage ratio at maturity, inclusive of both Senior Lender and MCRP debt, assuming a 20-year amortization and a 1.0% interest rate. MCRP debt that could not be serviced with a resulting 1.30 debt service coverage ratio would be forgiven.
Collateral:	Unsecured. Subordination agreement between the MSF and the Senior Lender permitting the Lender to pause Borrower’s payments to the MSF in the event the Lender’s debt service coverage covenant is not met.
Guarantee:	Limited to statutory defaults
MSF Fees:	None
Deferred Developer Fees:	There are no developer or related-party fees
Funding:	The MSF will fund up to \$990,000 to be disbursed following Certificate of Occupancy.

Summary of Development Sources:

Macatawa Bank	\$	1,425,000	50.17%
MSF Loan	\$	990,000	34.85%
MEDC A/E Grant	\$	100,000	3.52%
Developer Equity	\$	325,448	11.46%
TOTAL	\$	2,840,448	100.00%

Summary of Development Uses:

Land Acquisition	\$	40,000
Hard Construction Costs	\$	2,521,630
Eligible Soft Costs	\$	140,000
Other	\$	138,818
TOTAL	\$	2,840,448

Applicant History

The development team for Middleville Main, LLC has completed many successful commercial and residential projects including the 820 Monroe project in downtown Grand Rapids (MSF assistance received), The Bluffs in Cascade, South Haven Center in South Haven (MSF assistance received), and The Broadmoor Development in Kentwood. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

Recommendation

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

- a) Property qualification as “any other property” because development of the property will promote community revitalization consistent with the findings and declarations in Section 90 of the Act; and
- b) A MCRP performance-based Loan in the amount of up to \$990,000 for Middleville Main, LLC.

APPENDIX A – Project Map and Renderings



Address: 112 East Main Street, Middleville, Michigan 49333



APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on October 27, 2020, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and a financial review has been completed.

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

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

This was the top priority project selected by the Village of Middleville to promote and attract development with MEDC's Redevelopment Services Team. The community worked with the MEDC team to develop building design guidelines. They also worked with the team to hold a developer showcase event to attract a developer that would bring a project that met their community's specific goals and vision. This project is the beginning of a journey for the community to meet its planned vision. The Village of Middleville, like many other communities in Michigan, has an extremely limited supply of market-rate apartment rentals. Major employers such as water heater manufacturer Bradford White have been calling for this kind of development. By supporting the construction of Middleville Main, the Village is reactivating a key parcel in their downtown which will directly contribute to the vibrancy, density, and walkability of their community.

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

This proposed project will act as a catalyst for additional revitalization of the community by creating commercial density, by enabling more residents to live directly within the downtown community, as well as reactivating a difficult to develop parcel. To date, the MEDC has also fielded one additional inquiry about a different Middleville RRC priority site that is vacant and abandoned.

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

The Village of Middleville is financially supportive of this project and has approved a DDA Façade Grant of \$20,000 and a \$29,205 Commercial Redevelopment tax abatement.

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

A financing gap exists due to the project's more rural location which does not support the same levels of rents that more urban locations do while construction costs remain the same. As a result, traditional bank financing is limited and subsidy is necessary to balance the current debt, equity and return requirements as it relates to the overall project cost. Without the requested assistance, the required equity would be too much to provide a sufficient return to justify the investment. As further support, the project was recently appraised "As Complete" at \$1,840,000, roughly \$1,000,000 lower than the project's total budget.

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

This project does not reuse a vacant, historical, or blighted building, but it does bring life back to a parcel that has sat unused since 1981. The Village has been trying for many years to attract a developer to the site but had not been able to bring financial package that made development a reality.

F. Creation of jobs:

The project is expected to generate approximately 10 full-time equivalent jobs with estimated average hourly wages of \$12.

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

The developer will invest \$325,448 of cash equity into this deal. This project also has senior financing from Macatawa Bank in the amount of \$1,425,000.

H. Whether the project is financially and economically sound:

Upon achieving stabilized occupancy, it is anticipated the project's debt service coverage ratio will be approximately 1.23 to 1.00, assuming interest only payments. The Applicant is contributing \$325,448 or approximately 12% equity to the project and has maximized traditional financing with a \$1,425,000 commercial loan, representing an approximate loan to value of 78%.

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

This project will increase the density of the area by creating eleven new apartments and a new commercial space for business in downtown Middleville.

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

The project will promote mixed-use development and walkable communities through the creation of eleven new residential units and commercial space in the heart of downtown Middleville. It will fill a gap and make a contiguous street wall.

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

This project converts a previously developed city owned vacant lot into a productive new downtown mixed-use building

L. Whether the project promotes sustainable development:

This project promotes sustainable development by incorporating the use of energy efficient building systems, such as an exterior building envelope that provides barriers of thermal transmittance, along with energy efficient lighting through-out the building and lighting controls which will provide dual level lighting in all common areas. The developer has incorporated fiberglass insulation products that are sustainable products (within 500 miles) and cellulose that has no less than 80% recycled content. The project will have Energy star rated appliances. Additionally, the heating and cooling will be high efficiency systems and smart thermostats are planned for all apartments.

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

This project does not involve the rehabilitation of a historic resource.

N. Whether the project addresses area-wide redevelopment:

This project coupled with a recent historic renovation with CDBG funds and projects that are being explored will significantly impact area-wide development over time.

O. Whether the project addresses underserved markets of commerce:

This project will address both the underserved retail and residential markets in Middleville.

P. The level and extent of environmental contamination:

There is no known environmental contamination as evidenced by environmental studies conducted for the Village.

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):

This is new construction on a vacant lot with no historical significance.

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

This project will not compete with or affect existing Michigan businesses within the same district.

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

No other additional criteria need to be considered.

APPENDIX C - Organizational Chart

Middleville Main, LLC

Middleville Main, LLC Manager: Chris Veneklasen

Member	LLC Name %	EIN	State of Organization
Byfam, LLC	33.33%	38-3254947	Michigan
Michael Byam	50.00%		
Mike Byam IDGT	50.00%		
David Beemer 2017 Annuity Trust	33.33%	38-7188055	Michigan
Robin's Roost LLC	33.34%	45-2513784	Michigan
Chris Veneklasen	50.00%		
Jana Veneklasen	50.00%		

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-043**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE BASED DIRECT LOAN AWARD TO MIDDLEVILLE MAIN, LLC**

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

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

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

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

WHEREAS, the property qualifies for MCRP support as “any other property” because development of the property will promote community revitalization consistent with the finding and declarations in Section 90 of the Act (“Property Qualification”);

WHEREAS, Middleville Main, LLC (“Company”) has requested a MCRP Performance Based Direct Loan Award of up to \$990,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”).

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request in accordance with the Term Sheet subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate the above approved MCRP Award Recommendation.

Ayes: Britany L. Affolter-Caine, Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: Ronald W. Beebe, Paul Gentilozzi

Recused: None

Lansing, Michigan
March 23, 2021

EXHIBIT A
“TERM SHEET”

Loan Terms

MSF Facility:	MCRP Other Economic Assistance Direct Loan
Borrower:	Middleville Main, LLC
Senior Lender:	Macatawa Bank
Total Amount of Loans:	Currently estimated at \$2,415,000
Lender Share:	Currently estimated at \$1,425,000
Total Capital Investment:	Currently estimated at \$2,840,448
MSF Eligible Investment:	Currently estimated at \$2,541,630
Minimum Eligible Investment:	Currently estimated at \$2,033,304
MSF Share:	Up to the lesser of 40% of “Eligible Investment” or \$990,000.
Funding:	The MSF will fund up to \$990,000 to be disbursed following certificate of occupancy.
MSF Loan Amount:	\$990,000
Interest Rate:	1.00% per annum
MSF Fee(s):	None
Term:	Up to 48 months
Amortization:	Up to 360 months
Repayment Terms:	Annual Interest only payments for a period of up to 48 months, with the first annual payment waived and due with the second annual payment at 24 months. The loan will be evaluated at maturity to establish whether it could be refinanced to a new term with monthly principal and interest payments to the MSF or all or a portion could be forgiven based on set test criteria. The test criteria is a 1.30x debt service coverage ratio at maturity, inclusive of both Senior Lender and MCRP debt, assuming a 20-year amortization and a 1.0% interest rate. MCRP debt that could not be serviced with a resulting 1.30 debt service coverage ratio would be forgiven.
Collateral:	Unsecured. Subordination agreement between the MSF and the Senior Lender permitting the Lender to pause Borrower’s payments to the MSF in the event the Lender’s debt service coverage covenant is not met.
Guarantee(s):	Limited to statutory defaults



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 23, 2021

To: Michigan Strategic Fund Board

From: Denise Graves, University Relations Director, Entrepreneurship and Innovation

Subject: University Early-Stage Proof of Concept – ADVANCE Fund – Joint Evaluation Committee Award Recommendations

Action

The MEDC requests that the MSF Board approve the Joint Evaluation Committee (JEC) decision to award Michigan State University (“MSU”) as the recipient of the statewide University Early-Stage Proof of Concept ADVANCE Fund grant.

Background

Since inception in 2017, the University Early-Stage Proof of Concept - ADVANCE Fund will continue to support the process of moving university projects with the commercial potential of a discovery into the market. Such technology is usually at an early stage of development and requires additional studies or a working prototype before it can be shown to have commercial potential. This program will provide resources and specialized services to projects, by way of the university technology transfer offices at all institutions of higher education, for the transition from scientific research to applied research to translational research into the commercial market. This will be accomplished by providing matching funds through this program to analyze the market application, prove out the concept validation, demonstrate technical feasibility and develop a prototype in the preparation for implementing and testing.

On January 26, 2021, the MSF Board approved the following:

- 1) Approval of the RFP process and Allocation of \$250,000 from the FY2021 Entrepreneurship and Innovation Budget;
- 2) Approval of the Joint Evaluation Committee (JEC) Members;
- 3) Approval of the Scope of Work and;
- 4) Approval of the Scoring Criteria.

Results

With MSF Board approval of the RFP process at the January 26th meeting, the RFP was posted on the MEDC website from January 26th – February 19th when the responses were due. The MEDC received one proposal, from MSU Technologies, requesting \$250,000 for one year, in response to the RFP. The JEC members reviewed the proposal from MSU and with a consensus score of 94.2, supports funding the entity.

Recommendation

The MEDC requests that the MSF Board approve MSU for the administration of the University Early-Stage Proof of Concept ADVANCE Fund. This request is based on the JEC review and recommendation to fund using the approved scoring criteria which includes an executive summary, purpose of the program and proposed use of funds, past experience, team, milestones and deliverables, budget and economic impact. The MEDC recommends that the MSF Board approve a grant with an initial one year term and an initial allocation of \$250,000, with the option to extend for up to an additional four one year terms and allocate

additional funding at the sole discretion of the MSF Board and subject to available funding, and conditioned on satisfactory completion of the civil and criminal background checks in accordance with the MSF Background Review Policy (the “Proof of Concept RFP Award”). The MSF Fund Manager is authorized to negotiate the final terms and conditions of the Proof of Concept RFP Award and to execute all documents necessary to effectuate the Proof of Concept RFP Award.

MICHIGAN STRATEGIC FUND

RESOLUTION 2021-056

UNIVERSITY EARLY STAGE PROOF OF CONCEPT PROGRAM GRANT AWARD

WHEREAS, the Michigan Legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (the “MSF Act”) to authorize the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans, and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, pursuant to Section 88b(2)(c) of the MSF Act, MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF Act shall be expended or invested for activities authorized under the MSF Act as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to Section 125.2007(c), the MSF has the power to make grants for the purpose of enhancing and supporting transition of institution of higher education projects from scientific research to applied research to translational research to the commercial market;

WHEREAS, on January 26, 2021, the MSF approved a Request for Proposals (“RFP”) for awarding grants to institution of higher education that provide resources and specialized services that will enhance and support the transition of institution of higher education projects from scientific research to applied research to translational research to the commercial market (the “Proof of Concept RFP”); adopted scoring and evaluation criteria to be used by the joint evaluation committee (“JEC”) in evaluating proposals received in response to the Proof of Concept RFP (the “Proof of Concept Scoring Criteria”); and allocated \$250,000 for the Proof of Concept RFP;

WHEREAS, one proposal was received in response to the Proof of Concept RFP and evaluated by the JEC in accordance with Proof of Concept Scoring Criteria;

WHEREAS, the JEC determined that the proposal satisfied the requirements of the Proof of Concept RFP and earned a satisfactory score under the Proof of Concept Scoring Criteria to warrant funding under the Proof of Concept RFP;

WHEREAS, the MEDC recommends that the MSF Board approve a grant to Michigan State University with an initial one year term and an initial allocation of \$250,000, with the option to extend for up to an additional four one year terms and allocate additional funding at the sole discretion of the MSF Board and subject to available funding, and conditioned on satisfactory completion of the civil and criminal background checks in accordance with the MSF Background Review Policy (the “Proof of Concept RFP Award”); and

WHEREAS, the MSF wishes to approve the Proof of Concept RFP Award.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the Proof of Concept RFP Award; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate the final terms and conditions of the Proof of Concept RFP Award and to execute all documents necessary to effectuate the Proof of Concept RFP Award.

Ayes: Amanda Bright McClanahan (on behalf of Chairman Noel, designation attached), Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
March 23, 2021



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

March 18, 2021

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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,

D. Jeffrey Noel
President & Chairman, MSF
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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 that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File