

MICHIGAN STRATEGIC FUND BOARD MEMBERS

Carl Camden

President (retired), Kelly Services

Rachael Eubanks

*State Treasurer, Michigan Department
of Treasury*

Paul Gentilozzi

President, Gentilozzi Real Estate

Jeremy Hedges

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

Stephen Hicks

President and CEO, JM Longyear

Larry Koops

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

Jeff Mason

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

Terrence J.L. Reeves

Attorney, Pepper Hamilton LLP

Terri Jo Umlor

*President, Springfield Commercial
Roofing*

Shaun W. Wilson

*Managing Partner, Cadence
LLC*

Wayne Wood

*President (retired), Michigan
Farm Bureau*

MICHIGAN STRATEGIC FUND (MSF) BOARD

Meeting Packet

May 2019

**MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
MAY 21, 2019
2:00 pm**

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

Communications

A. Consent Agenda

Proposed Meeting Minutes – April 23, 2019
Aviareps – Contract Extension – Michelle Grinnell
MTU Advanced Materials MTRAC Innovation Hub – Amendment – Denise Graves
MyLocker Properties, LLC – Loan Participation Program Reapproval – Aileen Cohen
HB BM East Lansing LLC – MCRP Amendment – Emanuel Odom
Buckham Square Investors, LLC – MCRP Amendment – Rob Garza
Selden Partners, LLC – MCRP Amendment – Lynda Franke
Detroit Entrepreneur Development, LLC – MCRP Amendment – Julius Edwards
Subaru Research and Development – MBDP Reauthorization – Matthew Chasnis
Pfizer Inc. – MBDP Reauthorization – Mike Gietzen
Waymo LLC – MBDP Amendment – Jeremy Webb

B. Business Investment

a. Business Growth

Fiat Chrysler Automobiles (FCA) US LLC – City of Warren/Sterling Heights – Jeremy Webb
Fiat Chrysler Automobiles (FCA) US LLC – City of Detroit – Jeremy Webb
Fiat Chrysler Automobiles (FCA) US LLC – City of Detroit Brownfield Redevelopment Authority –
Jeremy Webb

b. Capital Access

United Methodist Retirement Communities – Bond Authorization – Chris Cook
Dominican Health Care Corporation – Bond Inducement – Chris Cook
Redall Industries, Inc. – Collateral Support Program – Aileen Cohen

C. Community Vitality

Albert Kahn Building – Brownfield Act 381 Work Plan – Brittney Hoszkiw
Cambria @ The Ashton Redevelopment Project – Brownfield Act 381 Work Plan – Brittney Hoszkiw
Kalamazoo Creamery – MSF Award and Brownfield Act 381 Work Plan – Michelle Audette-Bauman

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
April 23, 2019**

Members Present

Paul Gentilozzi
Jeremy Hendges
Larry Koops
Andrew Lockwood (on behalf of Treasurer Eubanks)
Jeff Mason

Members joined by phone

Carl Camden
Stephen Hicks
Terrence J.L. Reeves
Terri Jo Umlor
Shaun Wilson

Member Absent

Wayne Wood

Mr. Mason called the meeting to order at 10:01 am.

Mr. Mason introduced the following legislative staff member: Ben Kauffman attending on behalf of Representative Eric Leutheuser in support of the Dawn Theater CDBG Project in Hillsdale.

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

Communications: Rhonda Bishop, Board Liaison, advised the Board that the Quarterly Report of the Chief Compliance Officer was provided to them in the briefing packet, along with several program quarterly reports.

A. CONSENT AGENDA

Resolution 2019-052 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – March 26, 2019

RPM Freight Systems, LLC – MBDP Grant Amendment – **2019-053**

ProNAi Therapeutics, Inc. (Sierra Oncology, Inc.) – Class Action Proof of Claim – **2019-054**

600 E. Michigan-Lansing, LLC – MCRP Grant Amendment – **2019-055**

Jeremy Hendges seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2019-056 Webasto Roof Systems, Inc. – MBDP Grant

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-056. Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

B2. Access to Capital

Resolution 2019-057 United Methodist Retirement Communities – Bond Inducement

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2019-057. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused**

ROLL CALL VOTE: Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson; Nays: None; Recused: None

C. COMMUNITY VITALITY

Resolution 2019-058 City of Tawas City (Pier Enhancement Project) – CDBG Grant

Daniel Leonard, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-058. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

Resolution 2019-059 City of Hillsdale (Dawn Theater Project) – CDBG Grant

Paula Holtz, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2019-059. Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

Resolution 2019-060 Michigan Community Capital (MCC) Attainable Housing – Approval of Funding and Amendments to Investment Fund Loans

Lori Mullins, Director of Community Development Incentives, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-060. Jeremy Hendges seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

Carl Camden left the meeting at 11:08 a.m.

D. ADMINISTRATIVE

Resolution 2019-061 Michigan Community Revitalization Program (MCRP) Guidelines – Amendment

Lori Mullins, Director of Community Development Incentives, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-061. Jeremy Hendges seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused**

Resolution 2019-062 Transformational Brownfield Program (TBP) Guidelines – Amendment
Lori Mullins, Director of Community Development Incentives, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2019-062. Paul Gentilozzi seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused**

Resolution 2019-063 Background Check Review Policy – Amendment
David Meninga, Senior Corporate Counsel, provided the Board with information regarding this action item. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2019-063. Jeremy Hendges seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused**

Resolution 2019-064 Michigan Business Development Program (MBDP) Guidelines – Amendment
Mike Gietzen, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-064. Andrew Lockwood seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused**

Shaun Wilson left the meeting at 11:32 a.m.

Resolution 2019-065 Micro MBDP Guidelines – Amendment
Mike Gietzen, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2019-065. Jeremy Hendges seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused**

Resolution 2019-066 Jobs Ready Michigan Program – Funding and Guidelines Adoption
Mike Gietzen, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-066. Paul Gentilozzi seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused**

Mr. Mason adjourned the meeting at 11:37 am.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: May 21, 2019
To: MSF Board Members
From: Michelle Grinnell, Director, Public Relations
Subject: China Tourism Promotion Services Amendment

REQUEST

This request is for the Michigan Strategic Fund (MSF) Board to approve a one-year extension of an existing contract with Aviareps for leisure travel promotion in China for \$270,000.00.

BACKGROUND

On March 22, 2016, the MSF Board approved an RFP to seek a representative for tourism promotion services in China and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (JEC) to review the proposals. The MSF Board subsequently awarded the RFP to Aviareps on May 24, 2016 for the period of June 1, 2016 to May 31, 2017, with the option to extend the contract for four, one-year terms.

During the contract term, Aviareps has created a strategy to attract more Chinese visitors, particularly leisure visitors to Michigan.

The scope of work includes

- creating Chinese-language brochures, e-newsletters, social media and website;
- working with tour operators to get more Michigan product in Chinese tour operator catalogs;
- identifying Chinese travel journalists to invite to Michigan for Familiarization Tours;
- identifying and representing Michigan at key Chinese travel and tourism trade shows;
- securing appointments with top Chinese tour operators and media;
- devising and executing consumer promotions to build consumer awareness of Michigan as a destination.

RECOMMENDATION

To use the Pure Michigan appropriations monies to continue the marketing efforts underway, it is staff's recommendation for approval to exercise the third year option with Aviareps for tourism promotion services in China for the period of June 1, 2019 to May 31, 2020, at a cost of \$270,000.00.

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund

From: Denise Graves, University Relations, Entrepreneurship and Innovation

Subject: Request for Extension and Refunding for the Michigan Translational Research and Commercialization (MTRAC) Statewide Program, Advanced Materials Innovation Hub

Action

The MEDC requests that the MSF Board approve the one-year extension and \$350,000 from the MTRAC Statewide Program FY19 budget for the Michigan Technological University MTRAC Ag Bio Innovation Hub.

Background

At its April 26, 2016 meeting, the MSF approved the creation of the MTRAC Statewide Program for the support of translational research projects creating Innovation Hubs in the key areas of Bio-Medical Sciences, Life Sciences, Advanced Transportation, Advanced Materials and Agriculture-Biology. The MTRAC programs support the acceleration of technology transfer from Michigan's institutions of higher education, non-profit research centers and hospital systems in support of the commercialization of competitive edge technologies.

At its February 28, 2017 meeting, the MSF approved Michigan Technological University as the MTRAC Statewide Program Advance Materials Innovation Hub. The Advanced Materials Innovation Hub focuses on commercializing technologies including the development of research related to novel and conventional based materials for a novel purpose.

Within the last two years, the MTRAC for Advanced Materials Innovation Hub Oversight Committee, made up of industry and venture capital professionals, has reviewed 44 proposals and supported 11 projects from Michigan State University, University of Michigan and Michigan Technological University. The program deployed over \$1,000,000 in funding including matching from all recipients. The projects are well underway in executing on milestones toward the path of commercialization. Within this brief period of time of 2 ½ years, for this early stage work, the innovation hub has reported 1 startup, 1 job, 1 license and 1 option, 16 patents applied for and 3 issued patents and over \$640,000 in follow on funding.

Recommendation

MEDC Staff requests that the MSF Board approve the extension and refunding of \$350,000 from the FY19 MTRAC Program budget for 1 year to Michigan Technological University MTRAC Statewide Advance Materials Innovation Hub. The MEDC also requests that the MSF Board delegate authority to the MSF Fund Manager, with assistance of MEDC staff, to execute the final terms and conditions for the grant amendment.

MEMORANDUM

To: Michigan Strategic Fund Board

From: Aileen Cohen, Capital Projects & Portfolio Manager

Date: May 21, 2019

Subject: MyLocker Properties, LLC (and/or related borrowers)
SSBCI Loan Participation Proposal

Request

On December 18, 2018, the MSF Board approved MSF support of two separate loan participations with Invest Detroit for the benefit of MyLocker Properties, LLC. MyLocker Properties, LLC is the related real estate holding company to MyLocker.com, L.L.C. MyLocker.com, L.L.C. ("MyLocker" or "Company") is an online marketer of custom apparel and home goods located in Detroit, Michigan. The Company has been in operation over 20 years and is working with Invest Detroit to secure financing to demolish its existing building and build a new 108,902 square foot logistics and production facility. The Company undertook a study in conjunction with UPS to determine the most efficient location to achieve logistical efficiency and reduce shipping costs. It was determined that the Company could experience significant savings by relocating, however the owner wishes to stay in Detroit.

The appraisal was delayed by the lack of design drawings and creation of the budget based off the detailed design, therefore, the loans were not able to close within the 120 day commitment period. The Company has provided updated financials, and the MSF's support amount remains unchanged from the original approval.

Invest Detroit ("Lender" or "ID") has proposed financing of a draw-to-term construction loan to MyLocker to demolish the old building and construct a new two-story logistics and production facility. The proposed structure consists of two separate notes. In order to off set the Lender's exposure, the ID is requesting loan participation from the MSF for the following:

Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

Draw to Term = Construction Loan	\$4,225,000
Draw to Term = Construction Loan	\$4,225,000
Draw to Term = Construction Loan	\$ 766,550
Total Loans Leveraged	\$9,216,550

Given the above structure, the proposed MSF exposure is a maximum of:

Draw to Term = Construction Loan	\$2,108,275
Draw to Term = Construction Loan	\$2,108,275
Total MSF Contribution	\$4,216,550

In addition to the financing being proposed, the borrower will be injecting \$1,351,227 in equity towards the transaction. Additionally, Chase Bank will also provide financing for equipment necessary for expanded production in the amount of \$9,800,000. Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 4.83:1.

Borrower History

MyLocker was established in 1998 by founder and President, Robert Hake. MyLocker is an online marketer of custom apparel and home goods. However, the founder and president, Robert Hake, refers to the Company as a technology company because they have developed proprietary software that provides automation from start to finish of the product customization process. MyLocker has additional plans for growth and expects to see an increase in revenue of \$22 million for 2018. See Exhibit A for full borrower history.

Recommendation

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

a. Approval of the MBGF-LPP proposal contained herein and:

b. Subject to available funding under the MBGF-LPP at the time of closing ("Available Funding"), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, "Due Diligence"), finalization of a MBGF-LPP Loan Participation Agreement, and further subject to the following terms and conditions:

Facility 1 - MyLocker Properties, LLC

Borrower: MyLocker Properties, LLC
Lender: Invest Detroit
Loan Amount: up to \$4,233,450
MSF Loan Participation: up to \$2,108,275
Loan Type: 97 month Construction Loan, 18 monthly payments of interest only, 78 months principal and interest based on 20 year amortization
Fees: Tier II: 1.00% at Closing
1.00% annually thereafter on the MSF Share Balance.

Facility 2 - MyLocker Properties, LLC

Borrower: MyLocker Properties, LLC
Lender: Invest Detroit
Loan Amount: up to \$4,233,450
MSF Loan Participation: up to \$2,108,275
Loan Type: 97 month Construction Loan, 18 monthly payments of interest only, 78 months principal and interest based on 20 year amortization
Fees: Tier II: 1.00% at Closing
1.00% annually thereafter on the MSF Share Balance.

Exhibit A

Credit Presentation

GENERAL INFORMATION

Company Name MyLocker.com, LLC	Address 1300 Rosa Parks Blvd	City, State Zip Detroit, Michigan 48216
Entity Type Limited Liability Co.	Type of Operation - Primary Textile and Fabric Finishing Mills NAICS: 313310	
Lender Jason Barnett	Lender Contact jason.barnett@investdetroit.com	

Bank Facility and MSF Support

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Background

MyLocker is an online marketer of custom apparel and home goods. However, the founder and president, Robert Hake, refers to the Company as a technology company because they have developed proprietary software that provides automation from start to finish of the product customization process. Founded in 1998 by Robert Hake, the Company's first product was a blanket with polar fleece on one side and water-resistant fabric on the other. Eventually personalization options were added for this product, and in 2005 Hake began building online stores with an integrated design-production-delivery system. MyLocker offers custom integration for online merchants. Using their own web platform, a merchant is able to direct orders from its website to the MyLocker fulfillment team where the ordered items are processed with the merchant's own designs and chosen pricing. Additionally, on-line retailers can use MyLocker's online interface to develop what appear to be their own proprietary web platforms but are actually a MyLocker platform.

The Company continued to expand its product offerings to the point where services now include mass customization of more than 25,000 different products. Products include all types of clothing, cups, plates, wall hangings, and trinkets of many types. These products are customized with silk screening, painting, embroidery among other processes. Once the retail customer places an ordered, the orders are collated by MyLocker's software, and at the end of every day MyLocker's system automatically generates purchase orders that are sent electronically to its stable of suppliers that specify color, size, style, etc. All of MyLocker's suppliers are within overnight shipping distance of Detroit so the Company carries almost no inventory. The plain goods arrive the next morning from the supplier by UPS, and skew labels are printed and affixed to the merchandise. The label directs the product through the automated customization process in the factory with little to no waste as all information needed to process the item is included in the label so there is little left to human error. The products are customized and returned to the shipping area to be automatically packaged and shipped to the retail customer with a shipping label that bears the name of the retail source of the order. It is 1.8 days from the time the retail customer places the order o-line to the time it is shipped to them from MyLocker. MyLocker updates the client who placed the order with tracking information for the order once it ships.

The MyLocker complex spans three adjacent buildings on Rosa Parks Boulevard in the Corktown neighborhood of Detroit. The financing request is to demolish one of the buildings and build a new 108,902 SF, two-story logistics and production facility. The building is a very simple open floor plan design that will accommodate open areas for production and shipping. The first floor of the new building design will be 45 feet in height (high bay) and house a robotic inventory system and have both receiving and

shipping capabilities. The second floor will be an expanded production area and contain new production equipment being financed by Chase Bank. The demolition will begin within the next month and new construction is estimated to be completed by August 2019.

Financing Opportunity

Invest Detroit is working with MyLocker Properties, LLC to provide new financing to both the holding and operating (MyLocker.com, L.L.C.) companies. The Borrower has been in business for over 20 years, and continues to see steady growth. The Company has grown to have a projected \$54M in sales for 2018, and currently employs 250 people. The borrower also continues to invest in the Company to ensure that it has the correct equipment and people to grow the Company. The Lender is asking for the MSF's support through its SSBCI Loan Participation Program for its construction loan.

Loan #	Purpose	Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
Invest Detroit	Construction	Draw to Term	2,116,725			7						
Invest Detroit	Construction	Draw to Term	2,116,725			7						
Invest Detroit	Construction	Draw to Term	766,550			7						
MBGF- LPP	Construction	Draw to Term	2,108,275			7						
MBGF- LPP	Construction	Draw to Term	2,108,275			7						
Total			9,216,550									

Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.
Building in Corktown	Real Estate	9,300,000	90%	8,370,000		8,370,000
Total		9,300,000		8,370,000		8,370,000

Total Loan Amount	9,216,550	Margin of Collateral to Loan	0.91
Total Collateral Amount	8,370,000	% Loan to Collateral	110.11%

Summary

Total Loan Amount	9,216,550	Margin of Collateral to Loan	0.91
Total Collateral Amount	8,370,000	% Loan to Collateral	110.11%

Collateral

The Loans will be secured by shared first real estate mortgage on three new building and an assignment of leases and rents. The first mortgage position will be shared between all participants.

Ratios and Indicators

LIQUIDITY / LEVERAGE RATIOS

Balance Sheet Dates	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Balance Sheet Description				
Current Ratio:	0.42	0.82	0.43	0.55
Quick Ratio(Acid Test):	0.33	0.68	0.34	0.43
Working Capital:	-2,228,917	-909,565	-6,964,935	-7,428,648
Debt / Equity:	2.52	1.79	-2.71	-4.24
Debt / Asset:	71.59%	64.13%	158.43%	130.90%
Current Liabilities / Total Liabilities:	56.39%	59.46%	50.12%	61.07%
Debt / Tang Net Worth:	28.89	3.36	-2.22	-2.92

PROFITABILITY RATIOS

Inc. & Exp. Beginning Date	01/01/2015	01/01/2016	01/01/2017	01/01/2018
Inc. & Exp. Ending Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Inc. & Exp. Description				
Return on Investment:	15.8%	27.3%	54.8%	67.0%
Gross Profit Margin:	46.9%	35.7%	29.8%	28.4%
Net Profit Margin:	6.2%	8.8%	5.4%	6.1%

CAP RPLC & DEBT REPAYMENT CAPACITY	1,000,409	2,251,847	1,729,728	3,342,406
Total Annual Payment	1,098,432	1,098,432	1,098,432	933,942
Total Debt Service	1,098,432	1,098,432	1,098,432	933,942
MARGIN AFTER DEBT SERVICING	-98,023	1,153,415	631,296	2,408,464
Commercial DSCR	0.91	2.05	1.57	3.58

Sensitivity Analysis

Debt Service Margin will be Depleted if:

Net Sales/Revenues Decreases by:	-0.67%	4.53%	1.96%	5.34%
Operating Expense plus COGS Increase by:	-0.72%	4.97%	2.07%	5.76%
Interest Rate Increase by:	0.00%	38.43%	18.26%	19.87%

INDUSTRY COMPARISON

Balance Sheet: 12/31/2017

Comparative Historical Data - current year (Based on RMA 2017 Data) - Median Quartile

Income/Expense: 01/01/2017 to 12/31/2017

NAICS: 313310 - Textile and Fabric Finishing Mills

Unqualified: 10, Reviewed: 13, Compiled: 7, Tax Return: 6, Other: 26, Total Number Stmt: 62

	Client	Industry	Variance		Client	Industry	Variance	Quartile
Assets				Liquidity Ratios				
Cash & Equivalents	20.7	9.7	11.0	Current Ratio	0.4	2.0	-1.6	4
Trade Receivables (net)	6.3	27.4	-21.1	Quick Ratio (Acid Test)	0.3	0.9	-0.6	4
Inventory	6.6	33.3	-26.7	Sales / Receivables	33.4	8.4	25.0	1
All Other Current	0.4	1.6	-1.2	Days' Receivables	10.9	43.0	-32.1	1
Total Current	34.0	72.1	-38.1	Cost of Sales / Inventory	22.4	4.5	17.9	1
Fixed Assets (net)	44.2	19.3	24.9	Days' Inventory	16.3	81.0	-64.7	1
Intangibles (net)	12.9	3.1	9.8	Cost of Sales / Payables	5.1	11.1	-6.0	4
Other Non-Current	9.0	5.6	3.4	Days' Payables	71.1	33.0	38.1	4
Total Assets	100.0	100.0		Sales / Working Capital	-4.6	5.4	-10.0	
Liabilities				Coverage Ratio				
Notes Payable	0.0	10.7	-10.7	EBIT / Interest	0.0	4.3	-4.3	4
Cur. Mat. L/T/D	0.0	3.2	-3.2	Net Prof. + Depr / Cur. Mat. L/T/D	0.0	2.8	-2.8	4
Trade Payables	28.8	16.9	11.9	Leverage Ratios				
All Other Current	50.6	6.8	43.8	Fixed / Net Worth	-0.6	0.3	-0.9	
All Other Current	50.6	6.8	43.8	Debt / Net Worth	-2.2	1.4	-3.6	
Total Current	79.4	37.7	41.7	Operating Ratios				
Long Term Debt	79.0	10.1	68.9	% Prof. Bf. Taxes / Net Worth	-15.8	13.8	-29.6	4
Deferred Taxes	0.0	0.2	-0.2	% Prof. Bf. Taxes / Total Assets	11.3	4.7	6.6	2
Other Non-Current	0.0	10.0	-10.0	Sales / Net Fixed Assets	4.8	15.1	-10.3	4
Net Worth	-58.4	42.1	-100.5	Sales / Total Assets	2.1	2.1	0.0	3
Total Liab. & Net Worth	100.0	100.0		Expense to Sales Ratio				
Income Data				% Depreciation / Sales	0.0	1.4	-1.4	1
Contract Revenues	100.0	100.0	0.0	Officers' Compensation/Sales	0.0	2.5	-2.5	1
Gross Profit	29.8	30.3	-0.5					
Operating Expenses	24.5	25.6	-1.1					
Operating Profit	5.4	4.7	0.7					
All Other Expenses (net)	0.0	0.8	-0.8					
Profit Before Taxes	5.4	3.9	1.5					

Last Updated 11/07/2018 8:17:26 AM From RMA 2017 Data

OWNERSHIP / GUARANTORS

Source SSBCI	Program LPP	
Committed Date	Loan Closing Date	Total Loan \$8,450,000
MSF Share \$4,216,550	Additional Leverage (at closing) 11,917,777	Additional Leverage (ongoing)
Leverage 4.83	Closing Fee 1% of MSF Share	Annual Fee 1% of MSF eligible balance

FTE @ Closing (in State) 250	FTE @ Closing (out of state)	Projected FTE Increase 420
FTE @ Annual Review	FTE Net Increase/Decrease	Support \$ per new job \$10,039
Associate	# Co's 2	Loan Type Draw to Term Construction

Employment

MyLocker has 250 full-time equivalent employees. The Company anticipates adding 99 fulltime employees within the next 6 months and an additional 321 within the next 2 years. The anticipated annual salary for employees of MyLocker is \$21,736,.

Source of Information

It is the role of Capital Services Team staff ("CST") to review for eligibility, completeness, and adherence to industry standards and practices, the information provided by the financial institution and to manage the MSF's structural risk. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from material submitted by the lending institution and from third party research sources such as Dunn and Bradstreets FirstResearch database.

Capital Access Program History

The Michigan Economic Development Corporation's (MEDC) Capital Access Programs began in 2009 with a state allocation of \$26 million. In 2011, the Federal government deployed an additional \$79 million to the State of Michigan to continue its efforts towards providing access to capital for small businesses. The programs under the Capital Access department assist small business and financial lending institutions by providing collateral support or loan participation. In either case, there is always a closing fee and annual fee charged, in addition to all principal returned as well as any fees and interest expense that the MEDC may receive thru its support with the transactions. To date the program has funded over \$186 million to 261 companies, leveraged over \$930 million in Private Investments, received a total of \$10.6 million in program revenue, and has had losses just over 1% of the total loan funded.

Confidentiality

As part of preparation for closing of the facility, there are numerous underwriting documents which contain financial and other proprietary information that are shared with Staff. The MSF Act, (pursuant to MCL 125.2005(9)) provides the MSF the authority to acknowledge such information as confidential information ("Designated Information"). The Lank and the Company seek confidentiality protection from the MSF as described on the attached summary of Designated Information.

Exit Strategy

The Bank has implemented the following loan covenant in conjunction with its existing financing to MyLocker

- Minimum Fixed Charge Coverage Ratio of 1.05x escalating annually as set by the Lender
 - Measured quarterly beginning 10/31/2019
 - Defined as:
The ratio determined as of the end of each fiscal quarter of the borrower, of (a) EBITDA for such period minus unfinanced capital expenditures for such period to (b) Fixed Charges, all calculated for the borrower and its subsidiaries on a consolidated basis in accordance with GAAP.

Fixed Charges means, for any period, without duplication, cash Interest Expense, plus scheduled principal payments on indebtedness made during such period, plus expense for taxes paid in cash, all calculated for the borrower and its subsidiaries on a consolidated basis.
- Total Debt to EBITDA of not more than 4.75x decreasing annually as set by the Lender
 - Measured quarterly beginning 10/31/2019

This Covenant is intended to require re-investment in the balance sheet of MyLocker and ultimately the release of the pledged collateral from the MSF.

Conditions

- Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.
- Unlimited, unsecured personal guaranty of Robert Hake and unlimited corporate guaranty of MyLocker.com, L.L.C.
 - *Guarantees are for the benefit of the MSF, subordinated to the senior lender and limited by senior lender's exposure at time of closing, but the subordination of the guarantees to the MSF in favor of the senior lender may not exceed a principal balance of \$9,216,550, along with reasonable interest and fees.
- The proposed financing will be subject to a Fixed Charge Coverage Ratio, as calculated by the Lender. Required minimum fixed charge coverage ratio will be set at a level acceptable to Lender and CST.
- The proposed financing will also be subject to a maximum Total Debt to EBITDA covenant, as calculated by the Bank. Required maximum total debt to EBITDA will be set at a level acceptable to Bank and CST

SCORING & RATING

SCORING & RATING : MBGF_LPP_2019

Score = **4.40**

4 Good

Model Used: MEDC CRE Model

Last Scored: 05/13/2019 9:16 AM Aileen Cohen

Financial Statements and Forms calculated from:

Balance Sheet: 12/31/2018 Inc. / Exp.: 12/31/2018

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	-2.92	5.00	20.00	1.000	
Debt Coverage Ratio:	3.58	5.00	20.00	1.000	
MSF Leverage Ratio	4.83	2.00	20.00	0.400	
Management / Borrower Character	Excellent team/Well exper	5.00	20.00	1.000	
Business & Industry Trends	Not Vulnerable to sudden	5.00	20.00	1.000	
				4.400	

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

From: Emanuel M. Odom, MCRP Program and Investment Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program Loan Agreement Amendment #2
HB BM East Lansing LLC or Related Entity

Request

HB BM East Lansing LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Loan Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated April 10, 2019 includes a request to extend the Milestone Two due date to June 30, 2019.

Background

The Michigan Strategic Fund Board approved a \$6,750,000 Michigan Revitalization Program Other Economic Assistance award on September 26, 2017 to HB BM East Lansing LLC for a performance-based other economic assistance loan participation for a redevelopment project in downtown East Lansing. The project will include the construction of two buildings, one a 12-story mixed-use building to include market rate apartments as well as a retail space and the other to include a 5-story parking garage with ground floor retail space and 5 additional floors of rental housing.

On January 9, 2018, the MSF Fund Manager approved a 90-day extension allowed under the original award.

On April 24, 2018, the Michigan Strategic Fund Board re-approved and amended the award to a \$6,750,00 MCRP Direct Loan for the Applicant and on August 20, 2018, the MSF Fund Manager approved a 90-day extension allowed under the re-approval.

The amendment is needed to allow additional time for item four in Milestone Two to be completed. The company has met all requirements of Milestone Two except for submitting a copy of a recorded Parking Lease Estoppel and Agreement between the City of East Lansing, Lender and Borrower.

Milestone One has been completed and the company is current with reporting requirements.

Recommendation

MEDC staff recommends approval of an amendment to the MCRP Loan Agreement and any related ancillary agreements to extend the Milestone Two due date to September 30, 2019, allowing additional time beyond what was requested by the Company.

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

From: Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance Award Agreement Amendment #1
Buckham Square Investors, LLC

Request

Buckham Square Investors LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Operating Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated May 9, 2019 includes a request to extend the Milestone Two clause (d) due date from “within sixty (60) calendar days following the achievement of the events described in clause a. of this Milestone Two” to May 31, 2019. In addition, staff is recommending that item 12. Project Completion Requirements due date be extended to December 31, 2021 and that clause (b) be revised to require receipt of the National Park Service Part III approval instead of a certificate by the architect that the project was completed in accordance with the Part II approval.

Background

The Michigan Strategic Fund approved a \$7,949,000 MCRP performance-based other economic assistance award on August 28, 2018 to the Company for the purpose of historically rehabilitating the 11-story former Genesee Bank Building and the 6-story annex building into a 111,315 square foot full-service hotel.

This amendment request is being made because additional time was needed for the National Park Service (NPS) to process the Historic Part II application. The Company has received a letter from NPS confirming conditional approval and has also been informed no other documentation will be provided until the Part III has been approved. The extension of the due date for item 12 is necessary to allow time for project completion as well as NPS processing of the Part III approval.

Milestone One has been completed and the company is current with reporting requirements.

Recommendation

The MEDC staff recommends approval of the following amendments to the MCRP Operating Agreement and any related ancillary agreements:

- a) Extension of the Milestone Two clause (d) due date from “within sixty (60) calendar days following the achievement of the events described in clause a. of this Milestone Two” to May 31, 2019.
- b) Extension of item 12. Project Completion Requirements due date to December 31, 2021.

Buckham Square Investors LLC –Amendment Memo

May 21, 2019

Page 2 of 2

- c) Revision of the language in item 12, clause (b) to require receipt of the National Park Service Part III approval instead of a certificate by the architect that the project was completed in accordance with the Part II approval.

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program Loan Participation Agreement Amendment #2
Selden Partners, LLC

Request

Selden Partners, LLC (“Borrower”) is requesting approval of an amendment to the Michigan Community Revitalization Program Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements to allow for an extension of several dates in the Loan Participation Agreement and in the Construction Loan Agreement, replacement of WCIF as the permanent lender with the original construction loan lender, Capital Impact Partners (“Lender”), and ratification of Lenders conversion, per the Borrower’s request dated April 10, 2019.

Background

The Michigan Strategic Fund Board approved a \$1,000,000 MCRP Other Economic Assistance Loan Participation on March 28, 2017 to the Borrower for the redevelopment of a .23-acre parcel of property located at 644 Selden in the City of Detroit, commonly known as the Casket Company building. The Casket Company building would be rehabilitated and a two-floor addition of residential space would be added over a portion of the building, creating a mixed-use development with a destination restaurant, creative innovation work space and approximately eight residential units.

An amendment to the project was approved on July 24, 2018, to extend the Construction Loan Maturity Date, the Conversion Date, the interest only period expiration date, the start of principal and interest repayments to the MSF, the Milestone Two Project Completion deadline, and the Certification of the Construction Loan deadline due to construction delays.

The project originally included Capital Impact Partners as the construction loan lender, with WCIF as the intended permanent lender. The project was unable to meet WCIF’s deadlines in order for them to complete the buyout of the Lender’s construction loan. The project was completed except for punch-list items by the end of December 2018, and was leasing-up well. The Lender decided to convert the MSF Share on December 1, 2018, albeit contrary to the Loan Participation Agreement. The Lender worked through the final construction draw and modified their construction loan documents to allow for permanent financing on March 25, 2019. The project is now 100% leased. All project Milestone documentation has been received and approved by MEDC staff. The MSF has received principal and interest payments for January 2019 through May 2019.

Recommendation

The MEDC staff recommends approval of amendment #2 to the MCRP Loan Participation and Servicing Agreement and any related ancillary agreements to allow for an extension of several dates in the Loan Participation Agreement and in the Construction Loan Agreement, replacement of WCIF as the permanent lender by Capital Impact Partners (“Lender”), and ratification of Lenders conversion, per the Borrower’s request dated April 10, 2019.

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

From: Julius L. Edwards, Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program
Other Economic Assistance – Loan Participation Agreement Amendment #1
Detroit Entrepreneur Development, LLC

Request

Detroit Entrepreneur Development, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation Agreement and any related ancillary agreements (“Agreement”). The amendment request includes a request to amend the existing MCRP Agreement reducing the “Minimum Eligible Investment” requirement from \$5,200,000 to \$5,132,000, as well as, extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019.

Background

The MSF Board approved a \$1,300,000 MCRP Other Economic Assistance Award on October 25, 2016 for the Company for the purpose of redeveloping a 0.28 acre site in northwest downtown Jackson into an approximately 46,280 square foot four-story mixed-use building. Upon completion, the building will consist of approximately 30 market rate residential rental units and 8,500 square feet of commercial space.

Staff is requesting to amend the MCRP Agreement to reduce the “Minimum Eligible Investment” requirement to \$5,132,000, and extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019. Reducing the “Minimum Eligible Investment” will require a principal repayment of \$17,000 on the original MCRP Award of \$1,300,000. Upon submission of the materials for verifying the “Minimum Eligible Investment” it was determined that several costs that were originally anticipated to be eligible were determined to be ineligible necessitating the reduction in the “Minimum Eligible Investment” and extension of the milestones.

The Company has completed the project as presented, and is current on all reporting requirements and payments aside from the milestone being requested to be amended.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Loan Participation Agreement and any related ancillary agreements as presented above.

ORIGINAL APPROVAL MEMO



MEMORANDUM

Date: October 25, 2016

To: Michigan Strategic Fund Board

From: Dominic Romano, Community Assistance Team Specialist
Lisa Edmonds, Brownfield and CRP Program Specialist
Jim Davis, Underwriting and Incentive Structuring Specialist

Subject: Detroit Entrepreneur Development, LLC. - Request for Approval Michigan Community Revitalization Program Loan

Request

The proposed project will be undertaken by Detroit Entrepreneur Development, LLC. The project will redevelop a single 0.28 acre site located at 209 West Louis Glick Highway in the City of Jackson, Michigan. The project is located in Downtown Jackson and qualifies for a Michigan Community Revitalization Program (MCRP) award because the site is a facility.

Detroit Entrepreneur Development, LLC is requesting approval of a \$1,300,000 MCRP Other Economic Assistance award in the form of a Performance-Based Loan Participation.

The City of Jackson has been an impacted community where the rental housing market has been underserved. Market research supported by the Michigan State Housing Development Authority has shown the need for additional rental opportunities for the growing workforce in Jackson. This project addresses this housing need, however, a third party appraisal of the proposed completed project shows a value of \$4,040,000, which is more than \$1,300,000 less than the estimated developments costs of \$5,385,838 to complete construction. The development team has been able to secure approximately \$3.2 million traditional senior debt and is contributing another \$854 thousand (15.9%) in owner equity to the project. The remaining gap is being filled with a MCRP Loan Participation award of \$1,300,000. The MCRP award will assist in maintaining the financial stability of the project and allow the development team to achieve an acceptable projected return of around 10%. The project also supports significant job

creation, addresses brownfield conditions on the site, and will act as a catalyst for additional projects in the downtown. The detailed structure of the MCRP award is provided in **Appendix A**.

The Applicant anticipates that the project will result in total capital investment of \$5,385,838 along with the creation of approximately 39 permanent full-time equivalent jobs with an average hourly wage of \$26.00.

Background

The project will redevelop a 0.28 acre, City of Jackson owned, parcel in northwest downtown Jackson. The City has previously completed demolition activities and will be building a parking lot on adjacent land to support this newly constructed building on the site. The City is also supporting the redevelopment with a Commercial Rehabilitation tax abatement spanning nine years with an approximate projected value of \$516,042. The Detroit Entrepreneur Development, LLC is primarily owned by individuals who want to act as a catalyst for downtown development in Jackson. They propose to construct approximately a 46,280 square foot, 4 story, mixed-used, urban infill project containing approximately 8,500 square feet of commercial space on the first floor and approximately 30 market rate apartments making up approximately 29,655 square feet. The developer has a Letter of Interest for the entirety of commercial space on the first floor for five years with a to-be-announced technology company. The site is a contaminated facility and will remediate the site following the due care plan submitted to the Michigan Department of Environmental Quality (DEQ). The developer has spent approximately \$150,000 to date on predevelopment costs. The developer plans to acquire the property on October 20, 2016 and begin construction by November 1, 2016. The development team has never received prior assistance from the MSF but has successfully completed other projects, one being the Grand River Brewery in Jackson.

Appendix B addresses the programmatic requirements and **Appendix C** includes a project map and renderings.

Recommendation

MEDC staff recommends approval of the following:

- a) MCRP Other Economic Assistance Performance-Based Loan Participation in the amount of \$1,300,000 for Detroit Entrepreneur Development, LLC.

APPENDIX A

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION

SUMMARY OF DEVELOPMENT SOURCES:

Bank Share	\$3,232,000	60.01%
MSF Share	\$1,300,000	24.14%
Developer Equity	\$853,838	15.85%
TOTAL	\$5,385,838	100%

LOAN FACILITY

MSF Facility

Borrower:	Detroit Entrepreneur Development, LLC or a Related Entity
Lender:	Dart Bank
Total Amount of Loans:	Currently Estimated at \$4,532,000
Lender Share:	Currently Estimated at \$3,232,000
MSF Share:	Up to the lesser of 25% “Eligible Investment” or \$1,300,000 <i>Staff is recommending deviation from our lending parameters and advancing 25% of “Eligible Investment”. The recommended increase is to reduce senior debt burden on the project and provide additional financial flexibility.</i>
Term:	To match that of Lender, anticipated to be 60 months
Amortization:	To match that of Lender, anticipated to be 300 months
Interest Rate:	On the MSF Share anticipated to be 1.00% per annum.
Repayment Terms:	To match that of Lender, currently anticipated to be 24 months of interest only payments, followed by principal and interest payments. <i>Payments on the MSF Share of the loan will be limited to a level that will allow the project to maintain a 1.20x debt service coverage ratio.</i>

- Collateral:** To match that of Lender, currently anticipated being a mortgage lien on the property, and assignment of leases and rents. MSF share of collateral will be subordinated to that of the Lender.
- Guarantee:** To match that of Lender, currently anticipated to be the limited unsecured personal guarantees of the members of Detroit Entrepreneur Development, LLC. The MSF share of guarantees will be subordinated to that of the Lender.
- MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF's award amount. The Lender may charge the borrower for this fee.
- Funding:** The MSF will fund up to \$1,300,000 to be disbursed following closing of the Loan and other performance criteria.
- Other Conditions:** Approval will be contingent upon receipt of the following prior to closing or as a project Milestone:
- Executed Construction Documents (includes "Guaranteed Maximum Price" construction contract)
 - A minimum equity contribution of \$853,838

MEMORANDUM

Date: May 21, 2019

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

From: Matt Chasnis, Business Development Project Manager

Subject: Subaru Research and Development Inc. (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Grant Reauthorization

Background

On August 28, 2018, the Michigan Strategic Fund (MSF) approved a request from the Applicant for a \$1,500,000 MBDP Performance-based grant for the creation of 101 Qualified New Jobs and a capital investment of up to \$48,175,900 in Van Buren Township, Wayne County.

The MBDP approval required that an Agreement be entered within 120 days of the date of the approval and may be extended for an additional 60 days with approval from the MSF Fund Manager. Due to administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days. The project scope and parameters remain the same as previously approved. It is anticipated the Company will be able to execute the agreement within the allotted reauthorization timeline.

Recommendation

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

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

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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

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

Date: August 14, 2018

Company Name:	Subaru Research and Development, Inc. and/or its affiliates and subsidiaries.
Project Location:	Van Buren Township, Wayne County
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,500,000
Base Employment Level:	At least 33
Qualified New Jobs:	At least 101 in Michigan
Municipality Supporting Project:	Van Buren Township has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	August 7, 2018 (Date of Application Submittal)
Term of the Agreement:	November 30, 2023
Milestone Based Incentive:	Disbursements will be made over a 4 year period and will be performance based on job creation as follows: Milestone 1: \$371,250 for the creation of 25 jobs. Milestone 2: \$371,250 for the creation of 25 jobs. Milestone 3: \$371,250 for the creation of 25 jobs. Milestone 4: \$386,250 for the creation of 26 jobs.

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

Acknowledged as received by:

Subaru Research and Development, Inc.

By:

T. Takahashi

Printed Name:

Tetsuro Takahashi

Its:

General Manager

Michigan Economic Development Corporation

By:

Trevor Friedberg

Printed Name:

Trevor Friedberg

Its:

Director, Business Dev. Projects

August 14, 2018 – Subaru Research and Development, Inc.

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund (“MSF”) Board

From: Mike Gietzen, Senior Business Development Project Manager

Subject: Pfizer Inc. (“Company”)
Reauthorization of Michigan Business Development Program Performance-based Grant

Background

On July 24, 2018, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of \$1,000,000. The project will result in a capital investment of up to \$465,000,000 and up to 450 Qualified New Jobs in the City of Portage within Kalamazoo County.

The MBDP approval required that the Agreement be entered into within 120 days of the date of the approval and may be extended for an additional 60 days with approval from the MSF Fund Manager. Due to administrative limitations, all parties have been unable to enter into the Agreement. The project scope and parameters remain the same as previously approved. The Company is now at a point where it will be ready to proceed and sign the Agreement.

Recommendation

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

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

MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Incentive - Term Sheet - Definitions

This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation (“MEDC”) to the MSF. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

Base Employment Level: The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement (“Agreement”) between the MSF and the Company.

Qualified New Job Creation: The minimum number of total Qualified New Jobs the Company shall be required to create at the Project Location (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

Company Investment: The Company anticipates investment of up to \$465,000,000 for new construction, building renovations and machinery and equipment, *or any combination thereof, for the Project.*

Municipality Support: One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: a property tax abatement related to the Project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

Disbursement Milestones: The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

- a. **Disbursement Milestone 1:** Up to \$165,000 Upon demonstrated creation of 75 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than July 30, 2019.
- b. **Disbursement Milestone 2:** Up to \$165,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 150 Qualified New Jobs) above the Base Employment Level, by no later than July 30, 2020.
- c. **Disbursement Milestone 3:** Up to \$165,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 225 Qualified New Jobs) above the Base Employment Level, by no later than July 30, 2021.

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

- d. **Disbursement Milestone 4:** Up to \$165,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and Disbursement Milestone 3 and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than July 31, 2022.
- e. **Disbursement Milestone 5:** Up to \$165,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and Disbursement Milestone 3 and Disbursement Milestone 4 and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 375 Qualified New Jobs) above the Base Employment Level, by no later than July 31, 2023.
- f. **Disbursement Milestone 6:** Up to \$175,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and Disbursement Milestone 3 and Disbursement Milestone 4 and Disbursement Milestone 5 and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 450 Qualified New Jobs) above the Base Employment Level, by no later than July 31, 2024.

Repayment Provisions: Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

Reporting Requirements: Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

Public Announcements: The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.

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: July 3, 2018

Company Name:	Pfizer Inc. and/or its affiliates and subsidiaries.
Project Location:	7000 Portage Road Kalamazoo, Michigan 49001 7171 Portage Road Kalamazoo, Michigan 49001
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,000,000
Base Employment Level:	At least 756
Qualified New Jobs:	At least 450
Municipality Supporting Project:	The City of Portage has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	April 16, 2018 (Date of Accepted Offer Letter)
Term of the Agreement:	January 31, 2025
Milestone Based Incentive:	Disbursements will be made over a 6 year period and will be performance based on job creation as follows: Milestone 1: \$165,000 for the creation of 75 jobs. Milestone 2: \$165,000 for the creation of 75 jobs. Milestone 3: \$165,000 for the creation of 75 jobs. Milestone 4: \$165,000 for the creation of 75 jobs. Milestone 5: \$165,000 for the creation of 75 jobs. Milestone 6: \$175,000 for the creation of 75 jobs.

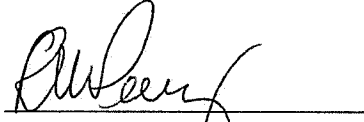
The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Acknowledged as received by:

Pfizer Inc.

By:



Printed Name:

RONALD M. PERRY

Its:

VP, SITE LEADER

Michigan Economic Development Corporation

By:



Printed Name:

Michael Gietzen

Its:

Sr. Business Development Projects Manager

MEMORANDUM

Date: May 21, 2019

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

From: Jeremy Webb, Sr. Business Development Project Manager

Subject: Waymo LLC (“Company”)
Amendment to Approved Michigan Business Development Program Grant Approval

Request

This is a request to add Green Panther Inc., the Company’s partner in the project, as an entity that will create jobs in direct support of the Project and as such, the jobs will count for purposes of Qualified New Jobs and Base Employment Level for the Project. The entity was inadvertently omitted from the original approval. Since approval, the Company has begun attracting talent for the project. As a result, the Company is requesting that 2300 Traverwood Drive, Ann Arbor, Michigan be added for the purposes of Qualified New Jobs and Base Employment Level.

Background

On January 22, 2019, the MSF approved an up to \$8,000,000 award for the Company under the Michigan Business Development Program. The Company proposed to locate its vehicle integration operations in Michigan. In this operation, the Company will be integrating its self-driving systems into the vehicle platforms of its OEM partners. The project will result in approximately \$13,600,000 in private investment and the creation of 100 new jobs, with the potential for up to 400 total jobs in Prosperity Region 10.

Recommendation

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

- a) Amend the January 22, 2019 approval to add Green Panther Inc. for Qualified New Jobs and Base Employment Level purposes;
- b) Add 2300 Traverwood Drive, Ann Arbor, Michigan as a location for the purposes of Qualified New Jobs and Base Employment Level;
- c) Increase the Base Employment Level from 20 to 22; and
- d) All other aspects of the approval remain unchanged.

MEMORANDUM

Date: May 21, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jeremy Webb, Sr. Business Development Project Manager
Subject: FCA US LLC (“Company” or “Applicant”)
Good Jobs for Michigan (“GJFM”) Withholding Tax Capture Revenues Request
State Essential Services Assessment (“SESA”) Exemption Requests
Alternative State Essential Services Assessment (“ASESA”) Exemption Request

Summary

This is a request from the Applicant for a SESA exemption over 15 years for \$963,252,000 in Eligible Investment in Eligible Personal Property estimated to be worth up to \$21,083,085 and a 50 percent GJFM Withholding Tax Capture for up to five years estimated to be worth up to \$6 million for the creation of 1,400 new jobs and capital investment of up to \$1,495,543,000 at Warren Truck Assembly Plant (“Warren Truck”) in the City of Warren. Additionally, the Company is requesting a SESA exemption over five years for \$70,020,000 in Eligible Investment in Eligible Personal Property estimated to be worth up to \$692,928, with a total investment of \$236,250,000 at Warren Stamping Plant (“Warren Stamping”) in the City of Warren. Lastly, the Applicant is requesting an ASESA for up to five years for \$35,280,000 in Eligible Personal Property estimated to be worth \$180,900, with the creation of 83 new jobs and \$169,290,000 in capital investment at Sterling Stamping Plant (“Sterling Stamping”) in the City of Sterling Heights.

Company Background

Headquartered in Auburn Hills, Michigan, the Company is a member of the Fiat Chrysler Automobiles N.V. family of companies. The Company designs, engineers, manufactures and sells vehicles under the Chrysler, Jeep, Dodge, Ram and FIAT brands, as well as the SRT performance vehicle designation. The Company also distributes Alfa Romeo and Mopar products. The Company is building upon the historic foundations of Chrysler, the innovative American automaker first established by Walter P. Chrysler in 1925; and FIAT, founded in Italy in 1899 by pioneering entrepreneurs, including Giovanni Agnelli. Currently, the Company has around 40,000 employees in Michigan, and around 236,000 employees worldwide.

The Applicant has received incentives from the MSF in the past. At its April and July 2016 meetings, the MSF approved SESA Exemptions for the Company’s planned investments at the Trenton Engine plant and Sterling Heights plant, respectively. In September of 2016, the MSF also approved an MBDP for the creation of 700 Qualified New Jobs and up to \$1,486,441,000 of capital investment at the Sterling Heights Plant. The Company also has an existing retention MEGA credit through 2029 for up to 27,000 retained jobs in Michigan. Language will be included in the final agreement that job creation as a result of this project will not count toward the MEGA Tax Credit. The existing incentives are in good standing with the MEDC.

Project Description

In response to a shift in consumer demand toward SUVs and trucks, the Company discontinued compact car production and retooled plants in Illinois, Ohio and Michigan to make full use of available capacity to expand the Jeep and Ram brands. Those actions have resulted in the recent launches of the award-winning

all-new Jeep Wrangler and all-new Ram 1500, and the introduction of the newest member of the Jeep family, the all-new Jeep Gladiator, at the 2018 Los Angeles Auto Show. The Company is proposing significant investments in Michigan as a next step in a U.S. manufacturing realignment that the Company began in 2016. In addition to the investments planned in the City of Detroit, the Company plans include the following expansions at its Warren Truck, Warren Stamping and Sterling Stamping facilities:

Warren Truck

The Company is considering expansion and renovation of its Warren Truck facility. The project would result in the creation of 1,400 new jobs and an investment of up to \$1,495,543,000. The project would introduce new technology to increase the capability of the plant in order to accommodate the new product lines. Warren Truck, built in 1938, spans across nearly 87 acres and is over 3,000,000 square feet. Due to the plant's age, Warren Truck needs significant investment to house the new Jeep Wagoneer and Grand Wagoneer product lines. Warren Truck currently produces the Dodge Ram Classic Quad and Crew models and was charged with producing the Dodge Dakota from 1987 to 2011. The plans include an approximately 100,000 square feet expansion which will include fit and finish work, as well as a 400,000 square feet addition for a new paint shop.

Warren Stamping

Built in the City of Warren in 1948, with production beginning in 1949, Warren Stamping sits on 78 acres and is over 2,000,000 square feet. Warren Stamping produces stampings and assemblies including hoods, roofs, liftgates, side apertures, fenders and floor pans. The stampings and assemblies are provided for the Dodge Grand Caravan, Dodge Durango, Chrysler Pacifica, Jeep Grand Cherokee, Jeep Cherokee and Ram Trucks (Light Duty and Heavy Duty). The investment of \$236,250,000 will support adding new technology and machinery to the plant to accommodate the new Jeep Grand Cherokee line.

Sterling Stamping

Built in the City of Sterling Heights in 1965, with production beginning the same year, Sterling Stamping sits on 254 acres and is over 2,700,000 square feet. Sterling Stamping also produces stampings and assemblies including hoods, roofs, liftgates, side apertures, fenders and floor pans for the same vehicles as Warren Stamping. The investment of \$169,290,000 will help add new technology and machinery to the plant to accommodate the new Jeep Grand Cherokee line. The project will also require the addition of 83 new jobs.

In total, the projects represent the creation of 1,483 new jobs and \$1.9 billion in capital investment. In the course of its business, the Company conducts studies analyzing future industrial and production plans, facility locations, footprints, and plant loading schedules including locations in Michigan, Illinois, and Mexico. This analysis includes reviewing costs associated with the project locations, as well as state and local incentives. Considering the Company will need to invest a significant amount of funds to update the over 80 year old Warren Truck facility, as well as retooling Warren Stamping and Sterling Stamping, incentive assistance is needed to locate the project in Michigan. The Company has operations in Belvidere, Illinois as well as Mexico that they are analyzing for the project that have available space. Without incentive assistance, the Company would proceed forward with the project outside of Michigan.

Other State and Local Support

In addition to MSF support, the city of Warren anticipates approval of a property tax abatement in support of the project. The MEDC also authorized a State Education Tax Abatement to be used in conjunction with the locally approved abatement.

Considerations for GJFM

- a) The Applicant is an “Eligible Business”, as defined in MCL 125.2090g(d), that is located and operates in Michigan.
- b) The Eligible Business has committed to creating and maintaining a minimum of 500 Certified New Jobs at Warren Truck with an average wage of equal to or greater than the regional prosperity average wage of \$59,846.
 - a. The Applicant plans to create 1,400 Certified New Jobs above a project location base employment level of 3,328, paying an average wage of \$60,701. The Certified New Jobs will be created within five years of entering into the written agreement.
- c) The maximum amount of withholding tax capture revenues captured related to the project is \$6,000,000.
- d) The project will be located in the city of Warren. The city of Warren anticipates approval of the Eligible Business’s new location OR expansions by resolution.
- e) The plans for the expansion are economically sound.
- f) The expansion or location of the Eligible Business will increase employment opportunities and strengthen Michigan’s economy.
- g) Assistance under this program is an incentive to expand or locate the Eligible Business in Michigan and address the competitive disadvantages with sites outside the state.
- h) The expansion or location of the Applicant will result in a positive fiscal impact to the state.

Considerations for SESA

- a) The Applicant is an “Eligible Claimant”, as defined in MCL 211.1053(d), which will claim an exemption for Eligible Personal Property as defined in MCL 211.1053(e).
- b) The Eligible Investments will be made after MSF approval and completed within three years of December 31, 2019 (“Commencement of the Project”).
- c) The Company has agreed to pay State Essential Services Assessment Exemption administrative fees of \$10,000 for Warren Truck, \$6,929 for Warren Stamping, and \$1,809 for the Sterling Stamping payable to the Michigan Economic Development Corporation upon completion of the first performance milestone.
- d) The 15 year State Essential Services Assessment Exemption in the Warren Truck is estimated to be worth \$21,083,085. The requested exemption breaks down as follows:

	Years 1 – 5 (2.4 mills)	Years 6 – 10 (1.25 mills)	Years 11-15 (0.9 mills)	Total
State ESA Exemption Amount	\$9,343,296	\$7,082,028	\$4,657,761	\$21,083,085

- e) The five year State Essential Services Assessment Exemption for Warren Stamping is estimated to be worth \$692,928 over five years.
- f) The five year Alternative State Essential Services Assessment Exemption for Sterling Stamping is estimated to be worth \$180,900 over five years.

Recommendation

MEDC Staff recommends approval of the following, as outlined in the attached resolutions:

- Approval of the GJFM Request for up to 50 percent for five years up to \$6 million;
- Approval of the SESA Request for up to 15 years for up to \$963,252,000 in Eligible Investment in Eligible Personal Property at Warren Truck in the City of Warren;
- Approval of the SESA Request for up to five years for up to \$70,020,000 in Eligible Investment in Eligible Personal Property at Warren Stamping in the City of Warren;
- Approval of the ASES Request for up to five years for up to \$35,280,000 in Eligible Investments in Eligible Personal Property at Sterling Stamping in the City of Sterling Heights;
- Closing is subject to available funding under the programs at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), final terms and conditions, including closing conditions to effectuate the incentives satisfactory to the MSF Fund Manager or MSF President, and other general Due Diligence as required; and
- Commitment for the GJFM will remain valid for 90 days with approval for the MSF Fund Manager to extend the commitment an additional 30 days.

MEMORANDUM

Date: May 21, 2019

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

From: Jeremy Webb, Sr. Business Development Project Manager

Subject: *Company Request:* FCA US LLC (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Grant Request
Good Jobs for Michigan (“GJFM”) Withholding Tax Capture Revenues Request
State Essential Services Assessment (“SESA”) Exemption Requests

DBRA Request: Detroit Brownfield Redevelopment Authority (“DBRA”)
MSF Performance-Based Grant Request
MSF Investment Fund Request

Company Request:

This is a request from the Applicant for incentive assistance for the creation of 1,100 new jobs with a capital investment of up to \$901,047,000 at its Jefferson North Assembly Plant (“JNAP”) and 3,850 new jobs with a capital investment of up to \$1,614,059,000 at its Mack Engine Plants (“MACK”). In total, the project will result in 4,950 new jobs and \$2,515,106,000 in capital investment, of which \$1,422,630,000 is Eligible Investment in Eligible Personal Property.

To support this project, the Applicant is requesting the following:

- \$10,000,000 MBDP Grant as outlined in the attached Term Sheet (“MBDP Request”);
- 100 percent GJFM Withholding Tax Capture for up to 10 years valued at up to \$99,000,000 (“GJFM Request”); and
- 100% SESA Exemption for up to 15 years valued at up to \$13,456,976 (“JNAP SESA Request”)
- 100% SESA Exemption for up to 15 years valued at up to \$18,088,056 (“MACK SESA Request”)

Company Background

Headquartered in Auburn Hills, Michigan, the Company is a member of the Fiat Chrysler Automobiles N.V. family of companies. The Company designs, engineers, manufactures and sells vehicles under the Chrysler, Jeep, Dodge, Ram and FIAT brands, as well as the SRT performance vehicle designation. The Company also distributes Alfa Romeo and Mopar products. The Company is building upon the historic foundations of Chrysler, the innovative American automaker first established by Walter P. Chrysler in 1925; and FIAT, founded in Italy in 1899 by pioneering entrepreneurs, including Giovanni Agnelli.

The Applicant has received incentives from the MSF in the past. At its April and July 2016 meetings, the MSF approved SESA Exemptions for the Company’s planned investments at the Trenton Engine plant and Sterling Heights plant, respectively. In September of 2016, the MSF also approved an MBDP for the creation of 700 Qualified New Jobs and up to \$1,486,441,000 of capital investment at the Sterling Heights Plant. The Company also has an existing retention MEGA credit through 2029 for up to 27,000 retained jobs in Michigan. Language will be included in the final agreement that job creation as a result of this project will not count toward the MEGA Tax Credit. The existing incentives are in good standing.

Project Description

In response to a shift in consumer demand toward SUVs and trucks, the Company discontinued compact car production and retooled plants in Illinois, Ohio and Michigan to make full use of available capacity to expand the Jeep and Ram brands. Those actions have resulted in the recent launches of the award-winning all-new Jeep Wrangler and all-new Ram 1500, and the introduction of the newest member of the Jeep family, the all-new Jeep Gladiator, at the 2018 Los Angeles Auto Show. The Company is proposing significant investments in Michigan as a next step in a U.S. manufacturing realignment that the Company began in 2016. The Company's initial plans include the following expansions at its MACK and JNAP facilities:

MACK

Purchased in 1953 from Briggs Manufacturing Co., MACK continued to produce car bodies and frames. In 1998, MACK began producing V-8 engines and later transitioned to the Pentastar line of V-6 engines used in the Chrysler 300, Jeep Grand Cherokee, Jeep Wrangler, Jeep Cherokee, Dodge Grand Caravan and Dodge Journey. The Company plans to reopen its long-idled MACK II plant, as well as convert the MACK I plant from producing engines and transform the plants into a full assembly facility for the next-generation Jeep Grand Cherokee. The new line is expected to include a new third row vehicle, as well as a plug-in hybrid version of the Jeep Grand Cherokee. These new product lines, in addition to the transformation from an engine plant to an assembly plant, requires significant job creation and investment. The Company plans to create 3,850 new jobs and an estimated investment of up to \$1,614,059,000 in the MACK. The Company anticipates launching the first three-row vehicles by the fourth quarter of 2020, followed by the all new Grand Cherokee in the first half of 2021.

JNAP

Built in the city of Detroit in 1991, with production beginning in 1992, JNAP sits on 283 acres and is around 3,000,000 square feet. JNAP currently produces the Jeep Grand Cherokee, Jeep Grand Cherokee SRT and Dodge Durango. The Company is looking to retool and modernize JNAP, which would allow for the next generation Jeep Grand Cherokee, as well as hybrid versions of these vehicles and could eventually lead to the production of all electric models. The retooling and modernization of JNAP would require an investment of up to \$901,047,000 and 1,100 new jobs.

The project represents the first new assembly plant to be built in the City of Detroit in nearly three decades. In total, the project should result in the creation of 4,950 new jobs and \$2,515,106,000 in capital investment in the City of Detroit.

In the course of its business, the Company conducts studies analyzing future industrial and production plans, facility locations, footprints, and plant loading schedules including locations in Michigan, Illinois, and Mexico. This analysis includes reviewing costs associated with the project locations, as well as state and local incentives. The Company currently has operations in Belvidere, Illinois as well as Mexico that they are analyzing for the project as they have available space. In order to locate the project in Michigan, the Company needs to make a significant investment, more so than needed in Mexico or Illinois. Without incentive assistance, the Company would proceed forward with the project outside of Michigan.

Considerations for MBDP

- a) The Applicant is a "Qualified Business," as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Detroit. The City of Detroit has offered a "staff, financial, or economic commitment to the project" in the form of a tax abatement, which

amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.

- c) The Applicant has demonstrated a need for the funding.
- d) The Applicant plans to create 3,850 Qualified New Jobs at MACK above a base employment level of 697.

Considerations for GJFM

- a) The Applicant is an “Eligible Business,” as defined in MCL 125.2090g(d), that is located and operates in Michigan.
- b) The Eligible Business has committed to creating and maintaining a minimum of 3,000 Certified New Jobs at JNAP & MACK with an average wage of equal to or greater than the regional prosperity average wage of \$59,846.
 - a. The Applicant plans to create 4,950 Certified New Jobs above a project location base employment level of 5,793, of which at least 3,000 will have an average wage of at least \$59,846. The Certified New Jobs will be created within five years of entering into the written agreement.
- c) The maximum amount of withholding tax capture revenues captured related to the project is \$99,000,000.
- d) The project will be located in the city of Detroit. The city of Detroit anticipates approval of the Eligible Business’s new location OR expansions by resolution.
- e) The plans for the expansion are economically sound.
- f) The expansion or location of the Eligible Business will increase employment opportunities and strengthen Michigan’s economy.
- g) Assistance under this program is an incentive to expand or locate the Eligible Business in Michigan and address the competitive disadvantages with sites outside the state.
- h) The expansion or location of the Applicant will result in a positive fiscal impact to the state.

Considerations for SESA

- a) The Applicant is an “Eligible Claimant,” as defined in MCL 211.1053(d), which will claim an exemption for Eligible Personal Property, as defined in MCL 211.1053(e).
- b) The Eligible Investments will be made after MSF approval and completed within three years of December 31, 2019 (“Commencement of the Project”).
- c) The Company has agreed to pay a State Essential Services Assessment Exemption administrative fee of \$10,000 payable to the Michigan Economic Development Corporation upon completion of the first performance milestone for JNAP and after the first performance milestone for MACK.
- d) The 15 year State Essential Services Assessment Exemption for JNAP is estimated to be worth \$13,456,976. The requested exemption breaks down as follows:

	Years 1 – 5 (2.4 mills)	Years 6 – 10 (1.25 mills)	Years 11-15 (0.9 mills)	Total
State ESA Exemption Amount	\$6,517,368	\$4,118,495	\$2,821,113	\$13,456,976

- e) The 15 year State Essential Services Assessment Exemption for MACK is estimated to be worth \$18,088,056. The requested exemption breaks down as follows:

	Years 1 – 5 (2.4 mills)	Years 6 – 10 (1.25 mills)	Years 11-15 (0.9 mills)	Total
State ESA Exemption Amount	\$8,368,056	\$5,820,467	\$3,899,533	\$18,088,056

DBRA Request:

The DBRA is requesting support to pursue land assembly activities aimed at establishing market-ready industrial sites in and around Detroit allowing the Company to expand. The total cost of the land acquisition and site preparation is estimated to be \$107.6 million, of which approximately \$60 million is for site preparation.

The DBRA is requesting the following to assist with site preparation costs, which will allow the Company to expand its MACK and JNAP facilities:

- \$35,000,000 MSF Performance-Based Grant
- \$20,000,000 MSF Investment Fund award

Additionally, staff anticipates bringing forward an Act 381 Work Plan to a future MSF Board meeting. Due to project construction timing, there is a need to move forward with the above-mentioned incentive requests prior to being able to present a completed Act 381 Work Plan request.

DBRA Background

The City of Detroit (“City”), along with the DBRA, are assembling the land required for the MACK and JNAP expansions. This is a transformational project for Detroit and will bring the first newly constructed assembly plant to the City in nearly 30 years. In order to construct the new assembly plant, the Company must expand its geographic footprint into neighboring properties. The City is partnering with the DBRA to provide approximately 215 acres of land in order to allow the Company to construct the new automotive assembly plant. A map of the proposed properties to be acquired is included for your reference. In addition to acquiring the land, the City and the DBRA are also investing a significant amount to prepare the sites for the Company.

The total land assembly and site preparation is expected to be \$107.6 million. The City and DBRA have committed to provide approximately \$50.6 million for land acquisition in the form of uncommitted City bond funds, a \$7.5 million loan from the City to the DBRA and \$7.1 million from the sale of the City’s Millennium Garage. The DBRA is requesting the collective \$55 million from the MSF to pursue land assembly activities (consisting of land acquisition, site preparation and soft costs) aimed at establishing market-ready industrial sites in and around Detroit, Michigan. It is anticipated the properties will subsequently be transferred to the Company to construct an assembly plant and related improvements for the Mack Assembly Plant.

The DBRA Request will be performance-based and disbursed to the DBRA as evidence of commitments and/or expenses are made for land assembly activities. The DBRA Request is comprised of a \$35 million performance-based grant and \$20 million in Investment Funds. The Investment Fund will be repaid utilizing tax increment revenues generated from the Mack Assembly Plant to be further defined in the Act 381 Work Plan. No Investment Funds will be disbursed from the MSF until an Act 381 Work Plan is approved by the

MSF along with an assignment of Tax Increment Financing reimbursements. It is anticipated the assignment will require the MSF to be repaid the principal of the Investment Fund disbursed, plus a rate of return up to 1.16 percent per annum, accruing from and after at the earliest, January 1, 2020, and through the expiration of the MSF approved Act 381 Work Plan for the real estate (anticipated to be over 30 years). Repayments to the MSF from the TIF reimbursements may be subordinate to DBRA debt service for the Eligible Activities paid by DBRA, and shall include terms and conditions addressing application of residual TIF reimbursements between DBRA and the MSF.

In exchange for the City and DBRA's support, the Company and City have agreed to a \$35 million community benefits package that includes approximately \$19 million for workforce training and education, with other funds going toward building a buffer wall around the new plant, as well as demolishing or renovating homes in the area. In part, this investment in the community would start a manufacturing career academy anticipated to be at Southeastern High School, which is about a block away from JNAP. With the statewide need for skilled talent, this investment as a result of the project is a great asset to the community and the state of Michigan as a whole. In addition, the Company has agreed that Detroit residents will have the first opportunity to apply for all open positions after all UAW collective bargaining agreements have been met.

Other State and Local Support

The City anticipates approval of a property tax abatement in support of the project. The MEDC also authorized a State Education Tax Abatement to be used in conjunction with the locally approved abatement. In addition, the DBRA is working on preparing an Act 381 Brownfield Work Plan to support the Brownfield activities associated with the project which staff anticipates bringing to a future MSF Board meeting for approval. The Department of Environment, Great Lakes and Energy (EGLE) anticipates approval of a \$2,000,000 grant to support the project.

Recommendation

MEDC Staff recommends approval of the following:

Company Recommendation:

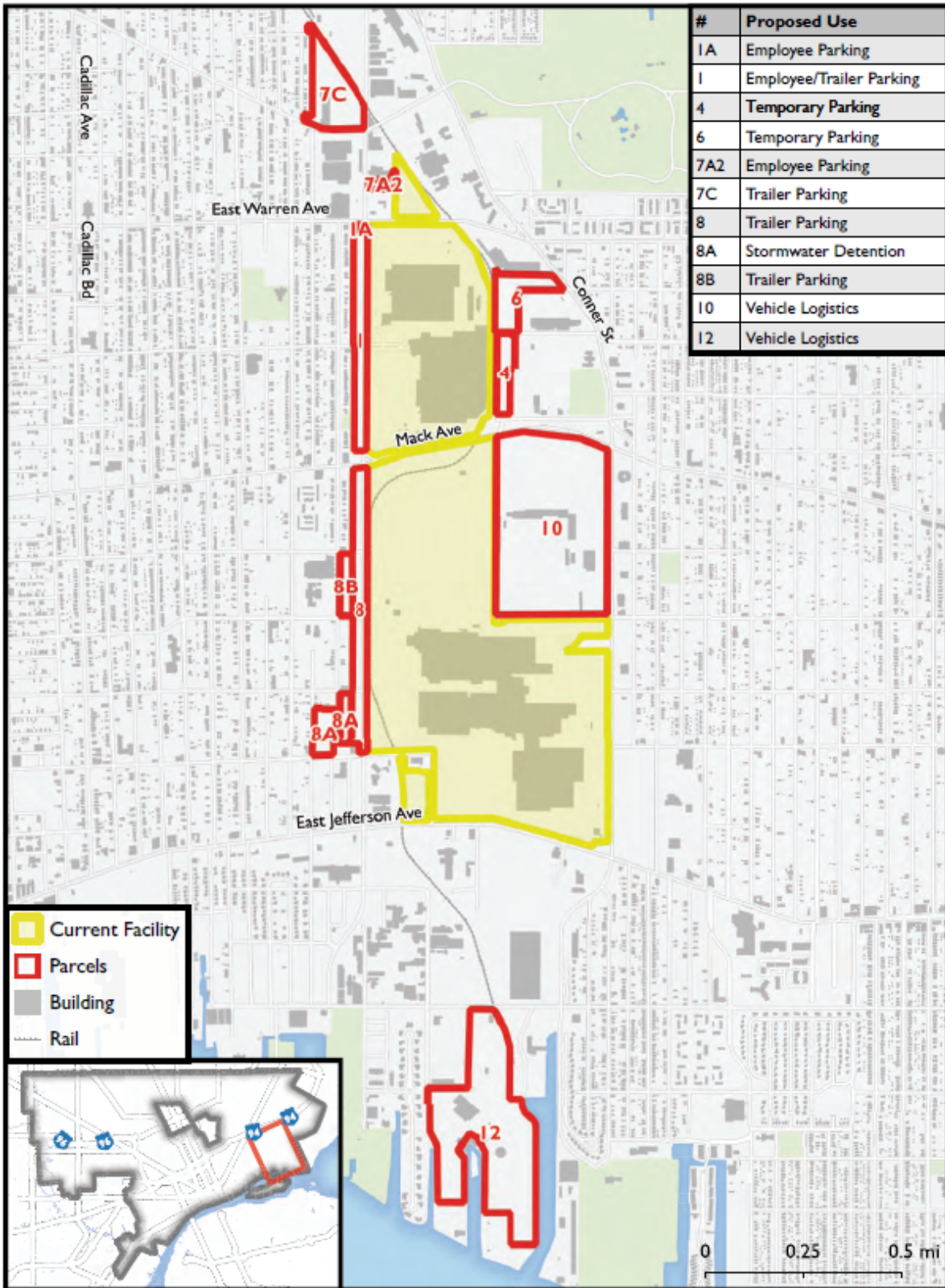
- Approval of the MBDP Request as outlined in the attached resolution;
- Approval of the GJFM Request for up to 100 percent for 10 years up to \$99 million;
- Approval of the JNAP SESA Request for up to 15 years for up to \$603,450,000 in Eligible Investments in Eligible Personal Property; and
- Approval of the MACK SESA Request for up to 15 years for up to \$819,180,000 in Eligible Investments in Eligible Personal Property.

DBRA Recommendation:

- Approval of the DBRA Request for a total award of up to \$55,000,000, along with other general terms and conditions which are outlined in the attached Resolution.

Closing is subject to available funding under the programs at the time of closing ("Available Funding"), satisfactory completion of due diligence (collectively, "Due Diligence"), finalization of terms and conditions, including closing conditions, to effectuate the incentives satisfactory to the MSF Fund Manager or MSF President, and other general due diligence as requires.

Proposed Properties



Version of 25 April 2019

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

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

Date: May 8, 2019

Company Name: FCA US LLC and/or its affiliates and subsidiaries.

Project Location: MACK Plant(s)
Saint Jean
Detroit, Michigan

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$10,000,000

Base Employment Level: At least 697 to be finalized in the agreement which may include its Dundee Engine Plant and/or the Project Location

Qualified New Jobs: At least 3,850 at the Project Location

Municipality Supporting Project: City of Detroit has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF Approval

Term of the Agreement: December 31, 2021

Milestone Based Incentive: Disbursements will be made over a one year period and will be performance based on job creation as follows:
Milestone 1: \$10,000,000 for the creation of 3,850 jobs.

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

Acknowledged as received by:

FCA US LLC

By:

Printed Name:

Its:



Christine Estereicher

Director - State
Affairs & External
Affairs

Michigan Economic Development Corporation

By:

Printed Name:

Its:



Jeremy J. Webb

Sr. Business Development Project Manager

May 8, 2019-FCA US LLC

**FCA US LLC Automotive Projects
Neighborhood Advisory Council**

April 26, 2019

Mr. Maurice Cox
Director
Planning and Development Department
City of Detroit
2 Woodward, Suite 800
Detroit, MI 48226

Re: Neighborhood Advisory Council Letter of Support for the FCA US LLC Community Benefits Proposal

Mr. Cox,

FCA US LLC plans to expand its existing operations at the Jefferson North and Mack Avenue Assembly Plants. Proposed expansions will include buildings for general assembly, a paint shop, a body shop, a test track facility, and a quality center. This development will provide an opportunity for FCA US LLC and its partners to employ approximately 4,950 people.

To identify the impacts of this project, the FCA US LLC Neighborhood Advisory Council (the NAC) was established on Wednesday, March 20, 2019 for the purpose of participating in the Community Benefits Process, as required by the Detroit Community Benefits Ordinance.

As part of the community benefits process, the NAC met with FCA, City staff, and members of the public to better understand FCA US LLC proposed investment and to provide a list of concerns to the development team. After a series of nine meetings, all three parties agreed upon a list of impacts; this list, responses and map of the planning area are included here as an attachment.

The NAC actively engaged the public throughout this process to solicit community feedback via community meetings, informal surveys, and conversations with neighbors. The purpose of this engagement was to develop an informed Community Benefits Agreement (CBA) that best represents our understanding of community needs and reflects what was heard as an outcome of the strong community engagement. As a result, the FCA US LLC NAC provided a six page list of impacts to FCA US LLC and the City of Detroit staff that included most of this community input.

During discussions with the NAC members, the City of Detroit and FCA US LLC committed to the items included in the attached Developer & City Commitment List.

After reviewing the proposal and public comment, the NAC voted 8-1 to support FCA US LLC Community Benefits Proposal. Further, the NAC supports this package with the commitment of FCA US LLC to continue engagement with the NAC, residents of the impact area, and the broader community for as long as the company is in the neighborhood, even though the formal community benefits process has come to an end.

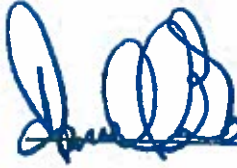
The NAC is pleased to offer this letter of support the attached "FCA US LLC/City Responses to Impacts as identified by FCA US LLC NAC - April 24 2019" document accurately reflects our understanding of the agreed upon community benefits to be included in the development agreement for this project.

FCA US LLC Automotive Projects
Neighborhood Advisory Council

The NAC welcomes FCA US LLC to the neighborhood and looks forward to working with members of the City's administration and the FCA US LLC team in the near and distant future, to create a stronger community for all.

Sincerely,

The FCA US LLC Automotive Projects Neighborhood Advisory Council



Darnell Gardner



Thomas Hardiman



Jay Henderson

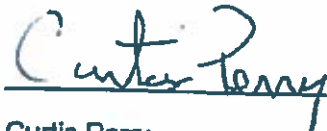
Michelle Jackson



Jerry King



Juliette Gkotie-Eboh



Curtis Perry



Rhonda Theus



Henry Williams

Cc: M. Cox, Planning & Development Department
R. Stallworth, FCA US LLC

Support Neighborhood Stabilization Housing in the Impact Area with an investment of \$7.7M

1) Demolitions

- a) City commits to invest \$5.4M in the completion of 300 demolitions in the impact area. Priority of 53 demolitions to be given to those publically-owned structures on/near the Beniteau impact area, as defined by the Detroit Building Authority. Remaining demolitions to be determined with support from NAC and other impact area members.
- b) 100 demolitions per year will be completed for the next three years
- c) Demolitions can be tracked at: <https://data.detroitmi.gov/Government/Demolitions-Data-Lens/xhif-khvv>
- d) The estimated start date for demolitions will be 9 months from the council approval date.
- e) Residents of the impact area will be involved in the selections of demolitions in the impact area
- f) Priority and accelerated demolition of vacant structures in the impact area of Beniteau to McClellan bordered by Mack and East Warren
- g) \$500,000 will be dedicated to home rehabilitation of DLBA owned homes within the impact area

2) Home Repair Grants and Loans

- a) FCA US LLC commits to invest \$1.8M in home repair grants up to \$15,000 per grant in the impact area. Priority will be given to owner occupied homes along Beniteau Street impact area. The program will be executed over a two-year period or until funds are exhausted.
- b) Approximately \$700,000 will be directed to a specific grant program to support Beniteau Street residents who are acutely impacted by the construction along the project perimeter in repairing homes to prevent noise pollution. Awards will be granted up to \$15,000 per owner occupied, income eligible property.
- c) The grant process will be led by Detroit Housing & Revitalization Department who will manage program eligibility requirements and granting of awards.
- d) HRD staff will use maximum leniency allowed in resolving eligibility conflicts, ex. home insurance with program guidelines
- e) Those residents who fall outside the income eligibility guidelines for home repair grants will be encouraged to apply for 0% home repair loans.
- f) The estimated start date for the home repair grants program will be 3 months from the council approval date.

3) Detroit Land Bank Authority programs

- a) DLBA commits to release side lots as possible for sale in the impact area through a side lot fair within 3 months from the council approval date
- b) DLBA commits to host an "Own It Now" home sales event in the impact area to improve resident opportunity purchase homes in the area be 3 months from the council approval date.
- c) DLBA and the City commits to do complete and/or partial rehabs of vacant homes in and around the impact area to spur investment in the neighborhood, subject to the completion of the Chandler Park, West End, Riverbend Neighborhood Plan.
- d) Residents of the impact area will be involved in the vacant home rehabilitation selection process.

Engage Impact Area Residents in Planning and Development with total commitment of \$1.6M

1) Community Planning

- a) The City commits to invest \$500,000 in developing a community plan for Chandler Park, West End and Riverbend sections of the impact area. (A map is attached as Attachment 1.)
- b) Based on the outcomes of the planning efforts, developer and community will work together to direct funding to specific outcomes.
- c) Community planning efforts will be conducted by the Detroit Planning and Development Department.
- d) The procurement of the planning consultant or commence within 90 days of the council approval.
- e) The City of Detroit will request DTE to complete a full analysis of the electrical infrastructure of the impact area of Beniteau to McClellan bordered by Mack and East Warren within 60 days of this agreement. This report will identify the issues with this power grid and the cost to make the necessary repairs to address these issues.
- f) Tree and weed removal in City and DBLA owned vacant lots and regular and continued maintenance in the impact area.
- g) From the time of this agreement, City of Detroit Water and Sewerage Department will postpone service interruptions in the impact area for two weeks to allow residents who have delinquent water bills to apply for funds through the Water Residential Assistance Program (WRAP). Once a resident applies for WRAP, their account will be placed on hold and service interruption will not occur while it is determined whether they are eligible for WRAP dollars.
- h) BSEED will enter into consent agreements (which creates leniency and the potential for waiver) to those homes that are in the process of securing a home renovation grant or loan.

2) Impact Neighborhood Fund

- a) FCA US LLC commits \$800,000 to fund recommended projects that result from neighborhood planning process in Chandler Park, West End and Riverbend neighborhoods.
- b) Funded projects may include but are not limited to: small business development, additional home repair programs, park improvements, and recreation center study or capital investment.
- c) The \$800,000 fund will be held by Invest Detroit for deployment in the impact area when the plan is complete; Invest Detroit will invest all proceeds into eligible activities when the plan is completed.

3) Marketing Support

- a) City will invest \$300k in marketing resources and engage with FCA US LLC and the community to develop a campaign to promote the impact area.

Ensure Impact Area Residents Have Increased Access to Training and Job Opportunities through a funding commitment totaling \$18.8M

1) Detroit at Work

- a) FCA US LLC commits to direct \$5.8M in state funding towards programs to maximize employment opportunities for Detroit residents
- b) The state funding will be administered by Detroit Employment Solutions Corporation (DESC)
- c) DESC commits to provide \$2M in-kind outreach, screening, pre-application support and interviewing services
- d) FCA US LLC and DESC will collaborate to develop and implement pre-application readiness training programs using the state funds
- e) FCA US LLC commits to hiring priority for impact area residents, Detroit residents, returning citizens and veterans
- f) FCA US LLC commits to working with the City to recruit Returning Citizens from targeted community-based training and support service programs
- g) FCA US LLC commits to provide work readiness training for new hires
- h) DESC commits to providing quarterly updates and metrics regarding pre-employment and workforce development within the impact area
- i) Items 1a – 1g must be specifically allocated to residents of the impact area

2) Education Programs

- a) FCA US LLC commits to \$4M to fund manufacturing career academy programs at Southeastern High School / CTE facilities for youth and adults in partnership with the City and Detroit Public School Community District (DPSCD)
- b) City commits to fundraise \$4M from public and private sources in additional support to manufacturing career academy CTE programs, in addition \$2M contributed by the City for adult training
- c) The funds will be administered by Detroit Employment Solutions Corporation, working as the City's fiscal agent for workforce development under existing and future potential partnership agreements with DPSCD
- d) The city recognizes the importance of Timbuktu Academy and will work to fundraise \$50k with philanthropic partners toward improvements to its computer lab and library.

3) Grow Detroit's Young Talent

- a) City commits \$500k to fund the Grow Detroit's Young Talent (GDYT) summer youth employment program
- b) The GDYT funding will be administered by Detroit Employment Solutions Corporation (DESC), the program's fiduciary

4) Detroit Promise

- a) City commits \$500k to fund scholarships through the Detroit Promise
- b) The Detroit Promise funds will be administered by the Detroit Regional Chamber
- c) The scholarships will be earmarked specifically for students of the impact area

5) AMP at WCCCD

- a) FCA US LLC commits to develop the Automotive Manufacturing Program (AMP) at Wayne County Community College

Continued Community Engagement

1) Community Benefits Compliance

- a) The City has an enforcement committee that will meet for the duration of the time period identified in the Community Benefits Provision and will inform and include the NAC in this enforcement process
- b) FCA US LLC will submit all site plans through the standard planning review process, which includes City of Detroit Planning and Development and Buildings, Safety Engineering and Environmental Department review

- c) FCA US LLC commits to publishing its Environmental Protection Plans (EPP) and will make that report accessible and available to the public.
- d) FCA US LLC will abide by and comply with all existing ordinances and federal, state and local laws, including the City's Community Benefits Ordinance

2) Small Business Support

- a) FCA US LLC committed to hosting a minority supplier Matchmaking event in the impact area community within 90 days of the council approval
- b) City committed to leveraging two existing small business programs (Motor City Match and Motor City Restore) to provide support to new and small business owners in the impact area. Residents can begin to take advantage of these programs immediately.
- c) Specific focus be given to small business start-ups in the impact area.

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

From: Christopher Cook, Director of Capital Access

Subject: *Private Activity Bond – Bond Authorizing
United Methodist Retirement Communities, Inc. – Nonprofit
\$25,000,000 Refunding/New Money*

Request:

United Methodist Retirement Communities, Inc. is requesting private activity bond financing for the purpose of refunding the callable portion of the Michigan Strategic Fund Limited Obligation Revenue Bonds (United Methodist Retirement Communities, Inc. Project), Series 2013, dated September 6, 2013, issued by the Michigan Strategic Fund (“MSF”) in the original principal amount of \$11,000,000 (the “2013 Bonds”). The principal amount outstanding is \$10,260,000 with approximately \$4,385,000 to be refunded.

United Methodist Retirement Communities, Inc. is also requesting financing to pay or reimburse for the cost of (a) constructing, furnishing and equipping a new wellness center, (b) the renovation, expansion, furnishing and equipping of the existing nursing facility, (c) the renovation of an office building to house administrative offices and (d) other eligible capital items on the campus of the Borrower, in the approximate amount of \$19,500,000. Bond counsel has reviewed this financing and the project and concluded that the project is eligible to finance with private activity bond financing.

The MEDC has completed civil and criminal background checks in accordance with the MSF background review policy.

Background:

United Methodist Retirement Communities, Inc. (“UMRC”) is a faith based provider of residential and long-term care facilities and other health and human services for seniors across the southern half of Michigan’s lower-peninsula. UMRC is a nonprofit charitable organization that is incorporated under the laws of the State of Michigan. UMRC provides housing, healthcare and other related

services to senior residents through the operation of a continuing care retirement community in Chelsea, Michigan and independent living cottages in Dexter, Michigan. There are a combined total of 473 units at the two facilities.

Description of Project:

In correlation to the request described above, it is anticipated with this financing that 7 new jobs will be created as well as the maintenance of the current 280 existing jobs.

The project is entirely contained to the Chelsea Retirement Community (“CRC”) located at 805 W. Middle Street in Chelsea, Michigan in Washtenaw County. CRC is a continuing care retirement community located on approximately 58 acres. CRC currently consists of 100 independent living apartments, 22 independent living garden homes, 54 independent living prairie cottages, wellness and aquatic center and 86 assisted living apartments. CRC also contains the Towsley Village for residents living with Alzheimer’s and all stages of memory loss and Kresge Rehabilitation Center, an 85-bed skilled nursing facility offering both long term and short stay rehabilitation visits.

The 2013 bonds were issued to finance an addition to the CRC Towsley Village consisting of the construction and furnishing of approximately 66 resident rooms and site improvements.

Plans of Finance:

B. C. Ziegler and Company will market the bonds through a public offering oriented primarily to institutional investors.

If the project size remains at \$25,000,000 the MSF issuance fee will be \$40,000.00.

Recommendation:

Based upon determination by Miller Canfield, Paddock and Stone, P.L.C. and the State of Michigan Attorney General’s Office that this transaction complies with state and federal law requirements for tax-exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in the amount not to exceed \$25,000,000.

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

From: Christopher Cook, Director of Capital Access

Subject: *Private Activity Bond – Bond Inducement
Dominican Health Care Corporation– Nonprofit – \$22,000,000
New/Refunding*

Request:

Dominican Health Care Corporation d/b/a Lourdes Senior Community (“Lourdes”) is requesting private activity bond financing for the purpose of refunding the 2014 Series Bonds dated June 20, 2014, issued for its benefit by the Michigan Strategic Fund (“MSF”) in the original principal amount of \$14,055,000 (the “2014 Bonds”), with all of the approximately \$12,600,000 outstanding to be refunded.

Lourdes is also requesting private activity bond financing for the purpose of making improvements to its existing facilities for up to \$7,400,000.

Background:

Dominican Health Care Corporation (dba Lourdes Senior Community) was incorporated in 1965 as a Skilled Nursing Facility in Michigan. The corporation is a 501(C)(3) nonprofit organization. Lourdes, for itself and through other members of its Obligated Group, provides skilled nursing and rehabilitation services to the senior community. Lourdes is the Obligated Group Agent for itself and the Obligated Group comprised of Lourdes, Fox Manor, Inc., Lourdes Assisted Living Corporation, Lourdes Campus Fund, Lourdes Alzheimers Special Care Center and Lourdes, Inc., all Michigan nonprofit corporations.

The MEDC has completed civil and criminal background checks in accordance with the MSF background review policy.

Description of Project:

In correlation to the request described above, it is anticipated that with this refunding and new money issuance no new jobs will be created, however, the 280 existing jobs will be maintained.

The new project at Lourdes will occur in Waterford Township in Oakland County. This project is slated to begin in June, 2019 and complete 2 years later in July, 2021. There are currently three outdated wings that house approximately 58 residents. The project consists of tearing down two of the wings and constructing two new wings conducive to today's healthcare environment standards. The third wing is to either be torn down or left to be re-purposed for administrative offices and storage. The new wings will house 50 residents with 45 rooms being completely private and the remaining 5 being semi-private. The new wings combined will be about 33,000 square feet.

The 2014 bonds were issued to finance the conversion of all its skilled nursing rooms to private rooms. This project created an additional 92 rooms for private residency.

Plans of Finance:

PNC Bank plans to directly purchase the bonds. Under the proposal, Lourdes would realize a savings of approximately \$800,000 over 7 years versus traditional commercial financing.

If the project size remains at \$22,000,000 the MSF issuance fee will be \$39,250.

Recommendation:

After reviewing the private activity bond application for the Borrower, staff finds this project meets the requirements for an Inducement Resolution in the amount NTE \$22,000,000.

MEMORANDUM

To: Michigan Strategic Fund Board

From: Aileen Cohen, Capital Project & Portfolio Manager

Date: May 21, 2019

Subject: Redall Industries, Inc. (and/or related borrower(s))
SSBCI Collateral Support Proposal

Request

Redall Industries, Inc. ("Redall" or "Company") is a roll forming and custom tube and assembly supplier located in Yale, MI. The Company provides value added stamping and other assembly services to Tier 1 suppliers in the automotive industry. The Company has been in operation over 70 years and was purchased by its current owner in 1990. Redall is working with Crestmark Bank to increase its working capital availability. Redall Industries, Inc. is owned solely by Michael Powell.

Crestmark, a division of Meta Bank ("Crestmark" or "Bank") has proposed financing of a working capital line of credit to Redall to pay off its existing notes and increase its availability. Due to collateral shortfall on working capital line, the Bank is requesting collateral support from the MSF for the following:

Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

Revolving = Line of Credit	\$4,750,000
Total Loans Leveraged	\$4,750,000

Given the above structure, the proposed MSF exposure is a maximum of:

Revolving = Line of Credit	\$1,662,500
Total MSF Contribution	\$1,662,500

Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 2.88:1.

Borrower History

Redall Industries, Inc. was established over 70 years ago, and purchased by its current owner, Michael Powell, in 1990. The borrower has grown its operations into a \$17 million company and employs over 100 people. Redall is anticipating with sufficient working capital it will be able to support systematic procurement of product, more efficient manufacturing, and an overall reduction in payables. See Exhibit A for full borrower history.

Recommendation

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

- a. Approval of the MBGF-CSP proposal contained herein and:
- b. Subject to available funding under the MBGF-CSP at the time of closing ("Available Funding"), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, "Due Diligence"), finalization of a MBGF-CSP Cash Collateral Deposit Agreement, and further subject to the following terms and conditions:

Facility 1 - Redall Industries, Inc.

Borrower:	Redall Industries, Inc.
Lender:	Crestmark Bank
Loan Amount:	up to \$4,750,000
MSF Cash Collateral:	up to \$1,662,500
Loan Type:	12 month Line of Credit, monthly payments of interest only
Fees:	Tier II: 1.75% at Closing 1.00% annually thereafter on the MSF Share Balance.

Exhibit A

Credit Presentation

GENERAL INFORMATION

Company Name Redall Industries, Inc.	Address 400 Wood Street	City, State Zip Yale, Michigan 48097
Entity Type S Corporation	Type of Operation - Primary Custom Roll Forming NAICS: 332114	
Lender Eva Chaleff	Lender Contact echaleff@crestmark.com	

Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

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Total Loans Leveraged	\$4,750,000

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Total MSF Contribution	\$1,662,500

Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 2.88:1.

Background

Redall Industries is a roll forming and custom tube and assembly supplier located in Yale, MI. The Company provides value added stamping and other assembly services to Tier 1 suppliers in the automotive industry. The primary products are those used in vehicle seat assemblies, doors, and frames. The Company is wholly owned by Michael Powell, Chairman and CEO, and former CPA. Redall was born in 1946, and Michael Powell became the Company's controller in 1986. He purchased the Company in 1990 with two other employees of Redall. Redall Industries, Inc. is a Minority Certified business as a Veteran Owned business since 2013. Jason Powell, Michael's son has been running the Company as the President since 2012. In 1999 he bought out his partners and expanded the manufacturing space in Yale, MI. The Company currently operates from a 100,000 square foot warehouse.

The property in Yale, MI is owned by GP Investments, Inc., which is also wholly owned by Michael Powell. GP Investments is in the process of securing a \$920M SBA loan with Homestar Bank, secured by the property. The loan is a refinance of the previous mortgage held by another lender also guaranteed by SBA. It is anticipated the refinance will simply reduce the debt at a lower rate, and unlikely to provide any additional capital.

Redall's largest customers are Fisher Dynamics (subsidiary of Fisher & Company Inc.), Dortec Industries, Inc. (subsidiary of Magna and sister company of Magna Camslide), and Adient PLC (a Johnson Controls spin-off company). Approximately 70% of sales are derived from seating manufacturing, 29% from structural parts (within vehicle doors and frames), and 1% from appliance parts. Many of Redall's largest customers participate in the Company's steel resale program which allows customers to credit A/R as an offset for supplying Redall with steel.

Redall Industries has a past of historical losses. In 2015, Chrysler shut down production of the Town & Country minivan for approximately 10 weeks, which accounted for 35% of the Company's revenue at the time. The shutdown contributed to working capital constraints and a decrease in revenue. Between 2014 and 2015, the Company added several pieces of equipment consisting of stamping machines, rolling and forming machines, and tooling equipment. Redall ramped up fixed assets and operational capacity for new business that did not come to fruition, nor was it supported by a working capital line. In 2016, the Company brought on several new programs, which boosted sales but also incurred high tooling and setup costs. New program expenses totaled \$1,164M for FY 2016, and maintenance expenses totaling \$549M. 2017 losses were largely attributable to new program expenses, for which the Company was not operationally equipped.

The Company is projecting net income of \$159M on sales of \$16.9MM for fiscal year 2019. Turnaround is anticipated with sufficient working capital to support systematic procurement of product, more efficient manufacturing, and a reduction in payables. Despite prior period losses, the Company has remained cash flow positive.

Financing Opportunity

Crestmark is working with Redall Industries, Inc. to provide new financing for the refinance of existing debt and provide additional working capital. The Company has been in business for over 70 years, and under current ownership since 1990. Redall is wholly owned by Michael Powell. The Bank is asking for the MSF's support through the SSBCI Collateral Support program for its working capital line of credit.

*The Debt Service Coverage ratio shown below assumes interest payments based on a fully-drawn line. The Bank calculated debt service based on the average estimated usage. Based on the average estimated usage, the bank calculates debt service payments to be \$257,280 on an annual basis. Using these numbers the debt service coverage ratio would be as follows: .5 for 2016, .8 for 2017, 1.7 for 2018, and 2.1 for the first two months of 2019.

Loan #	Purpose	Type	Balance/Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
	Working Capital Line of Credit	Revolving	4,750,000			7.5						
Total			4,750,000									

Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.
A/R	Eligible	3,550,000	75%	2,662,500		2,662,500
Amortizing Borrowing Base	Eligible	250,000	40%	100,000		100,000
Inventory	Eligible	950,000	15%	142,500		142,500
SSBCI-CSP	Cash	1,662,500	100%	1,662,500		1,662,500
Total		6,412,500		4,567,500		4,567,500

Total Loan Amount	4,750,000	Margin of Collateral to Loan	0.96
Total Collateral Amount	4,567,500	% Loan to Collateral	104.00%

Summary

Total Loan Amount	4,750,000	Margin of Collateral to Loan	0.96
Total Collateral Amount	4,567,500	% Loan to Collateral	104.00%

Collateral

The Bank is requesting collateral support on the proposed working capital line of credit of up to \$1,662,500 or 35% of the \$4,750,000 LOC amount. The borrower currently has a smaller LOC with another lending institution. Per the Bank's credit policy, the Bank is only able to lend on 75% of the eligible A/R, 15% of the amortizing borrowing base, and 40% on inventory. With the MSF's enhancement, the LOC will have the following advance rate: Advancing 100% of eligible A/R, 100% of inventory, and 100% of the amortizing borrowing base.

As shown by the above collateral chart the existing collateral is not valued high enough to support the proposed loan amount, therefore would not be able to provide the line without the support of the MSF's collateral support program.

Ratios and Indicators

LIQUIDITY / LEVERAGE RATIOS

Balance Sheet Dates	12/31/2016	12/31/2017	12/31/2018	02/24/2018	02/23/2019
Balance Sheet Description				2 Months	2 Months
Current Ratio:	0.38	0.35	0.41	0.38	0.42
Quick Ratio(Acid Test):	0.27	0.30	0.36	0.33	0.37
Working Capital:	-5,485,304	-6,483,565	-5,794,906	-6,177,552	-5,712,041
Debt / Equity:	-7.81	-6.48	-4.77	-6.92	-4.79
Debt / Asset:	114.69%	118.25%	126.53%	116.88%	126.38%
Current Liabilities / Total Liabilities:	96.66%	95.09%	93.20%	94.71%	93.08%
Debt / Tang Net Worth:	-7.81	-6.48	-4.77	-6.92	-4.79

PROFITABILITY RATIOS

Inc. & Exp. Beginning Date	01/01/2016	01/01/2017	01/01/2018	01/01/2018	01/01/2019
Inc. & Exp. Ending Date	12/31/2016	12/31/2017	12/31/2018	02/24/2018	02/23/2019
Inc. & Exp. Description				2 Months	2 Months
Return on Investment:	90.2%	40.0%	39.9%	-63.8%	-8.1%
Gross Profit Margin:	2.7%	3.7%	4.0%	9.8%	8.7%
Net Profit Margin:	-3.7%	-2.4%	-3.2%	3.2%	0.7%

PROPOSED DEBT	460,406	551,883	554,866	266,079	210,356
Crestmark	356,250	356,250	356,250	356,250	356,250
GP Investments (Subordinate to Bank)	623,328	623,328	623,328	103,888	103,888
IRS	58,068	58,068	58,068	9,678	9,678
Total Debt Service	1,037,646	1,037,646	1,037,646	469,816	469,816
MARGIN AFTER DEBT SERVICING	-577,240	-485,763	-482,780	-203,737	-259,460
Commercial DSCR	0.44	0.53	0.53	0.57	0.45
Proposed DSCR *	0.44	0.53	0.53	0.26	0.20

* Based on Debt of 1,037,646

OWNERSHIP / GUARANTORS

Name	Address	Relationship	% Own	Amt Guar.
Michael Powell		Guarantor	100	

Source	Program	
SSBCI	CSP	
Committed Date	Loan Closing Date	Total Loan \$4,750,000
MSF Share \$1,662,500	Additional Leverage (at closing)	Additional Leverage (ongoing)
Leverage 2.88	Closing Fee 1.75% of MSF share	Annual Fee 1% of MSF annual balance
FTE @ Closing (in State) 106	FTE @ Closing (out of state)	Projected FTE Increase 12
FTE @ Annual Review	FTE Net Increase/Decrease	Support \$ per new job \$138,542
Associate	# Co's 1	Loan Type Revolving

Employment

Redall Industries, Inc. has 106 full-time equivalent employees. The company anticipates adding 6 fulltime employees within the next 6 months and an additional 6 within the next 2 years. The anticipated annual salary for employees of Redall Industries, Inc. is \$32,153.

Source of Information

It is the role of Capital Services Team staff ("CST") to review for eligibility, completeness, and adherence to industry standards and practices, the information provided by the financial institution and to manage the MSF's structural risk. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from material submitted by the lending institution and from third party research sources such as Dunn and Bradstreets FirstResearch database.

Capital Access Program History

The Michigan Economic Development Corporation's (MEDC) Capital Access Programs began in 2009 with a state allocation of \$26 million. In 2011, the Federal government deployed an additional \$79 million to the State of Michigan to continue its efforts towards providing access to capital for small businesses. The programs under the Capital Access department assist small business and financial lending institutions by providing collateral support or loan participation. In either case, there is always a closing fee and annual fee charged, in addition to all principal returned as well as any fees and interest expense that the MEDC may receive through its support with the transactions. To date the program has funded over \$186 million to 261 companies, leveraged over \$930 million in Private Investments, received a total of \$10.6 million in program revenue, and has had losses of just over 1% of the total loan funded.

Exit Strategy

The Bank has implemented the following loan covenants in conjunction with its existing financing to Redall Industries, Inc.

- Minimum Tangible Net Worth + Sub Debt not less than \$2,500,000
 - Measured monthly beginning 04/30/2019

This covenant is intended to require re-investment in the balance sheet of Redall and ultimately the release of the pledged collateral from the MSF.

Conditions

- Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.
- Unlimited, unsecured personal guaranty of Michael Powell
 - *Guarantees are for the benefit of the MSF, subordinated to the senior lender and limited by senior lender's exposure at time of closing, but the subordination of the guarantees to the MSF in favor of the senior lender may not exceed a principal balance of \$4,750,000, along with reasonable interest and fees.
- The proposed financing will be subject to a Minimum Tangible Net Worth + Sub Debt, as calculated by the Bank. Required minimum tangible net worth + sub debt will be set at a level acceptable to Bank and CST.

SCORING & RATING

SCORING & RATING : MBGF_CSP_2019

Score = 3.00	3 Average
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Model Used: MEDC CRE Model

Last Scored: 05/10/2019 1:02 PM Aileen Cohen

Financial Statements and Forms calculated from:

Balance Sheet:	Inc. / Exp.:
12/31/2018	12/31/2018

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	-4.77	5.00	20.00	1.000	
Debt Coverage Ratio:	0.53	2.00	20.00	0.400	
MSF Leverage Ratio	2.86	2.00	20.00	0.400	
Management / Borrower Character	Key positions filled by q	3.00	20.00	0.600	
Business & Industry Trends	Seasoned business / possi	3.00	20.00	0.600	
				3.000	

MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Senior Community Assistance Team Specialist
Jake Winder, Brownfield and MCRP Program Specialist

Subject: Request for Approval of an Act 381 Work Plan
Albert Kahn Redevelopment Project

REQUEST

The City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of \$2,967,675 to support a community development project that will rehab a vacant historic building into a mixed-use development. The Applicant anticipates that the project will result in a total capital investment in the amount of \$69,215,389 along with the creation of approximately 5 permanent full-time equivalent jobs with an average hourly wage of \$22.00.

LOCAL SUPPORT

Local support for the project includes the local portion of the Brownfield Tax Increment Financing estimated at \$1,815,885. The City of Detroit has also approved a PA 255 tax abatement valued at \$14.5 million. The City of Detroit is engaged with the MEDC's Redevelopment Ready Communities (RRC) program. The project qualifies because it is functionally obsolete and a historic resource.

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 March 25, 2019. The property has been deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) on February 7, 2019 and is a historic resource because it is a contributing building in a National Register Historic District.

There are 65.3227 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (36.74%) and local millage equaling 41.3227 mills (63.26%). Tax increment capture will begin in 2019 and is estimated to continue for 15 years. The eligible property is subject to a PA 255 tax abatement for 15 years. The requested blended tax capture ratio for MSF eligible activities breaks down as follows:

State tax capture	(38.81%)	\$	1,151,790
Local tax capture	(61.19%)	\$	<u>1,815,885</u>
TOTAL		\$	2,967,675

COST OF MSF ELIGIBLE ACTIVITIES

Demolition	\$	1,963,890
Lead, Asbestos, or Mold Abatement		<u>721,700</u>
Sub-Total	\$	2,685,590
Contingency (8.27%)	+	<u>222,085</u>
Sub-Total	\$	2,907,675
Brownfield/Work Plan Preparation	+	30,000
Brownfield/Work Plan Implementation	+	<u>30,000</u>
TOTAL	\$	<u>2,967,675</u>

In addition, the project is requesting from EGLE \$9,025 in TIF to assist with environmental eligible activities.

PROJECT BACKGROUND

The proposed project is the redevelopment of the Albert Kahn Building located on 1.6 acres at 7430 Second Avenue in the New Center area of Detroit. The project will result in 190 apartment units of 230,000 square feet and rehab up to 108,000 square feet of retail. At least 20% of the building's residential apartments will be affordable units offering rents to residents with incomes of not more than 80% of area median income. Surface parking adjacent to the building will be available for residents and customers.

Due to the complex nature of the historic rehabilitation of a vacant building, the construction costs are higher than a normal development project. The Brownfield Tax Increment Financing reimbursement provides the developer with adequate cash flow to pay off construction debt and subsequently refinance the construction loan. The project is strongly supported by the City of Detroit through local financing tools. As a result, the City will see the rehabilitation of a historically significant property in an emerging commercial district of the City and significant square footage brought back to active use. The building will be a true mixed-use, mixed income development with 20% of the residential units being held at attainable rates. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

APPLICANT HISTORY

The applicant, AK Owner, LLC, is a joint venture between the owners of Northern Equities Group and Lutz Real Estate Investment. Lutz Real Estate Investment is a privately held real estate investment, development, and management organization that has successfully developed over \$3 billion worth of real estate. Northern Equities Group, founded in 1979, is a real estate development, construction, and investment firm based in Farmington Hills, Michigan with principal holdings in Michigan, North Carolina, and Colorado. NEG has been associated with over 100 clients representing more than \$1 billion worth of real estate. Neither have received previous incentives from the Michigan Strategic Fund (MSF). MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

MEDC staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$2,967,675. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,151,790.

APPENDIX A – Project Map and Renderings





MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

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

Subject: Request for Approval of an Act 381 Work Plan
Cambria @ The Ashton Redevelopment Project

REQUEST

The City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of \$8,448,739, to support a community development project that will rehabilitate an underutilized office building and construct a new 6-story mixed-use building. The Applicant anticipates that the project will result in a total capital investment in the amount of \$47,058,139 along with the creation of approximately 265 permanent full-time equivalent jobs with an average hourly wage of \$28.

LOCAL SUPPORT

Local support for the project includes the local portion of the Brownfield Tax Increment Financing of approximately \$3,818,769, a Commercial Rehabilitation Act (CRA) Abatement valued at \$4,666,146, and an Obsolete Property Rehabilitation Act (OPRA) Abatement valued at \$3,308,168. The City of Detroit is engaged with the MEDC's Redevelopment Ready Communities (RRC) program. The project qualifies because it is a facility.

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 November 21, 2017. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes and Energy (EGLE) on February 4, 2019.

There are 65.3244 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (36.74%) and local millage equaling 41.3244 mills (63.26%). The eligible property is subject to a CRA tax abatement for 10 years and an OPRA tax abatement for 12 years. Tax increment capture will begin in 2021 and is estimated to continue for 22 years. The requested blended tax capture for MSF eligible activities breaks down as follows:

State tax capture	(54.80%)	\$	4,629,970
Local tax capture	(45.20%)	\$	3,818,769
TOTAL		\$	8,448,739

COST OF MSF ELIGIBLE ACTIVITIES

Demolition	\$	98,882
Infrastructure Improvements		6,445,500
Site Preparation	+	<u>355,000</u>
Sub-Total	\$	6,899,382
Contingency (15%)	+	<u>1,031,083</u>
Sub-Total	\$	7,930,465
Interest (5%)	+	<u>488,274</u>
Sub-Total	\$	8,418,739
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	<u>15,000</u>
TOTAL	\$	<u>8,448,739</u>

In addition, the project is requesting from the Michigan Department of Environment, Great Lakes, and Energy (EGLE) \$60,995 in TIF to assist with environmental eligible activities.

PROJECT BACKGROUND

The project is a mixed-use development located in downtown Detroit. It will consist of the new construction of an approximately 146,031 square foot, 6-story infill building that includes 1,859 square feet of first floor retail, a 156-room hotel occupying approximately 85,948 square feet on the upper floors, and a 151-space parking structure containing approximately 58,224 square feet over two levels. The development will also consist of the renovation of the approximately 76,975 square foot, existing building located at 600 West Lafayette Boulevard to include approximately 32,017 square feet of office space, approximately 14,098 square feet of hotel amenities, approximately 22,517 square feet of garden-level co-office space, approximately 6,233 square feet of restaurant space, and approximately 2,110 square feet of first floor retail space. The two buildings will be connected via a skyway and the project will also include approximately 7,340 square feet of revitalized publicly-owned sidewalks and right-of way improvements. When complete, the project will rehabilitate a historic resource in Detroit, provide affordable office space in the Central Business District, and incorporate storm water management with the addition of a green roof.

The development team has secured senior lending and funding sources from TCF Bank, Invest Detroit, and PACE financing. In addition to debt, the development team is contributing 20% equity in cash and value of the existing building. Brownfield eligible activities will alleviate Brownfield conditions across the site making it suitable for redevelopment, while protecting human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

APPLICANT HISTORY

600 Ventures II, LLC is a joint venture between the Means Group, LLC led by Eric Means; Holdwick Development led by Brian Holdwick; and Koucar Management, led by Chris Kouza and Joe Carodonna. Means Group, LLC has received previous incentives for the Metropolitan Hotel Project in the form of an

MCRP Loan from the Michigan Strategic Fund (MSF) and is in good standing. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

MEDC staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$8,448,739. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$4,629,970.

APPENDIX A – Project Map and Renderings





MEMORANDUM

Date: May 21, 2019

To: Michigan Strategic Fund Board

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

Subject: Request for Approval Michigan Strategic Fund (MSF) Performance Based Loans, MSF Purchase of MSHDA Tax-Exempt Bonds, and a Request for Approval of an Act 381 Work Plan, The Creamery

REQUEST

Kalamazoo Creamery LDHA LP (“Applicant”) and/or related entity is requesting approval of a MSF award in the amount of \$2,555,047 to purchase Michigan State Housing Development Authority (“MSHDA”) tax-exempt bonds (the “MSHDA Bonds”) and provide a cash flow loan to the Applicant (the “MSF Loan”). Additionally, the City of Kalamazoo Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of \$280,018, to support a community development project that will construct a new three-story mixed-use building on a currently vacant parcel near downtown Kalamazoo (the “Project”). The Applicant anticipates that the Project will result in a total capital investment in the amount of \$14,760,880 along with the creation of approximately 23 permanent full-time equivalent jobs with an average hourly wage of \$15.

FINANCING OPPORTUNITY

MSHDA, along with the Applicant has requested the MSF purchase up to \$1,250,000 of a total \$5,731,590 in tax-exempt bond construction to permanent loan financing. MEDC staff is recommending that the MSF invest in a portion of the MSHDA issued tax-exempt bonds which will allow MSHDA to provide a lower interest rate to the Applicant and which will allow the project to qualify for additional financing at a more affordable first mortgage financing rate. The MEDC is also recommending a cash flow-based loan in the amount of \$1,305,047 to fill the remaining financing gap. The MSF Loan will be secured by a third mortgage on the Project and it is anticipated that disbursements to the Project will be made through MSHDA or a MSHDA approved disbursement agent.

The project is not a good candidate for the Michigan Community Revitalization Program (“MCRP”) funding because a portion of the requested award will be utilized to make a direct investment in the purchase of Tax-Exempt Bonds in order to facilitate the MSF’s investment in the project. Therefore, staff is requesting approval of the following: 1) transfer of \$2,555,047 from the MCRP to the MSF under MCL 125.2088b(2)(c). Other financing for the project includes a MSHDA tax-exempt bond financing and cash flow-based loan, a HOME loan from the City of Kalamazoo, a YWCA Lease Buy-Down payment,

Deferred Developer Fees, Income from Operations under the Commercial Master Lease, and Low-Income Housing Tax Credit and Solar Tax Credit Equity from Insite Capital. Below outlines the proposed structure of the MSF investment and a summary of the development sources.

MSF AWARD TERMS

MSF Incentive Award:	\$2,555,047
Borrower:	Kalamazoo Creamery LDHA LP
Total Capital Investment:	Currently estimated at \$14,760,880
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF's total award.
Deferred Developer Fees:	The developer fees of \$504,435 will be deferred until such time that the Project is producing cash flow in excess of that required for priority debt and other operating obligations.
Funding:	The MSF will fund up to \$2,555,047 to be disbursed following closing of the financing and other performance criteria.
Reserves:	Currently anticipated to include a \$525,389 Construction Contingency, \$183,277 Operating Reserve and \$344,469 Master Lease Reserve, subject to change based on the requirements of MSHDA and the tax credit equity investor.
Other Conditions:	The MSF's investment will be contingent upon the following: <ul style="list-style-type: none">- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor.- Copies of final construction documents.- Copies of all executed loan agreements, notes and mortgages, evidencing that the Applicant has financing in place or evidence of other sources available to complete the Project as contemplated.- Final agreements related to the City of Kalamazoo's HOME funds.- Final agreements related to MSF's purchase of MSHDA Bonds.- Final agreements related to Insite Capitals investment in the Low-Income Housing Tax Credits and Solar Tax Credits.- Final organizational and flow of funds chart.- Evidence of site control.- Evidence of Project qualification as a facility.- Final development budget and projections.

- Other documents may be required for review.

MSF Facility #1:

MSHDA Bond Purchase

Applicant: Kalamazoo Creamery LDHA LP or a Related Entity

MSF Investment Amount: Up to \$1,250,000

Bond Purchase: MSF will directly purchase a portion of the MSHDA Bonds, allowing a lower interest rate when blended with the MSHDA tax-exempt loan rate than would otherwise be possible.

Interest Rate: 1.00% per annum

Term: To match that of MSHDA, anticipated to be 480 months.

Amortization: To match that of MSHDA, anticipated to be 480 months.

Repayment Terms: MSF will collect monthly principal and interest payments from MSHDA, subject to the terms of the MSHDA Bonds.

MSF Facility #2:

Performance-Based Loan

Borrower: Kalamazoo Creamery LDHA LP or a Related Entity

MSF Loan Amount: Anticipated to be \$1,305,047

Term: Anticipated to be 480 months.

Amortization: N/A.

Interest Rate: 1.00% per annum Simple Interest

Repayment Terms: Monthly principal and interest payments to be deferred until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of deferred developer fee or (b) the 13th year following commencement of amortization of the 1st mortgage loan, to match the terms of the MSHDA cash flow note. Interest will accrue until paid in full. Repayment to the MSF Loan will be proportionate with MSHDA's cash flow-based loan, currently anticipated to be paid on a proportional basis (MSHDA/MSF cash loans) of 50% of surplus cash available for distribution. Monthly payments will be first applied to accrued and unpaid interest, then to current interest and principal until the earliest of sale, refinance of the Development or

maturity, at which time the loan and any accrued and unpaid interest shall be due in full.

Collateral: To match that of MSHDA, subordinated to the tax-exempt bond financing 1st mortgage and a 2nd mortgage on MSHDA’s cash flow loan.

Guarantee: To match that of MSHDA, anticipated being Matt Hollander, Republic Development LLC, and Hollander Development Corporation. MSF will be subordinate to MSHDA on guarantee.

SUMMARY OF DEVELOPMENT SOURCES:

MSHDA Share [1]	\$6,981,590	47.30%
MSF Share [2]	\$2,555,047	17.31%
LIHTC & Solar Equity	\$3,945,475	26.73%
HOME Loan	\$325,000	2.20%
YWCA Lease Buy-Down	\$400,000	2.71%
Deferred Developer Fees	\$504,435	3.42%
Income from Master Lease	\$49,333	0.33%
TOTAL	\$14,760,880	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$190,000
Hard Construction Costs	\$11,033,167
Soft Costs and Other	\$3,537,713
TOTAL	\$14,760,880

[1] Includes MSHDA investment of \$2,981,590 in the tax-exempt bond first mortgage, the fFoundation(s) investment in \$1,500,000 of the tax-exempt bond first mortgage and a \$2,500,000 MSHDA Resource Preservation Funds Loan.

[2] Includes MSF investment of \$1,250,000 in tax-exempt bond first mortgage and MSF Performance-Based Direct Loan of \$1,305,047.

LOCAL SUPPORT

Local support for the Project includes approximately \$164,987 in local Brownfield TIF reimbursement, 4% Payment-in-Lieu of Taxes (PILOT) agreement and \$325,000 in HOME funds. The City of Kalamazoo is certified with the MEDC’s Redevelopment Ready Communities (RRC) program.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Kalamazoo, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on January 7, 2019. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on April 5, 2019.

There are 58.1083 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.8704 mills (41.08%) and local millage equaling 34.2379 mills (58.92%). Tax increment capture will begin in 2020 and reimbursement to the developer is capped at 20 years. The total cost of MSF Eligible Activities is estimated to be \$567,796, however the work plan projects the maximum capture to be \$280,018 and caps reimbursement based on those projections. The requested tax capture for MSF eligible activities breaks down as follows:

State tax capture	(41.08%)	\$	115,031
Local tax capture	(58.92%)	\$	<u>164,987</u>
TOTAL		\$	280,018

COST OF MSF ELIGIBLE ACTIVITIES

Demolition		\$	30,753
Infrastructure Improvements			305,823
Site Preparation		+	<u>145,960</u>
Sub-Total		\$	482,536
Contingency (15%)		+	<u>82,460</u>
Sub-Total		\$	564,996
Brownfield/Work Plan Preparation		+	<u>2,800</u>
TOTAL		\$	567,796

In addition, the Applicant is requesting from the EGLE \$17,404 in TIF to assist with environmental eligible activities.

PROJECT BACKGROUND

Kalamazoo Creamery LDHA LP is proposing to construct a new, approximately 59,420 square foot, three story mixed-use building on a vacant 1.33-acre brownfield site near downtown Kalamazoo. The property was formerly the home of the Klover Gold Creamery which delivered dairy products to the Kalamazoo community from the pre-war era through the 1980s. The completed project is anticipated to include 48 mixed-income apartments and approximately 10,500 square feet of commercial space, including a YWCA Children’s Center and small business accelerator. This mixed-use project will add density and promote walkability by constructing new commercial and residential space near downtown Kalamazoo; the Project will also supply mixed-income housing and childcare facilities in a traditionally underserved area. The Project will be LEED Platinum certified for best in class sustainable design and will increase the taxable value of the property.

The developer is raising about 27% of the total development cost through equity provided by Insite Capital related to the Low-Income Housing tax credit and Solar tax credits, leveraging MSHDA financing, utilizing brownfield TIF, receiving a PILOT agreement and local HOME funds, as well as deferring a portion of the developer fee. Due to high costs of construction, as well as the reduced income generated by affordable residential rental rates, the project has a financing gap driving the need for MSF support. Additionally, brownfield eligible activities will alleviate brownfield conditions across the site

making it suitable for redevelopment, while protecting human health and the environment. Without brownfield tax increment reimbursement, the cost burden related to brownfield conditions would make the Project financially unfeasible.

APPLICANT HISTORY

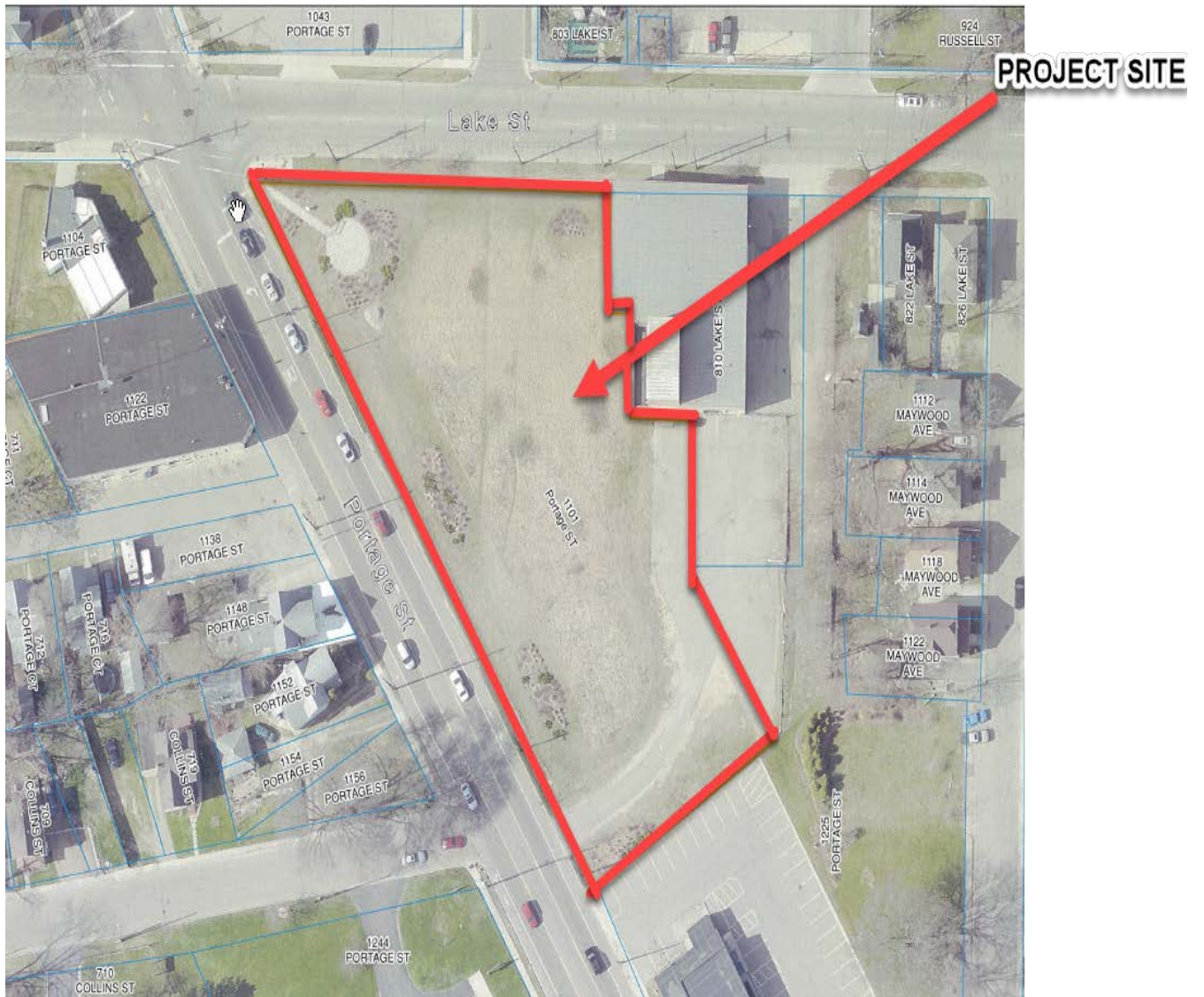
Hollander Development Corporation, the General Partner of Kalamazoo Creamery LDHA LP, has successfully developed over 4,000 units of affordable and senior housing since the company was founded in 1979. They have expertise leveraging a variety of funding sources including low-income housing tax credits, conventional financing, government programs, and private dollars. The team has experience forecasting property operating results and developing apartment communities which can be managed effectively over the long term. Hollander Development Corporation received MSF incentives in 2009 for the Gateway Village project in Frankfort. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

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

- a) Local and school tax capture for the Act 381 eligible activities totaling \$280,018. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$115,031.
- b) Transfer of \$2,555,047 from the Michigan Community Revitalization Program to the MSF under MCL 125.2088b(2)(c) in order to fund the (i) purchase of the MSHDA Bonds and (ii) MSF Performance Based Loan.
- c) Authority for the MSF Fund Manager to purchase the MSHDA Bonds and enter into any bond purchase documents consistent with this memo.
- d) Authority for the MSF Fund Manager to negotiate the final terms and conditions of the MSF Loan Award.

APPENDIX A – Project Map and Renderings





RESOLUTIONS

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-067**

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

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

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes – April 23, 2019
Aviareps – Contract Extension
MTU Advanced Materials MTRAC Innovation Hub – Amendment
MyLocker Properties, LLC – Loan Participation Program Re-approval
HB BM East Lansing LLC – MCRP Amendment
Buckham Square Investors, LLC – MCRP Amendment
Selden Partners, LLC – MCRP Amendment
Detroit Entrepreneur Development, LLC – MCRP Amendment
Subaru Research and Development – MBDP Reauthorization
Pfizer Inc. – MBDP Reauthorization
Waymo LLC – MBDP Amendment

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-068**

AVIAREPS CONTRACT EXTENSION

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

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

WHEREAS, at its March 22, 2016 meeting, the MSF Board authorized a Request for Proposals to invite proposals from vendors to develop and implement a campaign for Michigan tourism promotion in China (the “Michigan Promotion RFP”);

WHEREAS, at its May 24, 2016 meeting the MSF Board awarded a contract to Aviareps in the initial amount of \$300,000 and for an initial term of June 1, 2016 to May 31, 2017, with the option to extend the term of the contract for an additional four one-year terms (the “Aviareps Contract”);

WHEREAS, at its February 28, 2017 meeting the MSF Board exercised its first, one-year option to extend the Aviareps Contract and allocated additional funds;

WHEREAS, at its May 22, 2018 meeting the MSF Board exercised its second, one-year option to extend the Aviareps Contract and allocated additional funds;

WHEREAS, MEDC recommends that the MSF Board exercise its third, one-year option to extend the Aviareps Contract to May 31, 2020 and allocate \$270,000 in additional funds (the “Amendment Request”); and

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

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

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and to execute all documents necessary to effectuate the Amendment Request in accordance with the terms and conditions of this Resolution.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Henges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-069**

**AMENDMENT TO MICHIGAN TRANSLATIONAL RESEARCH
AND COMMERCIALIZATION ADVANCED MATERIALS INNOVATION HUB GRANT TO
MICHIGAN TECHNOLOGICAL UNIVERSITY**

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

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

WHEREAS, pursuant to Section 880 of the Act, the MSF shall create and operate a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge technologies and bioeconomy technologies;

WHEREAS, on April 26, 2016, the MSF Board 1) created the Michigan Translational Research and Commercialization Program to award grants to Michigan institutions of higher education for the purpose of advancing of competitive edge technologies and bio economy technologies into commercial applications and increasing the number of startups, jobs, industry licenses and investment for Michigan (the “MTRAC Program”) and 2) adopted the MTRAC Program Guidelines;

WHEREAS, at its February 28, 2017 meeting, the MSF designated Michigan Technological University (“Michigan Tech”) as an Innovation Hub for Advanced Materials activities and approved a grant award of up to \$525,000 for an initial term of April 1, 2017 to September 20, 2019, with the option to extend the award for a one year and increase the amount of the grant (the “MTRAC Grant Award”);

WHEREAS, Michigan Tech has requested an extension of one year and allocation of \$350,000 in additional funding for the MTRAC Grant Award (the “Amendment Request”);

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment Request and authorizes the MSF Fund Manager to take all action necessary to effectuate the Amendment Request.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-070**

**SSBCI MBGF-LPP
RE-APPROVAL OF LOAN PARTICIPATION AND SERVICING AGREEMENT FOR
MYLOCKER PROPERTIES, LLC AND RELATED BORROWERS**

WHEREAS, under the State Small Business Credit Initiative Act of 2010 (title III of the Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582 (the “SSBCI”), the United States Congress appropriated funds to the United States Department of Treasury (“US Treasury”) to be allocated and disbursed to states that have applied for and created programs in accordance with the SSBCI to increase the amount of capital made available by private lenders to small businesses (“SSBCI Programs”);

WHEREAS, at its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a loan participation program designed to facilitate financing of projects for commercial borrowers (the “MBGF-LPP”), and (iii) the guidelines for the MBGF-LPP (“MBGF-LPP Guidelines”) and MBGF-LPP Loan Participation and Servicing Agreement (“MBGF-LPP Agreement”), each to be utilized for the operation of the MBGF-LPP, and (iv) the MSF Fund Manager or Chairperson to negotiate and sign the terms and conditions of the MBGF-LPP Agreement as authorized by the MSF Board;

WHEREAS, on June 21, 2011, the US Department of Treasury approved the State of Michigan, through the MSF, to receive and disburse SSBCI funds within the SSBCI Programs created by the MSF;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for SSBCI Programs, including the MBGF-LPP;

WHEREAS, Invest Detroit Foundation (“Lender”) has proposed new credit facilities to MyLocker Properties, LLC. (and/or related borrowers (the “Proposed Borrowers”)) of \$8,450,000 for a draw to term construction loan;

WHEREAS, Lender may provide the proposed loan amount through more than one note which combined will not exceed \$8,450,000;

WHEREAS, Proposed Borrowers have requested loan participation from the MSF under the MBGF-LPP in an amount not to exceed the lesser of: (i) \$4,216,550 or (ii) up to 49.8% of the total amount of the Lender’s loans (“MBGF-LPP Support”);

WHEREAS, the MEDC has reviewed the Bank’s current credit documents for the Proposed Borrowers, and recommends that the MSF Board approve the MBGF-LPP Support, subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-LPP Agreement within 90 days of the date of this Resolution (“Time Period”), or the loan participation approvals under 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 30 days;

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the MBGF-LPP Support subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-LPP Agreements within 90 days of the date of this Resolution (“Time Period”), or the loan participation support approvals under 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 30 days; and

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate all final terms and conditions and to execute the MBGF-LPP Agreement on behalf of the MSF, so long as the final terms and conditions are not materially adverse to the MSF.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hedges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-071**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM LOAN AWARD FOR
HB BM EAST LANSING LLC OR RELATED ENTITIES
(CENTER CITY DISTRICT)**

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

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

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

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

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

WHEREAS, by Resolution 2017-168 on September 26, 2017 the MSF Board awarded a \$6,750,000 MCRP Other Economic Assistance Performance-Based Loan Participation award (“Award”) to HB BM East Lansing LLC or Related Entities formed or to be formed in the furtherance of the Center City District Project (“Applicant”);

WHEREAS, by Resolution 2018-054 on April 24, 2018 the MSF Board reapproved and amended a MCRP Loan Award to HB BM East Lansing LLC or Related Entities, in furtherance of the Project of up to \$6,750,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to extend the Milestone Two due date to September 30, 2019, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-072**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR
BUCKHAM SQUARE INVESTORS, LLC**

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

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

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

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

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

WHEREAS, by Resolution 2018-136 on August 28, 2018 the MSF Board awarded a MCRP Other Economic Assistance Award to Buckham Square Investors, LLC, in furtherance of the Project of up to \$7,949,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to extend the Milestone Two clause (d) due date from “within sixty (60) calendar days following the achievement of the events described in clause a. of this Milestone Two” to May 31, 2019; extend item 12. Project Completion Requirements due date to December 31, 2021; and revise the language in item 12, clause (b) to require receipt of the National Park Service Part III approval, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-073**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE
LOAN PARTICIPATION AWARD FOR
SELDEN PARTNERS, LLC**

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

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

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

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

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

WHEREAS, by Resolution 2017-044 on March 28, 2017, the MSF Board awarded an MCRP Other Economic Assistance Loan Participation Award to Selden Partners, LLC (the “Company”) in furtherance of the Project of up to \$1,000,000 (“MCRP Award”);

WHEREAS, by Resolution 2018-106 on July 24, 2018, the MSF Board approved an MCRP amendment to extend the Construction Loan Maturity Date, the Conversion Date, the interest only period expiration date, the start of principal and interest repayments to the MSF, the Milestone Two Project Completion deadline, and the Certification of the Construction Loan deadline.

WHEREAS, the Company is requesting approval of an amendment to the MCRP Award to allow for an extension of several dates in the Loan Participation Agreement, changes in several dates in the Construction Loan Agreement, replacement of WCIF as the permanent lender by the original construction loan lender, Capital Impact Partners (“Lender”), and changes to the Loan Participation Agreement language to ratify the Lenders conversion (the “Amendment Request”); and

WHEREAS, the MEDC recommends approval of the Amendment Request.

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

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

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-074**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR
DETROIT ENTREPRENEUR DEVELOPMENT, LLC
(LOFTS ON LOUIS PROJECT)**

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

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

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

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

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

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

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to amend the MCRP agreement to: 1) reduce the “Minimum Eligible Investment” requirement to \$5,132,000 and require repayment of approximately \$17,000 of the original MCRP award from the awardee; and 2) extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-075**

**REAUTHORIZATION OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
SUBARU RESEARCH AND DEVELOPMENT, 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, Subaru Research and Development, Inc. (“Company”) has requested a performance based MBDP grant of up to \$1,500,000 (“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: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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

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

Date: August 14, 2018

Company Name: Subaru Research and Development, Inc. and/or its affiliates and subsidiaries.

Project Location: Van Buren Township, Wayne County

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$1,500,000

Base Employment Level: At least 33

Qualified New Jobs: At least 101 in Michigan

Municipality Supporting Project: Van Buren Township has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: August 7, 2018 (Date of Application Submittal)

Term of the Agreement: November 30, 2023

Milestone Based Incentive: Disbursements will be made over a 4 year period and will be performance based on job creation as follows:
Milestone 1: \$371,250 for the creation of 25 jobs.
Milestone 2: \$371,250 for the creation of 25 jobs.
Milestone 3: \$371,250 for the creation of 25 jobs.
Milestone 4: \$386,250 for the creation of 26 jobs.

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

Acknowledged as received by:

Subaru Research and Development, Inc.

By:

T. Takahashi

Printed Name:

Tetsuro Takahashi

Its:

General Manager

Michigan Economic Development Corporation

By:

Trevor Friedberg

Printed Name:

Trevor Friedberg

Its:

Director, Business Dev. Projects

August 14, 2018 – Subaru Research and Development, Inc.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-076**

**REAUTHORIZATION OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
PFIZER 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 \$1,000,000 must be approved by the MSF Board;

WHEREAS, MSF approved a performance based MBDP grant of up to \$1,000,000 along with other general terms and conditions which are outlined in the Term Sheet attached as Exhibit A (“Term Sheet”);

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

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

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

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019

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

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

Date: July 3, 2018

Company Name:	Pfizer Inc. and/or its affiliates and subsidiaries.
Project Location:	7000 Portage Road Kalamazoo, Michigan 49001 7171 Portage Road Kalamazoo, Michigan 49001
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,000,000
Base Employment Level:	At least 756
Qualified New Jobs:	At least 450
Municipality Supporting Project:	The City of Portage has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	April 16, 2018 (Date of Accepted Offer Letter)
Term of the Agreement:	January 31, 2025
Milestone Based Incentive:	Disbursements will be made over a 6 year period and will be performance based on job creation as follows: Milestone 1: \$165,000 for the creation of 75 jobs. Milestone 2: \$165,000 for the creation of 75 jobs. Milestone 3: \$165,000 for the creation of 75 jobs. Milestone 4: \$165,000 for the creation of 75 jobs. Milestone 5: \$165,000 for the creation of 75 jobs. Milestone 6: \$175,000 for the creation of 75 jobs.

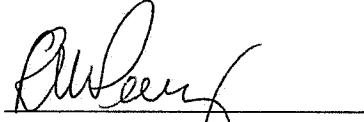
The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Acknowledged as received by:

Pfizer Inc.

By:



Printed Name:

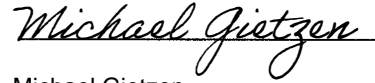
RONALD M. PERRY

Its:

VP, SITE LEADER

Michigan Economic Development Corporation

By:



Printed Name:

Michael Gietzen

Its:

Sr. Business Development Projects Manager



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-077**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
AMENDMENT TO
WAYMO LLC**

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

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

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

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

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

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

WHEREAS, the MSF Board approved an up to \$8,000,000 Michigan Business Development Program Performance based grant on January 22, 2019 to locate its vehicle integration operations in Michigan. In this operation, the Company will be integrating its self-driving systems into the vehicle platforms of its OEM partners. The project will result in approximately \$13,600,000 in private investment and the creation of 100 new jobs, with the potential for up to 400 total jobs in Prosperity Region 10 (the “Project”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant to add Green Panther Inc. for Qualified New Jobs and Base Employment Level purposes, add 2300 Traverwood Drive, Ann Arbor, Michigan as a location for the purposes of Qualified New Jobs and Base Employment Level, and increase the Base Employment Level from 20 to 22 (the “Grant Amendment Request”);

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

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

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

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

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hedges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-078**

**GOOD JOBS FOR MICHIGAN AWARD
STATE ESSENTIAL SERVICES ASSESSMENT
ALTERNATIVE STATE ESSENTIAL SERVICES ESSESSMENT EXEMPTIONS**

FCA US LLC

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, FCA US LLC (the “Company”) proposes to make capital investment of \$1,495,543,000 and create 1,400 Certified New Jobs (the “Project”) as it expands the Warren Truck Assembly Plant (“Warren Truck”) in the City of Warren and applied for a GJFM incentive in connection with the Project (“Warren GJFM”);

WHEREAS, MEDC staff has reviewed the Company’s request for a GJFM incentive and determined that the statutory requirements have been or will be met by the Company;

WHEREAS, the MEDC recommends that the MSF authorize the Company to receive withholding tax capture revenues for the Project of up to 50 percent for five years, not to exceed \$6,000,000 (the “GJFM Warren Award Recommendation”); and

WHEREAS, the MSF desires to approve the GJFM Warren Award Recommendation.

WHEREAS, the Michigan Legislature passed legislation, 2014 PA 80, to revise the personal property tax system so as to allow individuals, small businesses, and large businesses to thrive and create jobs in the State of Michigan, but which needed to be approved by the qualified electors of the State of Michigan;

WHEREAS, on August 5, 2014, the qualified electors of the State of Michigan approved the legislation to revise the personal property tax system. The approval enacted 2014 PA 92 and 2014 PA 93, the State Essential Services Assessment Act (“SESA”) and the Alternative State Essential Services Assessment Act (“Alternative SESA”);

WHEREAS, SESA and Alternative SESA authorized the creation and operation of the SESA and the Alternative SESA Exemption Program by the MSF pursuant to MCL 211.1059;

WHEREAS, on October 28, 2014, the MSF Board approved the SESA and the Alternative SESA Exemption Program Guidelines (“SESA and Alternative SESA Guidelines”).

WHEREAS, the Company has requested that the MSF Board approve a SESA exemption of up to 15 years for up to \$963,252,000 in Eligible Investment in Eligible Personal Property, as defined in the SESA and Alternative SESA Exemption Guidelines, in the City of Warren at Warren Truck, a SESA exemption for up to five years for up to \$70,020,000 in Eligible Investment in Eligible Personal Property, in the City of Warren at the Warren Stamping Plant (“Warren Stamping”), and an Alternative SESA for up to five years for up to \$35,280,000 in Eligible Investments in Eligible Personal Property, as defined in the SESA and Alternative SESA Guidelines, in the City of Sterling Heights at the Sterling Heights Stamping Plant (“Sterling Stamping”), collectively identified herein as “SESA and Alternative SESA Exemptions Recommendation;”

WHEREAS, the MEDC recommends the MSF Board approve the SESA and Alternative SESA Exemptions Recommendation and require a one-time administrative fee in the amount of \$10,000 for Warren Truck, \$6,929 for Warren Stamping, and \$1,809 for Sterling Stamping, all payable to the MEDC upon completion of the first performance milestone;

WHEREAS, the MSF Board desires to approve the SESA and Alternative SESA Exemptions Recommendation and require a one-time administrative fee in the amount of \$10,000 for Warren Truck, \$6,929 for Warren Stamping, and \$1,809 for Sterling Stamping, all payable to the MEDC upon completion of the first performance milestone.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the GJFM Warren Award Recommendation, the SESA and Alternative SESA Exemptions Recommendation, and the one-time administrative fee in the amount of \$10,000 for Warren Truck, \$6,929 for Warren Stamping, and \$1,809 for Sterling Stamping, all payable to the MEDC upon completion of the first performance milestone.

BE IT FURTHER RESOLVED, that the MSF Fund Manager or MSF President is authorized to negotiate all final terms and conditions, including closing conditions, necessary to effectuate the GJFM Warren Award Recommendation and SESA and Alternative SESA Exemptions Recommendation.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hedges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-079**

**GOOD JOBS FOR MICHIGAN AWARD
MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION**

FCA US LLC

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, FCA US LLC (the “Company”) proposes to make capital investment of \$2,515,106,000 and create 4,950 Certified New Jobs as it expands its Jefferson North Assembly Plant (“JNAP”) and its Mack Engine Plant (“MACK”), (collectively identified herein as the “Project”) in the City of Detroit and applied for a GJFM incentive in connection with the Project;

WHEREAS, MEDC staff has reviewed the Company’s request for a GJFM incentive and determined that the statutory requirements have been or will be met by the Company;

WHEREAS, the MEDC recommends that the MSF authorize the Company to receive withholding tax capture revenues for the Project of up to 100 percent for ten years, not to exceed \$99,000,000 (the “GJFM Detroit Award Recommendation”); and

WHEREAS, the MSF wishes to approve the GJFM Detroit Award Recommendation.

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

WHEREAS, the MEDC provides administrative services to the MSF for 21st Century Jobs Trust Fund programs;

WHEREAS, pursuant to MCL 125.2088r, the MSF shall create and operate the Michigan Business Development Program (“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 created the MBDP and adopted the guidelines for the MBDP (“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 MBDP Guidelines (“Transaction Documents”);

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

WHEREAS, the Company has requested a performance-based MBDP grant of up to \$10,000,000 (“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 1) available funding; 2) final due diligence performed to the satisfaction of the MEDC; and 3) execution of the Transaction Documents (“MBDP Grant Recommendation”);

WHEREAS, the MSF wishes to approve the MBDP Grant Recommendation.

WHEREAS, the Michigan Legislature passed legislation, 2014 PA 80, to revise the personal property tax system so as to allow individuals, small businesses, and large businesses to thrive and create jobs in the State of Michigan, but which needed to be approved by the qualified electors of the State of Michigan;

WHEREAS, on August 5, 2014, the qualified electors of the State of Michigan approved the legislation to revise the personal property tax system. The approval enacted 2014 PA 92 and 2014 PA 93, the State Essential Services Assessment Act (“SESA”) and the Alternative State Essential Services Assessment Act (“Alternative SESA”);

WHEREAS, SESA and Alternative SESA authorized the creation and operation of the SESA and the Alternative SESA Exemption Program by the MSF pursuant to MCL 211.1059;

WHEREAS, on October 28, 2014, the MSF Board approved the SESA and Alternative SESA Exemption Program Guidelines (“SESA and Alternative SESA Guidelines”).

WHEREAS, the Company has requested that the MSF Board approve a SESA exemption of up to 15 years for up to \$603,450,000 in Eligible Investment in Eligible Personal Property, as defined in the SESA and Alternative SESA Exemption Guidelines, in the City of Detroit at JNAP and a SESA exemption for up to 15 years for up to \$819,180,000 in Eligible Investment in Eligible Personal Property, in the City of Detroit at the MACK, collectively identified herein as “SESA Exemptions Recommendation;”

WHEREAS, the MEDC recommends the MSF Board approve the SESA Exemptions Recommendation and require a one-time administrative fee in the amount of \$10,000 for JNAP and \$10,000 for MACK, both payable to the MEDC upon completion of the first performance milestone;

WHEREAS, the MSF Board desires to approve the SESA Exemptions Recommendation and require a one-time administrative fee in the amount of \$10,000 for JNAP and \$10,000 for MACK, both payable to the MEDC upon completion of the first performance milestone.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the GJFM Detroit Award Recommendation, MBDP Grant Recommendation, SESA Exemptions Recommendation, and the one-time administrative fee in the amount of \$10,000 for JNAP and \$10,000 for MACK, both payable to the MEDC upon completion of the first performance milestone.

BE IT FURTHER RESOLVED, that the MSF Fund Manager or MSF President is authorized to negotiate all final terms and conditions, including closing conditions, necessary to effectuate the GJFM Detroit Award Recommendation, MBDP Grant Recommendation, and SESA Exemptions Recommendation.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019

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

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

Date: May 8, 2019

Company Name: FCA US LLC and/or its affiliates and subsidiaries.

Project Location: MACK Plant(s)
Saint Jean
Detroit, Michigan

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$10,000,000

Base Employment Level: At least 697 to be finalized in the agreement which may include its Dundee Engine Plant and/or the Project Location

Qualified New Jobs: At least 3,850 at the Project Location

Municipality Supporting Project: City of Detroit has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF Approval

Term of the Agreement: December 31, 2021

Milestone Based Incentive: Disbursements will be made over a one year period and will be performance based on job creation as follows:
Milestone 1: \$10,000,000 for the creation of 3,850 jobs.

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


Acknowledged as received by:

FCA US LLC

By:

Printed Name:

Its:



Christine Estereicher

Director - State
Affairs & External
Affairs

Michigan Economic Development Corporation

By:

Printed Name:

Its:



Jeremy J. Webb

Sr. Business Development Project Manager

May 8, 2019-FCA US LLC



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

RESOLUTION 2019-080

APPROVAL OF FUNDING AND AN MSF AWARD TO THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

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, the Michigan legislature appropriated certain funds for use by the MSF for business attraction and community revitalization;

WHEREAS, the MSF allocated certain legislative appropriations for business attraction and community revitalization to the Business Development Program (“BDP”);

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

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

WHEREAS, pursuant to the MSF Act, specifically MCL 125.2088(b)(2)(c), funds appropriated to the MSF under the BDP and Investment Fund monies, 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, pursuant to the MSF Act, specifically MCL 125.2007(c), the MSF has the power to make grants and investments;

WHEREAS, the Detroit Brownfield Redevelopment Authority (“DBRA”) has requested funding in the total amount of up to \$55 million from the MSF to pursue land assembly activities (consisting of land acquisition, site preparation and soft costs) aimed at establishing market-ready industrial sites in and around Detroit, Michigan (“Real Estate”) with a view toward purchasing and transferring the Real Estate to FCA US, LLC and/or its affiliates or related entities (“FCA”) toward the ultimate redevelopment and operation of the Real Estate to construct an FCA assembly plant and related improvements for the Mack Assembly Plant (the foregoing, collectively, “Project”) (“DBRA Award”);

WHEREAS, the MEDC recommends that \$35,000,000 from the BDP (“BDP Fund Portion”) and \$20,000,000 from the Investment Fund (“Investment Fund Portion”) be transferred to fund the DBRA Award (collectively, “Funding”);

WHEREAS, the MEDC recommends that the MSF approve the DBRA Award for a total award of up to \$55,000,000, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”), subject to: (i) available funding and (ii) final due diligence performed to the satisfaction of the MEDC (“DBRA Award Recommendation”).

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Funding;

BE IT FURTHER RESOLVED, the MSF Board approves the DBRA Award Recommendation; and

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the final terms and conditions of the DBRA Award Recommendation, including closing conditions, approves the MSF Fund Manager or the MSF President to further approve disbursement milestones, repayment and other terms and conditions that are deemed necessary and appropriate from time to time to adapt to the Project needs, so long as such terms and conditions continue to include disbursement milestones and repayment provisions, and approves the MSF Fund Manager or the MSF President to sign all documents necessary or appropriate from time to time to effectuate the foregoing.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019

EXHIBIT A

Awardee: Detroit Brownfield Redevelopment Authority

MSF Award: Up to \$55 million

MSF Disbursement Parameters:

MSF disbursements to the DBRA shall be based upon performance based milestones arising out of evidence of commitments and/or expenses for the Project, as applicable, such as land acquisition, site preparation activities and soft costs, including without limitation, due diligence activities, environmental services, consultant services, legal services, title work services, surveying services, clean-up activities, option payments, other pre-acquisition, and verification of, or contribution to, DBRA commitments or expenditures arising out of purchase price payments, closing and post-closing costs and expenses, and other related invoices, contracts, reserves and expenses for Real Estate and the Project (“Eligible Activities”).

Other terms and conditions to include:

- (i) The DBRA shall evidence receipt of at least \$50 million in readily available funds from third part(ies) which the DBRA shall commit to use toward Eligible Activities, separate from, and in addition to, the MSF Funding for Eligible Activities.
- (ii) All initial tranches of Funding disbursed by the MSF, up to at least \$30 million, shall be sourced from the BDP Portion of Funding for Eligible Activities;
- (iii) The DBRA must evidence that at least \$40 million in the readily available funds from third parties has been committed or expended by the DBRA toward Eligible Activities, separate from, and in addition to, the MSF Funding for Eligible Activities, prior to any portion of the Investment Fund Portion of Funding being considered for subsequent performance-based MSF disbursement;
- (iv) No Investment Fund Portion of Funding shall be disbursed from the MSF unless and until, at a minimum, an Act 381 Work Plan is approved by the MSF, and all other performance based milestones then required by the MSF Fund Manager or MSF President are met, including without limitation, finalization of an assignment of TIF reimbursements requiring the MSF to be repaid the principal of the Investment Fund Portion of Funding ultimately disbursed by the MSF, plus a rate of return of up to 1.16% per annum, accruing from and after at the earliest, on or about January 1, 2020, and through the expiration of the MSF approved Act 381 Work Plan for the Real Estate (anticipated to be over 30 years);
- (v) Repayments to the MSF from the TIF reimbursements may be subordinate to City of Detroit loan to DBRA in the amount of \$7.5 million to be used for Eligible Activities to be paid by DBRA, and shall include terms and conditions addressing application of residual TIF reimbursements between DBRA and the MSF;
- (vi) None of the Funding disbursed by the MSF may be used as prohibited under MCL 125.2088c(3) and MCL 125.2088c(4), and the DBRA shall otherwise comply with all state required terms; and
- (vii) Other terms and conditions, and all ancillary documents, deemed necessary or appropriate from time to time by the MSF Fund Manager or MSF President.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN
STRATEGIC FUND LIMITED OBLIGATION REVENUE AND REVENUE
REFUNDING BONDS, (UNITED METHODIST RETIREMENT COMMUNITIES,
INC. PROJECT), SERIES 2019 (THE “BONDS”)

Resolution 2019-081

Background

A. The Michigan Strategic Fund (the “Fund”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds for the purpose of making loans to pay the costs of a project (as described in the Act).

B. United Methodist Retirement Communities, Inc., a Michigan non-profit corporation registered in Michigan (the “Obligor”), has requested a loan from the Fund to: a) refund \$4,385,000 of the Michigan Strategic Fund Limited Obligation Revenue Bonds (United Methodist Retirement Communities, Inc. Project), Series 2013 (“Series 2013 Bonds”) representing the callable portion of the outstanding \$10,260,000 principal balance which was originally issued in the amount of \$11,000,000; b) fund \$19,500,000 to i) finance the expansion, renovation, furnishing and equipping of the Obligor’s existing skilled nursing facility, including the construction of private rooms/baths and upgrades to support space and dining space; ii) finance the construction, furnishing and equipping of a new approximately 10,000 square-foot wellness center; and iii) finance the renovation, furnishing and equipping of an approximately 20,000 square-foot office building to house administrative offices (the “Project”).

C. The Obligor has requested the Fund to issue the Bonds in one or more series in the aggregate principal amount of not to exceed \$25,000,000 pursuant to this resolution (the “Resolution”) and a bond indenture (the “Indenture”), between the Fund and U.S. Bank National Association, as bond trustee (the “Trustee”), to obtain funds which will be loaned to the Obligor pursuant a loan agreement between the Fund and the Obligor (the “Loan Agreement”), to pay or reimburse costs of the Project, refund a portion of the outstanding Series 2013 Bonds, fund a debt service reserve account for the Bonds, and to pay the costs of issuing the Bonds.

D. As security for the payment of the Bonds, the Obligor will issue and deliver its United Methodist Retirement Communities Obligated Group Direct Note Obligation No. 12 (Michigan Strategic Fund) (“Note No. 12”), pursuant to the terms of a Master Trust Indenture and a Supplemental Master Indenture Number 12 (the “Twelfth Supplemental Master Indenture”), between the Obligor, for itself and as agent on behalf of the Obligated Group, and U.S. Bank National Association, as master trustee.

E. The Bonds will be issued as fully registered bonds and will be rated by a national credit rating agency.

F. The Bonds will be purchased by B. C. Ziegler and Company, as underwriter (the "Underwriter"), pursuant to a bond purchase agreement among the Underwriter, the Fund, and the Obligor (the "Bond Purchase Agreement").

NOW, THEREFORE, Be It Resolved by the Board of the Fund:

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loan requested by the Obligor, the issuance of the Bonds is authorized. The terms of the Bonds shall be substantially in the form contained in the Indenture, with the changes permitted or required by action of the Fund or the Indenture. The Bonds shall bear the manual or facsimile signature of a member of the Fund's Board of Directors (a "Member") or of a person authorized by Board Resolution to sign Bond documents on behalf of the Fund (an "Authorized Officer"), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds. The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be limited obligations of the Fund payable solely from the revenues derived from the Loan Agreement and otherwise as provided in the Indenture.

SECTION 2. Approval, Execution and Delivery of Documents. The forms of the following documents, on file with the staff of the Fund and on which have been endorsed by the staff of the Fund the date of adoption of this Resolution, are approved:

- a. Loan Agreement
- b. Indenture
- c. Bond Purchase Agreement

Any Member and Authorized Officer are authorized to execute and deliver the Bond Purchase Agreement and any Member or Authorized Officer is authorized to execute and deliver the remaining documents identified in this Section, in substantially the forms approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 3. Completion of Document Terms. Any Member may approve the initial interest rate applicable to the Bonds, which shall not be more than 10% per annum, and the principal amount of the Bonds, which shall not be greater than \$25,000,000. Approval of those terms shall be evidenced by the Member's execution of the Bond Purchase Agreement.

SECTION 4. Acknowledgement of Collateral Documents. The forms of Note No. 12 and the Twelfth Supplemental Master Indenture on file with the staff of the Fund and on which have been endorsed by the staff of the Fund as of the date of adoption of this Resolution, are acknowledged with the changes made by the parties as are permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 5. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds:

- a. an opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the "Attorney General"),
- b. an opinion of counsel to the Obligor and necessary certificates and representations of the Obligor acceptable to the Fund, the Attorney General, and bond counsel, and
- c. an approving opinion of the Attorney General.

Upon receipt, the proceeds of the Bonds shall be paid over to the Trustee to be credited in accordance with the Indenture.

SECTION 6. Designation of Certain Parties. U.S. Bank National Association's acceptance of duties as Trustee shall be evidenced by its execution of the Indenture.

SECTION 7. Preliminary Official Statement and Official Statement. The use and distribution by the Underwriter of a Preliminary Official Statement to solicit offers to purchase the Bonds, in the form on file with the Fund and on which an Authorized Officer shall endorse the date of adoption of this Resolution, is approved. The use and distribution of an Official Statement in substantially the same form as the Preliminary Official Statement is approved. Any Member or Authorized Officer is authorized to approve changes in the Preliminary Official Statement or Official Statement as may be necessary or desirable, permitted by the Act or otherwise by the law, and not materially adverse to the Fund.

SECTION 8. Authorization of Filings, Submissions and Other Documents.

Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency, including an escrow deposit agreement in connection with the refunding of the Series 2013 Bonds, as may be required by the Loan Agreement, the Indenture or the Bond Purchase Agreement or as may be necessary to effectuate the valid issuance, sale and delivery of the Bonds as tax-exempt bonds and otherwise as contemplated by those documents.

SECTION 9. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before July 31, 2019, the authority granted by this Resolution shall lapse.

Adopted.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

May 21, 2019
Lansing, Michigan



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**INDUCEMENT RESOLUTION
2019-082**

Dominican Health Care Corporation d/b/a Lourdes Senior Community

WHEREAS, Dominican Health Care Corporation d/b/a Lourdes Senior Community (“Lourdes”) is a Michigan nonprofit charitable organization;

WHEREAS, Lourdes, for itself and its Obligated Group comprised of Lourdes, Fox Manor, Inc., Lourdes Assisted Living Corporation, Lourdes Campus Fund, Lourdes Alzheimers Special Care Center and Lourdes Inc., all Michigan nonprofit corporations (collectively with Lourdes, the “Borrowers”), desires to refund the 2014 Series Bonds dated June 20, 2014, issued for the benefit of the Borrowers by the Michigan Strategic Fund (“MSF”) and obtain financing for the purpose of making improvements to their existing facilities (the “Project”).

WHEREAS, the Borrowers have applied to the MSF for a loan (the "Loan") to finance the Project as defined in 1984 PA 270 (the "Act");

WHEREAS, the Borrowers have advised the MSF that the cost of the Project, including the refunding of the 2014 Series Bonds in the approximate principal amount of \$12,600,000, will not exceed Twenty Two Million Dollars (\$22,000,000);

WHEREAS, the Act authorizes the MSF to loan moneys to business enterprises for the purpose of financing projects and to obtain the moneys for such loans by the issuance of bonds pursuant to the Act; and

WHEREAS, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141 and 144 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

NOW, THEREFORE, BE IT RESOLVED, by the Michigan Strategic Fund that:

1. The MSF intends to provide the Loan to the Borrowers subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Borrowers’ Tax-Exempt Application Form dated April 29, 2019.
3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed Twenty Two Million Dollars (\$22,000,000). The Borrowers shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the Bonds under applicable federal and state laws, and b) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.

6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the "Attorney General") and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.

7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the "Bond Resolution") for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Borrowers and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General and bond counsel to the MSF.

8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Borrowers to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State or a general obligation of the MSF, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid from the Bond proceeds or, if they are insufficient, by the Borrowers.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds.

11. Bond counsel to the MSF and the Attorney General are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the MSF to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any authorized signatory is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the bond proceeds or by the Borrowers.

12. A preliminary official statement or other offering materials may be used in connection with the sale of the Bonds; provided, however, that no preliminary official statement or other offering materials shall be circulated unless any description of the MSF, the Bonds and documents to which the MSF is a party shall have been approved by bond counsel to the MSF and the Attorney General.

13. All resolutions and parts of resolutions insofar as they conflict with this Resolution are rescinded.

ADOPTED

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

May 21, 2019
Lansing, Michigan



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-083**

**SSBCI MBGF-CSP
APPROVAL OF COLLATERAL SUPPORT AGREEMENT FOR
REDALL INDUSTRIES, INC. AND RELATED BORROWERS**

WHEREAS, under the State Small Business Credit Initiative Act of 2010 (title III of the Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582 (the “SSBCI”), the United States Congress appropriated funds to the United States Department of Treasury (“US Treasury”) to be allocated and disbursed to states that have applied for and created programs in accordance with the SSBCI to increase the amount of capital made available by private lenders to small businesses (“SSBCI Programs”);

WHEREAS, At its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a collateral support program designed to enhance the collateral position of commercial borrowers to promote advancement of credit facilities from lenders (the “MBGF-CSP”), and (iii) the guidelines for the MBGF-CSP (“MBGF-CSP Guidelines”) and MBGF-CSP Cash Collateral Deposit Agreement (“MBGF-CSP Agreement”), each to be utilized for the operation of the MBGF-CSP, and (iv) the MSF Fund Manager or Chairperson to negotiate and sign the terms and conditions of the MBGF-CSP Agreement as authorized by the MSF Board;

WHEREAS, On June 21, 2011, the US Department of Treasury approved the State of Michigan, through the MSF, to receive and disburse SSBCI funds within the SSBCI Programs created by the MSF;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for SSBCI Programs, including the MBGF-CSP;

WHEREAS, Crestmark, a division of Meta Bank (“Bank”) has proposed a new credit facility to Redall Industries, Inc. and/or related borrowers (the “Proposed Borrowers”) of: (i) up to \$4,750,000 on a working capital line of credit;

WHEREAS, Proposed Borrowers have requested collateral support from the MSF under the MBGF-CSP in an amount not to exceed the lesser of: (i) \$1,662,500 or (ii) up to 35% of the total amount of the Bank loan (“MBGF-CSP Support”)

WHEREAS, the MEDC has reviewed the Bank’s current credit documents for the Proposed Borrowers, and recommends that the MSF Board approve the MBGF-CSP Support, subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-CSP Agreement within 90 days of the date of this Resolution (“Time Period”), or the collateral support approvals under 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 30 days;

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the MBGF-CSP Support subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-CSP Agreements within 90 days of the date of this Resolution (“Time Period”), or the collateral support support approvals under 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 30 days; and

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate all final terms and conditions and to execute the MBGF-CSP Agreement on behalf of the MSF, so long as the final terms and conditions are not materially adverse to the MSF.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

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Dear Ms. Bishop:

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-084**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
ALBERT KAHN BUILDING REDEVELOPMENT PROJECT**

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

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 7430 Second Avenue & 101 W. Bethune Street within the City of Detroit, known as Albert Kahn Building 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 authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 38.81% to 61.19% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition, lead, asbestos, or mold abatement as presented in the Work Plan dated April 2, 2019. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The

authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$2,907,675 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$30,000 for Brownfield/Work Plan preparation, and a maximum of \$30,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,151,790.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City of Detroit, 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: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-085**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
CAMBRIA @ THE ASHTON 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 600 West Lafayette Boulevard and 659 Howard Street within the City of Detroit, known as Cambria @ The Ashton 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 authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 54.80% to 45.20% 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 April 1, 2019. Any change in millage that increases the capture percentage of

school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$7,930,465 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$488,274 in interest, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$4,629,970.

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 \$488,274 related to the eligible activities for the Project.

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached), Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-086**

**APPROVAL OF A MICHIGAN STRATEGIC FUND
PURCHASE OF MSHDA BONDS AND PERFORMANCE-BASED LOAN
AWARD TO
KALAMAZOO CREAMERY LDHA LP AND/OR RELATED PARTIES**

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., 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, including through blight removal and job creation;

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

WHEREAS, the Michigan legislature appropriated certain funds for use by the MSF for business attraction and community revitalization;

WHEREAS, the MSF allocated certain legislative appropriations for community revitalization to the Michigan Community Revitalization Program (“MCRP”);

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

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

WHEREAS, Kalamazoo Creamery LDHA LP and/or Related Parties (“Borrower”) are interested in redeveloping a vacant site into residential apartments and commercial space (“Project”);

WHEREAS, the Borrower has requested that (i) the MSF purchase Michigan State Housing Development Authority bonds (the “MSHDA Bonds”) being issued to construct the Project and (ii) provide a Performance-Based Loan award (the “MSF Loan”) under MCL 125.2088b(2)(c) for the Project in an amount not to exceed \$2,555,047 (together, the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the Award Request will provide an investment and financing that will allow the Borrower to complete development of the Project;

WHEREAS, the MEDC recommends that \$2,555,047 from the MCRP be transferred to MSF Other Activities to fund the Award Request;

WHEREAS, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; (iii) execution of the final documentation for the Award Request 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 (“Award Recommendation”);

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the transfer of MCRP Funds in the amount of the Award Request under MCL. 125.2088b(2)(c) in order to fund (i) the purchase of MSHDA Bonds and (ii) a Performance-Based Loan to the Applicant; and

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager to purchase the MSHDA Bonds and enter into any bond purchase documents consistent with this resolution; and

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

ADOPTED

Ayes: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019

EXHIBIT A

“Term Sheet”

MSF AWARD TERMS

MSF Incentive Award:	\$2,555,047
Borrower:	Kalamazoo Creamery LDHA LP
Total Capital Investment:	Currently estimated at \$14,760,880
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s loan award.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor.- Copies of final construction documents.- Copies of all executed loan agreements, notes and mortgages, evidencing that the Applicant has financing in place or evidence of other sources available to complete the Project as contemplated.- Final agreements related to the City of Kalamazoo’s HOME funds.- Final agreements related to MSF’s purchase of MSHDA Bonds.- Final agreements related to Insite Capitals investment in the Low-Income Housing Tax Credits and Solar Tax Credits.- Final organizational and flow of funds chart.- Evidence of site control.- Evidence of Project qualification as a facility.- Final development budget and projections.- Other documents may be required for review.
MSF Facility #1:	MSHDA Bond Purchase
Applicant:	Kalamazoo Creamery LDHA LP or a Related Entity
MSF Investment Amount:	Up to \$1,250,000
Bond Purchase:	MSF will directly purchase a portion of the MSHDA Bonds, allowing a lower interest rate when blended with the MSHDA tax-exempt loan rate than would otherwise be possible.
Interest Rate:	1.00% per annum
Term:	To match that of MSHDA, anticipated to be 480 months.
Amortization:	To match that of MSHDA, anticipated to be 480 months.
Repayment Terms:	MSF will collect monthly principal and interest payments from MSHDA, subject to the terms of the MSHDA Bonds.

MSF Facility #2:	Performance-Based Loan
Borrower:	Kalamazoo Creamery LDHA LP or a Related Entity
MSF Loan Amount:	Anticipated to be \$1,305,047
Term:	To match that of MSHDA, anticipated to be 480 months.
Amortization:	N/A.
Interest Rate:	1.00% per annum Simple Interest
Repayment Terms:	Monthly principal and interest payments to be deferred until the earlier of (a) the year in which the sum of all annual surplus funds available for distribution equals or exceeds the amount of deferred developer fee or (b) the 13th year following commencement of amortization of the 1st mortgage loan, to match the terms of the MSHDA cash flow note. Interest will accrue until paid in full. Repayment to the MSF Loan will be proportionate with MSHDA's cash flow-based Preservation Fund loan, currently anticipated to be paid from not less than 36% of 50% of surplus cash available for distribution. Monthly payments will be first applied to accrued and unpaid interest, then to current interest and principal until the earliest of sale, refinance of the Development or maturity, at which time the loan and any accrued and unpaid interest shall be due in full.
Collateral:	To match that of MSHDA, subordinated to the tax-exempt bond financing 1 st mortgage and a 2 nd mortgage on MSHDA's cash flow loan.
Guarantee:	To match that of the MSHDA, anticipated being Matt Hollander, Republic Development LLC, and Hollander Development Corporation. MSF will be subordinate to MSHDA on guarantee.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-087**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY
1101 PORTAGE STREET SITE**

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 1101 Portage Street within the City of Kalamazoo, known as The Creamery (the “Project”);

WHEREAS, the City of Kalamazoo is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) public infrastructure improvements; c) site preparation; e) brownfield and work plan preparation; 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 authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 41.08% to 58.92% 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 April 3, 2019. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on total costs of MSF eligible activities of \$564,996 for the principal activity costs of non-environmental activities, a contingency, and \$2,800 for Brownfield/Work Plan preparation. The Work Plan is approved for a maximum reimbursement for MSF eligible activities totaling \$280,018, with the capture of taxes levied for school operating purposes being limited to a maximum of \$115,031.

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: Paul Gentilozzi, Jeff Guilfoyle (on behalf of Treasurer Eubanks, designation attached),
Jeremy Hendges, Stephen Hicks, Jeff Mason, Terrence J.L. Reeves, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
May 21, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

May 16, 2019

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Michigan Strategic Fund Office
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Lansing, MI 48913

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Rachael Eubanks
State Treasurer

Cc: Jeff Guilfoyle
Eric Bussis
Andrew Lockwood