



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA
November 30, 2020
3:00pm

- I. CALL TO ORDER & ROLL CALL**
- II. PUBLIC COMMENT – PLEASE LIMIT PUBLIC COMMENT TO THREE (3) MINUTES**
- III. COMMUNICATIONS**
- IV. PURE MICHIGAN® SMALL BUSINESS RELIEF INITIATIVE**
 - a. Pure Michigan® Small Business Relief Initiative Briefing Memo 2
 - b. Resolution to adopt program requirements and allocate \$11,000,000 in CDBG CARES Act funding to the Pure Michigan® Small Business Relief Initiative..... 4
 - c. Resolution to approve delegation of authority for the Pure Michigan® Small Business Relief Initiative..... 10

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



MEMORANDUM

Date: November 30, 2020

To: Michigan Strategic Fund Board

From: Christine Whitz, Director, Community Development Block Grant Program
Greg West, Community Development Block Grant Program, Manager
Suzanne Perreault, Small Business Program, Manager

Subject: *Community Development Block Grant Program*
Pure Michigan® Small Business Relief Initiative

Request

Michigan Economic Development Corporation (“MEDC”) staff recommends the Michigan Strategic Fund (“MSF”) allocate \$11,000,000 of Community Development Block Grant (“CDBG”) Coronavirus Aid, Relief and Economic Security (“CARES”) funds for the Pure Michigan® Small Business Relief Initiative including administrative costs; approve a delegation of authority for the MSF Fund Manager and the MSF President to approve grants under the Pure Michigan® Small Business Relief Initiative; and waive the MSF Background Check Policy for all grants approved under the Pure Michigan® Small Business Relief Initiative.

Background

On March 27, 2020 the CARES Act was passed by the U.S. Congress and signed into law. On May 19, 2020, the MSF Board approved MEDC staff to amend the CDBG PY19 Action Plan to add the anticipated COVID (CDBG-CV1) funding allocated to the State of Michigan in the amount of \$20,500,953, which funded county allocations to 83 Michigan non-entitlement counties for expenditures related to the coronavirus. On September 22, 2020, the MSF approved MEDC staff to amend the CDBG PY19 Action Plan a second time to add the COVID (CDBG-CV2) funding allocated to the State of Michigan in the amount of \$41,987,422. The CDBG COVID-19 Relief Initiative will be funded from CDBG-CV2 funds.

The Pure Michigan® Small Business Relief Initiative seeks to provide funding to qualified grant administrators to provide and administer CDBG program grants to eligible businesses disproportionately impacted by COVID-19. Grant administrators may issue grants of \$15,000 to eligible businesses that experienced income losses due to COVID-19 and need assistance for working capital expenses to support payroll expenses, rent or mortgage payments, and utility expenses. Program requirements, eligibility considerations and screening guidelines for the Pure Michigan® Small Business Relief Initiative are set forth in Appendix A.

MEDC staff seeks to award one or more grants to a non-profit organization to serve as grant administrator(s), up to an aggregate amount of \$11,000,000 plus administrative costs, to be used to support certain businesses that have been impacted by COVID-19 and desire to use grant funds for eligible working capital expenditures.

Due to the similarities with the Michigan Small Business Relief Program (“MSBRP”), Small Business Restart Program and the target recipients, the MEDC anticipates that funding approved under the this initiative will be allocated on a regional basis as set forth in the table below:

Region	% of Funding	Allocation of CDBG COVID19 Relief Initiative
1	5%	\$500,000
2	5%	\$500,000
3	4%	\$400,000
4	13%	\$1,300,000
5	6%	\$600,000
6	8.5%	\$850,000
7	6%	\$600,000
8	8%	\$800,000
9	9%	\$900,000
10	<u>35.5%</u>	<u>\$3,550,000</u>
	100%	\$10,000,000

The remaining \$1,000,000 from the funding allocation is intended to cover the administrative costs incurred by the selected grant administrator(s).

Recommendation

The MEDC Staff recommends 1) allocation of \$11,000,000 of CDBG CARES funding for the Pure Michigan® Small Business Relief Initiative; 2) approval of a delegation of authority to the MSF Fund Manager and President to approve awards under the Pure Michigan® Small Business Relief Initiative; and 3) waiver of the MSF Background Review Policy all grants approved under the Pure Michigan® Small Business Relief Initiative.

MICHIGAN STRATEGIC FUND

RESOLUTION 2020-240

APPROVAL OF PURE MICHIGAN® SMALL BUSINESS RELIEF INITIATIVE AND FUNDING ALLOCATION

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, by Resolution 2019-063, the MSF Board approved a Background Review Policy, which among things requires the submission of certification and disclosures forms from, and a civil and criminal background check on, the applicant, and certain of its affiliated individuals and owners (“Background Review Policy”);

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 Pure Michigan® Small Business Relief Initiative (the “Pure Michigan® Relief Initiative”);

WHEREAS, the MEDC recommends that the MSF allocate \$11,000,000 of CDBG CARES Act funding to the Pure Michigan® Relief Initiative (the “Funding Request”);

WHEREAS, the MEDC recommends the MSF Board waive the application and requirement of the Background Review Policy for all applicants under the Pure Michigan® Relief Initiative (the “Background Check Policy Waiver”); and

WHEREAS, the MSF wishes to approve the Pure Michigan® Relief Initiative, the Funding Request, and the Background Check Policy Waiver.

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Pure Michigan® Relief Initiative, the Funding Request, and the Background Check Policy Waiver.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
November 30, 2020

APPENDIX A

Programmatic Requirements, Eligibility Considerations and Screening Guidelines for the Pure Michigan® Small Business Relief Initiative

Program Requirements

The projects will be evaluated utilizing the CDBG requirements. It has been determined that the projects will meet the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**
Projects will qualify for CDBG funding as the project activities are expected to result in the retention of full-time positions. Business will document that at least 51% of positions will be held by low to moderate income persons or that in the case of microenterprises that the business owner is low to moderate income individual.
- **Eligible Activity:**
The projects involve eligible activities identified in Section 105(a)(17) of Title I of the Housing and Community Development Act of 1974, as amended, and identified by the Notice of Program Rules, Waivers and Alternative Requirements published FR-6218-N-0, III.B.5(d)(ii), III.B.5(d)(iii) and III.B.6.(b)(i)

Grant Administrator Eligibility Requirements

The following factors will be considered for the selection of a Grant Administrator:

- a. Applicant must serve at least one Prosperity Region in Michigan. Potential Grant Administrators that are able to cover more Prosperity Regions than others will be given priority.
- b. Applicant demonstrates ability to quickly manage a grant funding round including processing applications, verifying small business eligibility and appropriate use of funds, quickly disbursing funds to selected eligible businesses, and provide required reporting to the MSF in a timely fashion;
- c. Applicant demonstrates knowledge and experience with CDBG programs;
- d. Applicant has prior history and experience managing grant programs.

Screening Guidelines

Grant Administrators may provide grants of up to \$15,000 to businesses that satisfy the Program Requirements noted above, and the following criteria:

- Business is a for-profit entity
- Has a physical establishment in the county of application and is NOT a home-based business
- The business must be within one of the following industries:
 - restaurants, bars and other food and beverage service providers
 - travel and tourism destinations including lodging providers
 - live event venues and movie theaters
 - conference and meeting facilities

- ice skating rinks
- indoor water parks
- bowling centers
- gyms and fitness centers
- Must be in compliance with all State and local orders related to COVID-19, including but not limited to, the Michigan Department of Health and Human Services
- Provides goods or services to multiple clients or customers
- Be in good standing with the state and city/town:
 - Be current, or in a payment plan, on all local, state, and federal taxes due through January 1, 2020
 - Active and valid state licenses/registrations, if applicable
 - Not an adverse party to litigation involving the state or city/town
 - Business or Business owner has not filed for bankruptcy in the last 10 years
- Can identify a need for payroll, rent or mortgage payments, and/or utility expenses necessary to continue / restart business operations relative to the total grant amount
- Has annual gross revenues in 2019 greater than \$25,000
- Has at least two employees, including the owner(s)
- Has fewer than 50 employees (including full-time, part-time and owners, on a worldwide basis)

Grant funds may be used by the eligible Businesses for eligible expenses expended between November 18, 2020 and April 30, 2021.



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-141**

STRATEGIC FUND DELEGATION OF AUTHORITY

WHEREAS, under Section 125.2005(7) of the Michigan Strategic Fund Act, the Michigan Strategic Fund (“MSF”) Board may delegate to its president, vice-president, staff, or others those functions and authority the MSF Board deems necessary or appropriate;

WHEREAS, under Article II, Section 1 of the Amended and Restated Bylaws adopted by the MSF Board on April 22, 2014, the MSF Board may delegate by resolution those functions and authority it deems necessary or appropriate to the President, Vice-President, Staff, the MEDC, or others, 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 Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF;

WHEREAS, on November 30, 2020, the MSF Board adopted the Pure Michigan® Small Business Relief Initiative to allocate funding to qualified grant administrators to provide and administer CDBG program grants to eligible businesses disproportionately impacted by COVID-19;

WHEREAS, the MEDC recommends that the MSF Board amend the Strategic Fund Compiled Resolutions to delegate authority for the Pure Michigan® Small Business Relief Initiative; and

WHEREAS, the MSF Board wishes to approve revisions to the Strategic Fund Compiled Resolutions 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 November 30, 2020:

125.2005-4 Pure Michigan® Small Business Relief Initiative

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a Pure Michigan® Small Business Relief Initiative application and overall process to operate the Pure Michigan® Small Business Relief Initiative, each in accordance with the Pure Michigan® Small Business Relief Initiative guidelines adopted by the MSF Board.

(2) The MSF President and the MSF Fund Manager, with both required to act, may approve grants of up to \$11,000,000 to one or more eligible applicants in accordance with the Pure Michigan® Small Business Relief Initiative.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Pure Michigan® Small Business Relief Initiative.

(4) The MSF President or the MSF Fund Manager may make all decisions that are necessary and appropriate to administer the Pure Michigan® Small Business Relief Initiative in accordance with the Pure Michigan® Small Business Relief Initiative guidelines adopted by the MSF Board.

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, Mark Burton, Susan Corbin, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
November 30, 2020



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

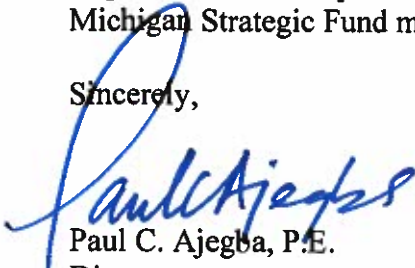
February 3, 2020

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

Dear Ms. Bishop:

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Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



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DEPARTMENT OF TREASURY
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GRETCHEN WHITMER
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RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood