

MICHIGAN STRATEGIC FUND BOARD MEMBERS

Paul Ajegba

*Director, Michigan Department of
Transportation*

Ronald W. Beebe

*Principal Owner & CEO
Euclid Industries, Inc.*

Britany Affolter - Caine, Ph.D.

*Executive Director
Michigan's University Research
Corridor*

Jeff Donofrio

*Director, Department of Labor
& Economic Opportunity*

Rachael Eubanks

*State Treasurer, Department of
Treasury*

Paul Gentilozzi

President, Gentilozzi Real Estate

September Hargrove

*Vice President, Global
Philanthropy, JP Morgan Chase*

Mark Burton

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

Charles Rothstein

*Founder & Senior Managing Director
Beringea, LLC*

Susan Tellier

*President
JetCo Packaging Solutions*

Cindy Warner

*Global Leader, ProServe Advisory
Amazon Web Services*

MICHIGAN STRATEGIC FUND (MSF) BOARD

Meeting Packet

June 2020

**MICHIGAN STRATEGIC FUND BOARD
MEETING PACKET**

June 23, 2020

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MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
June 23, 2020
10:00 am

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

Communications

A. Consent Agenda

Proposed Meeting Minutes – May 19, 2020

Jobs Ready Michigan Program – Delegation of Authority – Mark Morante

LOC Performance – MBDP Amendment – Julia Veale

Atlantic Tool, Inc. – Revocation of Existing Tool and Die Recovery Zone – Kathryn Smith

Webasto – MBDP Reauthorization and Amendment – Jibrán Ahmed

B. Administrative

MSBRP Loan – Guideline Modification – Trevor Friedeberg

C. Business Investment

1. Capital Access

Detroit Development Fund – Micro Loan Funding – Chris Cook

2. Business Growth

iSource WorldWide, LLC & Skypoint Ventures, LLC – MBDP Amendment – Jeremy Webb

Magna Seating of America, Inc. – MBDP Grant and State Essential Services Assessment (“SESA”) Exemption Request – Jeremy Webb

D. Community Vitality

ANC Holdings, LLC – MCRP Award – Sarah Rainero

Detroit Entrepreneur Development, LLC – MCRP Amendment – Julius Edwards

Lansing Acquisition 500, LLC – MSF Investment Fund Award and Brownfield Act 381 Work Plan – Sarah Rainero

BRD Opportunity Zone Developer LLC-Uptown/River’s Edge Development – MCRP Award/

Brownfield Act 381 Work Plan Amendment – Chelsea Beckman

City of Sault Ste. Marie – CDBG Award – Lindsey Miller

MICHIGAN STRATEGIC FUND

RESOLUTION

2020-069

**APPROVAL OF JUNE 2020 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

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

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes – May 19, 2020

LOC Performance – MBDP Amendment

Atlantic Tool, Inc. – Revocation of Existing Tool and Die Recovery Zone

Webasto – MBDP Reauthorization and Amendment

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan

June 23, 2020

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
May 19, 2020**

Members joined by phone

Britany L. Affolter-Caine
Paul Ajegba
Ronald W. Beebe
Mark Burton
Jeff Donofrio
Paul Gentilozzi
September Hargrove
Andrew Lockwood (on behalf of Treasurer Eubanks)
Charles P. Rothstein
Cindy Warner
Susan Tellier

Mr. Burton called the meeting to order at 10:05 a.m. He thanked Board members for their continued patience and understanding for the need to meet virtually and expressed hope that the next meeting would be in person.

Public Comments: Mr. Burton introduced Brian Krantz, Senior IT Project Manager, who provided public comment instructions for individuals participating by telephone. Kathleen Farhat, Chief of Staff for Senator Curtis Hertel Jr., spoke in support of the Red Cedar Development project in Lansing.

Communications: Rhonda Bishop, MSF Board Liaison, advised Board members that letters were received for the following projects: Senator Ed McBroom in support of the City of Ishpeming Senior Center Public Facilities development project and Representative Tyrone Carter in support of the Bagley Development Group, LLC and Queen Lillian II LLC projects in Detroit. Letters also were received from the City of Albion, Albion Economic Development Corporation and Albion Branch NAACP in support of the CDBG Program Year 2019 Action Plan Amendment; the letters are attached to the minutes.

Cindy Warner, recused from the next item, delayed joining the meeting; a recusal letter is attached to the minutes.

A. CONSENT AGENDA

Resolution 2020-048 Approval of Consent Agenda Items

Mr. Burton asked if there were any questions from the Board regarding items under the Consent Agenda. Ronald W. Beebe asked for a copy of the job description for the Alternate Fund Manager position. A staff member indicated they would follow up after the conclusion of the meeting. Charles P. Rothstein motioned for the approval of the following:

Proposed Special Meeting Minutes – April 14, 2020
Amazon Services.com, Inc. – MBDP Grant Amendment – **2020-049**
Establishing an Alternate Fund Manager (Valerie Hoag) – **2020-050**

Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier; Nays: None; Recused: Cindy Warner

Cindy Warner joined the meeting.

B. BUSINESS INVESTMENT

B1. Capital Access

Resolution 2020-051 Metro Community Development – Micro Loan Funding

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following questions and discussion, September Hargrove motioned for the approval of Resolution 2020-051. Britany L. Affolter-Caine seconded the motion. **The motion carried: 9 ayes; 2 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: Paul Ajegba, Paul Gentilozzi; Recused: None

B2. Business Growth

iSource WorldWide, LLC & SkyPoint Ventures, LLC – MBDP Loan/Grant Amendment

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following questions and discussion, Paul Gentilozzi motioned to delay consideration of the project until additional information requested by Board members is provided by the development team. Ronald W. Beebe seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Resolution 2020-052 Packaging Compliance Labs – Jobs Ready Michigan Program Grant

Julia Veale, Business Development Project Manager, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-052. Britany L. Affolter-Caine seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Resolutions 2020-053 & 2020-054 ArcelorMittal Tailored Blanks Americas Corporation – MBDP Grant Amendment and SESA Exemption

Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding these action items. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2020-053. Paul Gentilozzi seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Ronald W. Beebe then motioned for the approval of Resolution 2020-054. Paul Gentilozzi seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

C. COMMUNITY VITALITY

Resolution 2020-055 601 West LLC – MCRP Loan Participation Amendment

Julius Edwards, Commercial Real Estate Investment Manager, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-055. Ronald W. Beebe seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Mr. Burton, MSF board chairperson, advised board members that the order of agenda items was being modified due to time constraints. The Red Cedar Development Project was moved up on the agenda.

Resolution 2020-056 City of Lansing Brownfield Redevelopment Authority (Red Cedar Development Project) – Brownfield Act 381 Work Plan

Lori Mullins, Director of Community Incentives, provided the Board with information regarding this action item. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2020-056. Paul Gentilozzi seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Ronald W. Beebe motioned to approve all remaining items under Community Vitality. Paul Gentilozzi seconded the motion.

Resolution 2020-057 City of Ishpeming – CDBG Award

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None
The motion carried: 11 ayes; 0 nays; 0 recused.

Resolution 2020-058 Village of Cassopolis – CDBG Award

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None
The motion carried: 11 ayes; 0 nays; 0 recused.

Resolution 2020-059 Bagley Development Group, LLC (United Artist Building Project) – MCRP Loan

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None
The motion carried: 11 ayes; 0 nays; 0 recused.

Cindy Warner, recused from the next item, temporarily left the meeting; a recusal letter is attached to the minutes.

Resolutions 2020-060 & 2020-061 Queen Lillian II LLC / City of Detroit Brownfield Redevelopment Authority (The Woodward at Midtown Project) – MCRP Loan Participation Award and Brownfield Act 381 Work Plan Amendment

ROLL CALL VOTE (Resolution 2020-060): Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier; Nays: None; Recused: Cindy Warner

The motion carried: 10 ayes; 0 nays; 1 recused.

ROLL CALL VOTE (Resolution 2020-061): Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier; Nays: None; Recused: Cindy Warner

The motion carried: 10 ayes; 0 nays; 1 recused.

Cindy Warner rejoined the meeting.

D. ADMINISTRATIVE

Resolution 2020-062 CDBG Program Year 2019 Action Plan – Amendment

Chris Whitz, CDBG Program Director, provided the Board with information regarding this action item. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-062. Charles P. Rothstein seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Susan Tellier left the meeting at 12:30 p.m.; Jeff Donofrio left the meeting at 12:32 p.m.

Mr. Burton, MSF board chairperson, advised board members that the order of agenda items was being modified again due to time constraints. The items under Entrepreneurship were moved up on the agenda.

E. ENTREPRENEURSHIP

Britany L. Affolter-Caine, recused from the next four items, temporarily left the meeting; a recusal letter is attached to the minutes.

Resolution 2020-063 Advanced Computing MTRAC Innovation Hub (Wayne State University) – Grant Amendment

Denise Graves, University Relations Director, provided the Board with information regarding this action item. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-063. Charles P. Rothstein seconded the motion. **The motion carried: 8 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Paul Ajegba, Ronald W. Beebe, Mark Burton, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: Britany L. Affolter-Caine

Resolution 2020-064 Advanced Materials MTRAC Innovation Hub (Michigan Technological University) – Grant Amendment

Denise Graves, University Relations Director, provided the Board with information regarding this action item. Following discussion, Paul Ajegba motioned for the approval of Resolution 2020-064. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Paul Ajegba, Ronald W. Beebe, Mark Burton, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: Britany L. Affolter-Caine

Resolution 2020-065 Ag Bio MTRAC Innovation Hub (Michigan State University) – Grant Amendment

Denise Graves, University Relations Director, provided the Board with information regarding this action item. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-065. Charles P. Rothstein seconded the motion. **The motion carried: 8 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Paul Ajegba, Ronald W. Beebe, Mark Burton, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: Britany L. Affolter-Caine

Resolution 2020-066 Life Sciences MTRAC Innovation Hub (University of Michigan Medical School) – Funding Allocation

Denise Graves, University Relations Director, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-066. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Paul Ajegba, Ronald W. Beebe, Mark Burton, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: Britany L. Affolter-Caine

Britany L. Affolter-Caine rejoined the meeting.

D. ADMINISTRATIVE (continued)

Resolution 2020-067 International Trade – MI-STEP Eligibility Guidelines Change

Natalie Chmiko, Vice President of PMBC & International Trade, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-067. September Hargrove seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

Resolution 2020-068 International Trade – MI-PEP Eligibility Guidelines Change

Natalie Chmiko, Vice President of PMBC & International Trade, provided the Board with information regarding this action item. Following discussion, Paul Ajegba motioned for the approval of Resolution 2020-068. Andrew Lockwood seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

Mr. Burton adjourned the meeting at 12:51 p.m.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood



THE SENATE
STATE OF MICHIGAN

ED McBROOM

38TH DISTRICT
CAUCUS DEAN
P.O. BOX 30036
LANSING, MI 48909-7536
PHONE: (517) 373-7840
FAX: (517) 373-3932
senmcbroom@senate.michigan.gov

COMMITTEES:
CHAIR, NATURAL RESOURCES
CHAIR, OVERSIGHT
VICE CHAIR, ELECTIONS
VICE CHAIR, JCAR
ADVICE AND CONSENT
ENVIRONMENTAL QUALITY
TRANSPORTATION

May 18, 2020

Mark A. Burton, Chairman
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Dear Chairman Burton:

I am writing to indicate my support of the proposal to award Community Development Block Grant (CDBG) funds for the Senior Center Public Facilities Development project in Ishpeming.

It is my understanding the Michigan Strategic Fund board will consider a request from Ishpeming for \$1,896,342 for this project, which will allow the City of Ishpeming and the Greater Ishpeming Commission on Aging to continue to provide services and opportunities to senior citizens who reside in the city and the surrounding townships, while expanding services at a newly developed facility. The project is also expected to increase private investment within the downtown because of the relocation and expansion of the senior center.

Specific plans for the project include demolition of the blighted and obsolete facility on Pine Street, and development of a new senior center facility on Greenwood Street. The city and city senior center have been carefully planning this proposal for the past five years to address problems, such as poor access and building condition as well as limited parking. The CDBG funding will be used for demolition of the old building, construction of the new site, and grant administration from a CDBG Certified Grant Administrator.

I strongly support Ishpeming's grant proposal as it will undoubtedly result in better service to the community's senior citizens and it will allow for improvements to the city's downtown. Please do not hesitate to contact me with any questions.

Sincerely,

Sen. Ed McBroom
38th Senate District



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

MICHIGAN HOUSE OF REPRESENTATIVES

TYRONE A. CARTER

STATE REPRESENTATIVE

COMMITTEES:
EDUCATION
ENERGY
MILITARY, VETERANS
AND HOMELAND SECURITY

May 18, 2020

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

Mr. Burton,

I am pleased to offer my support for the Bagley Development Group's loan participation award request to support the United Artist Building project in downtown Detroit.

The United Artist Building project will aid in restoring a historic, eighteen-floor building consisting of both commercial and residential space. To better serve mixed-income residents of the area, a portion of the housing units will be leased at manageable rates based on 80% of the Area Median Income. Located in downtown Detroit, this development project will revitalize the physical upkeep of a significant, long-standing building while offering additional housing opportunities at an affordable price and creating a commercial space that lends itself to local economic growth. In addition, the construction of the United Artist Building will offer 25 full-time jobs for workers in the area.

As a member of the State House of Representatives, I encourage the Michigan Strategic Fund board to grant the Bagley Development Group its desired Michigan Community Revitalization Program loan participation award. This minority-owned business boasts 230 years of combined experience across multiple developmental industries such as construction, property management, and real estate. The granting of this award represents a renewed commitment to the rehabilitation of building sites in downtown Detroit. If you have further questions, feel questions, please contact my office at 517-373-0823.

Sincerely,

Tyrone Carter
State Representative, 6th District



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

MICHIGAN HOUSE OF REPRESENTATIVES

TYRONE A. CARTER

STATE REPRESENTATIVE

COMMITTEES:
EDUCATION
ENERGY
MILITARY, VETERANS
AND HOMELAND SECURITY

May 18, 2020

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

Mr. Burton,

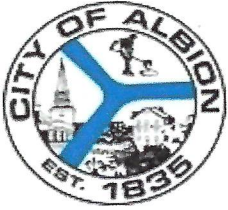
I am pleased to offer my support for Queen Lillian II's request for a Michigan Community Revitalization Program loan participation award.

Queen Lillian II LLC's project will construct a five-story building at a vacant site located at the Woodward corridor in Midtown Detroit. The projected building will consist of 204 residential units, with a portion dedicated to serving low-income residents, as well as ground floor retail and public works projects in the vicinity of the building, namely Woodward and Stimpson Street.

As a member of the State House of Representatives, I strongly recommend the Michigan Strategic Fund Board grant a Michigan Community Revitalization Program loan participation award to Queen Lillian II, LLC. This project encourages inclusive development across Detroit neighborhoods by a company with vast real estate experience that has been supported by and worked with MSF in the past. The construction site will give low-income residents of Detroit more affordable housing options while also stimulating local economic activity through its retail spaces. The public improvement works will also revitalize Midtown and encourage further development projects in the area. If you have further questions, feel free to contact my office at 517-373-0823.

Sincerely,

Tyrone Carter
State Representative, 6th District



CITY OF ALBION

◆ 112 West Cass Street ◆ Albion, MI 49224

May 8, 2020

Ms. Audette-Bauman:

The City of Albion requests the Michigan Strategic Fund immediately adopt and implement the recently expanded Community Development Block (CDBG) grant guidelines issued by HUD April 6th as part of the federal CARES Act.

The expanded HUD guidelines provide opportunities for communities to implement flexible solutions to support local COVID-19 response efforts. These more flexible CDBG guidelines present potential opportunities and resources for flexible - innovative solutions to effectively, safely deal with COVID-19 challenges.

COVID-19 presents a whole host of new challenges which strike small rural communities such as Albion particularly hard. However, these expanded CDBG guidelines represent diverse growth opportunities for minority owned microbusinesses to quickly implement enhanced, safer community health procedures during this COVID-19 pandemic and continue into the developing "new normal."

Albion has been fortunate to have benefitted from extensive support and collaboration with you personally and the full MEDC organization for years. Adoption of the expanded CDBG guidelines with rapid implementation, will provide more opportunities for MEDC to work closely with Albion to meet the social and economic challenges ahead. These new challenges facing our community and every community across our state, also represent new opportunities for local microbusiness to gain a lasting foothold in our economy.

Sincerely,

Honorable Dave Atchison
Mayor City of Albion



**ALBION
ECONOMIC
DEVELOPMENT**

May 7, 2020

Ms. Michelle Audette-Bauman
Michigan Economic Development Corporation
300 N. Washington Sq., Lansing, MI 48913
RE: FY 2020 MEDC Adoption and Expansion of HUD CDBG Guidelines

Dear Ms. Audette-Bauman:

On behalf of the Albion Economic Development Corporation, Albion Tax Increment Financing Authority and Albion Brownfield Redevelopment Authority, we are requesting that the Michigan Strategic Fund adopt and accommodate the new HUD expansion guidelines for CDBG grants. The guidelines were issued April 6th as part of the federal Cares Act.

It is to my understanding the MEDC has not yet adopted the expanded guidelines and that the MSF is considering them at an upcoming meeting. The guidelines mitigate some items of interest to Albion that would support local COVID-19 response efforts. These more flexible CDBG guidelines present potential opportunities and resources for growth in minority owned businesses in our community, as well as safer procedures during Covid-19.

The AEDC realizes that new CDBG guidelines are applicable and beneficial to many of its businesses. AEDC is looking to utilize in particular “Provision to Microenterprises” that would allow expansion and technical assistance, grants, loans and other financial assistance to establish stabilize and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine. Albion has enjoyed remarkable support and collaboration with MEDC for many years. Your assistance in getting the MSF Board to immediately adopt and implement these expanded guidelines will open more options for MEDC to further work with and assist the Albion community.

The AEDC fully supports the expansion and looks forward to using the grant funds to help support microbusinesses for the mutual benefit of local entrepreneurs and our local community.

Sincerely,



Amy Deprez
President & CEO



Albion Branch NAACP

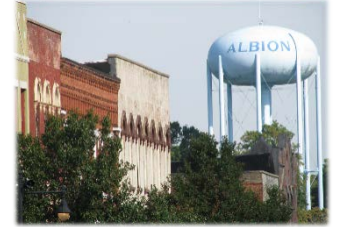
P.O. Box 751, Albion, MI 49224 (517) 629-8659

Robert Dunklin, President

National Association for the Advancement of Colored People
Making Democracy Work Since 1909

4805 Mt. Hope Drive –

Baltimore, MD 21215-3297 (410) 358-8900



April 6, 2020

Ms. Michelle Audette- Bauman
Michigan Economic Development Corporation
300 N. Washington Sq.,
Lansing, Michigan 48913

Dear Ms. Audette-Bauman:

Greetings to everyone! I am Robert Dunklin, president of the Albion Branch NAACP. I am also an active and supportive community member. The Covid-19 has placed us in a daunting and unpredictable environment. It has provided additional challenges to the community of Albion. Prior to Covid-19, the Albion community had begun to make improvements and will continue to work collaboratively on those changes as we are able to move back to our **NEW NORMAL**. We are confident we will get through this difficult and challenging time by working **TOGETHER**.

Covid-19 has affected this community in numerous ways. The proportionally poverty level, unemployment (lack of medical care); lack of access to virtual education (computers and broadband); lack of educational support in homes (not because of neglect but because of the ability to understand the curriculum) all have tremendous impact on our community as a whole.

Therefore, it is important that we, the Albion NAACP Executive Committee, its membership, and community population request your assistance in getting the Michigan Economic Development Corporation (MEDC) to immediately support the expansion of the new guidelines for CDBG grants. The microenterprises that provide medical, food delivery, cleaning and many other services that support needs affected by this COVID-19 are greatly needed in the Albion community. The guidelines adopted through Federal Cares Act would be supportive to the Albion community.

The MEDC and Albion have remarkable collaborations. Your support and assistance in working with the MEDC in adopting and implementing these expanded guidelines will be an additional gateway for more opportunities for MEDC to further Provision to Microenterprises in collaborating and assisting the Albion Community.

Sincerely,

Robert Dunklin, President
Albion Branch NAACP

Cc: Amy Deprez
Representative Jim Haadsma
Senator John Bizon

Cindy L. Warner
17850 Smokey Hollow Road
Traverse City, MI. 49686
(313) 903-8787
Cindylwarner1@gmail.com

May 13, 2020

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, May 19, 2020:

- 1) CONSENT AGENDA MATERIALS: *Amazon.com*
- 2) COMMUNITY VITALITY: *Queen Lillian II LLC/The Woodward at Midtown Redevelopment (MCRP Award and Brownfield Act 381 Work Plan Amendment)*

The reason for my recusal of Agenda Item #1, is due to the fact I am an executive of this company and it would be a direct conflict of interest to vote on any actions pertaining to my employer. The reason for my recusal of Agenda Item #2, is due to the fact that I personally know an investor in this project, Peter D. Cummings. It would be a conflict of interest to vote on any actions pertaining to this investor.

Sincerely,

Cindy L. Warner

Cindy L. Warner
MSF Board Member



May 13, 2020

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, May 19, 2020.

- Advanced Computing MTRAC Innovation Hub – Grant Amendment
- Advanced Materials MTRAC Innovation Hub – Grant Amendment
- Ag Bio MTRAC Innovation Hub – Grant Amendment
- MTRAC Life Sciences Innovation Hub – Funding Allocation

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees of the MTRAC program.

Sincerely,

A handwritten signature in cursive script that reads "Britany Affolter-Caine".

Britany Affolter-Caine
Executive Director
Michigan's University Research Corridor

MEMORANDUM

Date: June 23, 2020

To: Michigan Strategic Fund (“MSF”) Board

From: Mark Morante, Fund Manager

Subject: Jobs Ready Michigan Program - Delegation of Authority Updates

Request

Michigan Economic Development Corporation (“MEDC”) staff requests that the MSF Board modify the MSF Compiled Delegation of Authority to include delegations of authority for the Jobs Ready Michigan Program (“JRMP”), as outlined below, operated under Section 88(b)(2)(c) of the MSF Act (the “Request”).

Background

In order to augment existing funding programs available in Michigan, the MSF approved the JRMP at its April 23, 2019 meeting. A copy of the JRMP guidelines are attached to this memo. The JRMP is designed to provide grants for business expansion and/or location projects that lead to job creation and/or investments in Michigan that have a demonstrated training need. Funding under this program allows the state to compete for business attraction and/or expansion projects against states that offer training funds. In furtherance of the objectives of the JRMP, the MSF approved a designation of up to \$10 million of the MBDP funds to the JRMP under MCL.125.2088b(2)(c), which allows funds to be appropriated to the MSF for purposes of carrying out the MSF Act. Utilizing the JRMP, the MSF is able to provide performance-based grants for eligible training expenses for projects that meet the program guidelines.

MEDC staff proposes the following updates to the MSF Compiled Delegation of Authority in order to promote efficiency in program administration and consistency across similar programs:

- The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a JRMP application and overall process to operate the JRMP, each in accordance with the JRMP guidelines adopted by the MSF Board.
- The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the JRMP where the award amount is \$1,000,000 or less in accordance with the JRMP guidelines adopted by the MSF Board.
- The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the JRMP.

Recommendation

MEDC staff recommends the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-074**

STRATEGIC FUND DELEGATION OF AUTHORITY

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

WHEREAS, under Article II, Section 1 of the Amended and Restated Bylaws adopted by the MSF Board on April 22, 2014, the MSF Board may delegate by resolution those functions and authority it deems necessary or appropriate to the President, Vice-President, Staff, the MEDC, or others, unless otherwise prohibited by law;

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

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

WHEREAS, on April 23, 2019, the MSF Board adopted the Jobs Ready Michigan Program (the “JRMP”) to provide grants for business expansion or location projects that lead to job creation or investments in Michigan that have a demonstrated job training need;

WHEREAS, the MEDC recommends that the MSF Board amend the Strategic Fund Compiled Resolutions to delegate authority to the MSF President, the MSF Fund Manager, and the State Treasurer, with two required to act, the authority to make decisions under the JRMP; and

WHEREAS, the MSF Board wishes to approve revisions to the Strategic Fund Compiled Resolutions in accordance with the terms and conditions of this Resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the MSF Board delegates the following authority effective June 23, 2020:

125.2088b-3 Jobs Ready Michigan Program

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a Jobs Ready Michigan Program application and overall process to operate the Jobs Ready Michigan Program, each in accordance with the Jobs Ready Michigan Program guidelines adopted by the MSF Board.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the Jobs Ready Michigan Program where the award amount is \$1,000,000 or less in accordance with the Jobs Ready Michigan Program guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Jobs Ready Michigan Program.

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

Exhibit A

Jobs Ready Michigan Program Guidelines

PURPOSE

The Jobs Ready Michigan Program (the “Program”) was created by the Michigan Strategic Fund (“MSF”) under MCL 125.2088b(2)(c) to meet the talent needs of companies that are expanding or locating in Michigan. The Program is designed to be flexible and responsive to the specific talent needs of companies and to address the costs associated with recruiting and training individuals for occupations that are high-wage, high-skill, or high-demand. Program awards may be used for a variety of activities related to talent recruitment and job training including, but not limited to, employee recruitment expenses, development of customized training development plans, instructor and training materials costs, purchase of equipment related to training, construction of training facilities, and on-the-job training costs. The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the MSF for the Program.

ELIGIBILITY

Any company (and/or its affiliates) that is physically located and operating in the State of Michigan or that will be physically located and operating in the State of Michigan and is creating jobs or making capital investment in Michigan is eligible to apply for a grant under the Program. A company seeking an incentive under the Program must demonstrate that the grant is necessary to address a talent or training gap.

APPLICATION PROCESS

A company interested in applying for a grant under the Program may submit an application for consideration to the MEDC. The MEDC will consider the following factors in determining whether to make a recommendation to the MSF for an award under the Program:

- Demonstrated talent recruitment and/or training need
- Number, type, and wage-level of jobs to be created or retained by the company in Michigan
- Level of capital investment to be made by the company in Michigan
- Out-of-state competition for the expansion or location of the company’s project
- Whether there is an anticipated net positive return to the State of Michigan through issuance of a Program grant
- Whether the company intends to reuse existing facilities in connection to its creation or retention of jobs in Michigan
- Business diversification
- The company ties to Michigan suppliers

ADDITIONAL INFORMATION

- The MSF Fund Manager or MSF President may approve changes to the terms and conditions of the MSF grant agreements as either may deem necessary or appropriate from time to time to adapt to the Program, so long as such terms and conditions comply with these guidelines and continue to include performance-based milestones and repayment provisions and are approved by either the AG or MEDC Legal Division.

MEMORANDUM

Date: June 23, 2020

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

From: Julia Veale, Business Development Project Manager

Subject: Grant Amendment Request
Michigan Business Development Program (“MBDP”)
LOC Performance Products, Inc. (“Company”)

Background

On June 26, 2018, The MSF approved a \$7 million MBDP performance-based grant to Loc Performance Products, Inc. to support the creation of 700 jobs and a \$96.5 million investment in Lansing and Plymouth Township respectively. The Company is a full-service provider of complex mechanical systems, fabricated structures and armor products for defense and commercial industries. The Company is currently headquartered in a manufacturing facility in Plymouth, Michigan.

Current Status of Project

The Company has hired 143 people above the base employment of 470. Sales were \$173 million in 2019 and booked sales for 2020 exceed \$225 million. Projections for 2021 stand at \$275 million based on 2020 product launches. To date, investment in the project is close to \$20 million.

While the company is making significant progress toward the investment goal it is having difficulty filling CNC machining positions to support fabrication work in Lansing.

Community Impact

This project has had significant economic impact on the Lansing and metro Detroit area. Examples include:

- Acquisition of Demmer Corp’s north Lansing operation in 2017 and the retention of the existing 160- person workforce.
- Working closely with neighboring community colleges and high schools to recruit people into its apprenticeship program. This provided the opportunity for young people to make \$25/hour within three years of graduating high school.
- Continued efficiencies by the Company in manufacturing processes have helped solidify Michigan as a strong presence in the defense industry.
- The Company works to develop relationships with neighboring community colleges and workforce agencies to identify people from the area who would be candidates for the training and development that the Company offers. This provides opportunities for residents who might not otherwise be able to afford to get certification in a skilled trade the opportunity to do so while getting paid.

Amendment Request

- Add LOC Pac, Inc. to the Agreement for the purpose of counting Qualified New Jobs;
- Add two newly purchased locations in Lapeer, Michigan;
- Add the Company’s location in Sterling Heights and

- Add a TBD location in Lapeer, Michigan.

The Company's request to add LOC Pac, Inc. is due to an administrative error that occurred when the original Agreement was drafted. The entity was included in the base employment headcount number but was not included as an entity that can count Qualified New Jobs (QNJ).

The Company is requesting to add to new locations in Lapeer, Michigan and one location in Sterling Heights, Michigan for the purpose of counting QNJs. The Company is having difficulty filling CNC machining positions in Plymouth; this prompted an evaluation of where it could source more CNC machining talent to support the fabrication and welding functions in Lansing. Lapeer Industries is a defense manufacturer that was in the process of downsizing due to reduced workload and lack of access to capital. Lapeer Industries laid off 160 employees and began selling assets. The Company's CEO Lou Burr purchased the assets of Lapeer Industries and hired 32 of the laid off machinists. Since acquiring the assets, 38 more people have been hired at the Lapeer site. The Company's focus remains on increasing its fabrication and welding headcount in its Lansing location; however, without the increased CNC machining capacity that the new locations in Lapeer provide, the Company cannot support the functions in Lansing.

The Company is also requesting to add a location in Sterling Heights, Michigan where its Product Engineering division will be housed. This location is in close proximity to TACOM, the Company's largest customer, and will provide a space for further collaboration that is critical to the Company's design strategy.

Recommendation

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-070**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
AMENDMENT FOR
LOC PERFORMANCE PRODUCTS, INC.**

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

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

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

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

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

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

WHEREAS, the MSF Board approved a \$7,000,000 MBDP performance-based grant on June 26, 2018 for the creation of 700 jobs and \$96.5 million of investment in Lansing’s Region 7 (Larch St and TBD location) and Plymouth Township (Haggerty Rd location). Michigan won over competing sites in Ohio and Pennsylvania, (the “Project”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the MBDP performance-based grant to add the following locations for the purpose of counting Base Employment and Qualified New jobs: 290 McCormick Drive, Lapeer, MI 48446; 38 S Elm St, Lapeer, MI 48446; 3852 Sterling Ponds Blvd. Sterling Heights, MI 48312; and a location TBD within Lapeer County and the Company requests to add LOC PAC, Inc. to the Agreement for the purpose of Base Employment and Qualified New jobs (the “MBDP Amendment Request”);

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP 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 MBDP Amendment Request.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

Memorandum

Date: June 23, 2020

To: Michigan Strategic Fund Board Members

From: Kathryn Smith, Compliance Specialist

Subject: Existing Tool and Die Renaissance Recovery Zone
Renaissance Zone Revocation
American Tooling & Manufacturing Coalition
Atlantic Tool, Inc,
Clinton Township, Macomb County

Action

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) Board to approve a resolution revoking the Tool and Die Renaissance Recovery Zone designation for the Atlantic Tool, Inc. (the “Company”) site located in the Clinton Township, Macomb County, due to the Company’s failure to remain eligible.

Background

The Company was designated with the American Tooling & Manufacturing Coalition as a Recovery Zone by the MSF on November 25, 2008 for a 15-year period with an expiration date of December 31, 2023.

On December 26, 2019, the Company reported to the MEDC that the Company will no longer be operating in the designated Recovery Zone; therefore, the Company no longer meets the required conditions of a qualified tool and die business.

Recommendation

MEDC Staff recommends that the MSF Board approve the revocation of Atlantic Tool, Inc. Renaissance Recovery Zone designation for their site in Clinton Township, Macomb County effective December 30, 2020 for property tax purposes, and December 31, 2020 for all other purposes.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-071**

**REVOCAION OF AN EXISTING TOOL & DIE RENAISSANCE
RECOVERY ZONE DESIGNATION: Atlantic Tool, Inc.**

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

WHEREAS, on November 25, 2008, the MSF Board designated a Recovery Zone for the American Tooling & Manufacturing Coalition (the “Collaborative”) beginning January 1, 2009;

WHEREAS, on November 25, 2008, the MSF Board approved a Recovery Zone for Atlantic Tool, Inc., (the “Company”), a member of the Collaborative located in Clinton Township (the “Property”);

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board revokes the Recovery Zone designation for Atlantic Tool, Inc. for the Property located in Clinton Township, Michigan, effective on December 30, 2020 for property tax purposes and December 31, 2020 for all other purposes; and

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

MEMORANDUM

Date: June 23, 2020
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jibran Ahmed, Business Development Project Manager
Subject: Grant Reauthorization and Amendment to the Approval Michigan Business Development Program (“MBDP”) Webasto Roof Systems Inc. (“Company”)

Request

- This is a request to reauthorize the MBDP approval (“MBDP Reauthorization Request”); and
- Amend the Company’s MBDP Grant approval to (collectively, the “MBDP Amendment Request”):
 - Extend the Disbursement Milestone One due date from August 1, 2020 to January 1, 2021; and
 - Change the Disbursement Milestone Two due date from August 1, 2021 to May 1, 2021.
 - Change the Disbursement Milestone Three due date from August 1, 2023 to January 1, 2022.
 - Change the Term of the Agreement from March 1, 2024 to July 1, 2022.

Background

On April 23, 2019, the MSF approved a MBDP performance-based grant in the amount of \$2,700,000 for the Company for the creation of 441 Qualified New Jobs (“QNJ”) and a capital investment of up to \$47,925,000 in Plymouth Charter Township, Wayne County. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the agreement within the allowable 180 days. The Company will be in a position to execute the agreement within the allotted reauthorization timeline. The project scope and parameters remain the same as previously approved.

The Company has faced temporary layoffs and a delay in creating QNJs as a result of the Covid-19 pandemic. The Company is still committed to the project but needs additional time due to this unforeseen pandemic. With an extension of time, the Company will be able to hire back its laid off workforce and create QNJs in accordance with the agreement.

Recommendation

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

- a) Approval of the MBDP Reauthorization Request;
- b) Approval of the MBDP Amendment Request;
- c) Closing the MBDP Reauthorization Request and MBDP Amendment Request, 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

Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-072**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
WEBASTO ROOF SYSTEMS, INC.**

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

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

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

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

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

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

WHEREAS, the MSF approved a \$2,700,000 Michigan Business Development Program Performance based grant on April 23, 2019 for the expansion in Plymouth Charter Township (the “Project”);

WHEREAS, due to administrative limitations, the Company and MEDC have not been able to come to a formal agreement within the allotted approval timeframe;

WHEREAS, Webasto Roof Systems, Inc. (“Company”) has requested reapproval of the performance based MBDP grant of up to \$2,700,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached (“Term Sheet”); and

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant to change the Milestone dates, resulting in the term of the grant to be changed from March 1, 2024 to September 1, 2022 (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.

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet**

The following is a summary of the highlights of the amendment and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP Incentive Amendment is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: June 4, 2020

Company Name: Webasto Roof Systems Inc. and/or its affiliates and subsidiaries ("Company")

Company Address: 1757 Northfield Drive
Rochester, Michigan 48309

Project Address ("Project"): 14200 North Haggerty Rd.
Plymouth, MI 48170

MBDP Incentive Type: Performance Based Grant

Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):

- **Maximum Amount of MBDP Incentive:** Up to \$2,700,000 ("MBDP Incentive Award")
- **Base Employment Level** 939
- **Total Qualified New Job Creation:** 441
(above Base Employment Level)
- **Company Investment:** \$47,925,000 for construction of a new building, machinery & equipment, furniture & fixtures, computers, and special tooling, or any combination thereof, for the Project.
- **Municipality supporting the Project:** Plymouth Charter Township
- **Start Date for Measurement of Creation of Qualified New Jobs:** Date of MSF Approval
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
 - **Disbursement Milestone 1:** Up to \$153,000 Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than August 1, 2020.



- **Disbursement Milestone 2:** Up to \$460,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 100 Qualified New Jobs) above the Base Employment Level, by no later than August 1, 2021.
- **Disbursement Milestone 3:** Up to \$2,087,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 341 additional Qualified New Jobs (for a total of 441 Qualified New Jobs) above the Base Employment Level, by no later than August 1, 2023.
- **Term of Agreement:** Execution of Agreement to March 1, 2024.

Proposed MBDP Incentive Amendment

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
 - **Disbursement Milestone 1:** \$760,000 Upon demonstrated creation of 125 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 1, 2021.
 - **Disbursement Milestone 2:** \$915,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 275 Qualified New Jobs) above the Base Employment Level, by no later than July 1, 2021.
 - **Disbursement Milestone 3:** \$1,025,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 166 additional Qualified New Jobs (for a total of 441 Qualified New Jobs) above the Base Employment Level, by no later than March 1, 2022.
- **Term of Agreement:** Execution of Agreement to September 1, 2022.
- **Start Date for Measurement of Creation of Qualified New Jobs:** Date of MSF Approval

Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory municipality support, if applicable (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory to the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Amendment containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC

does not receive the signed Term Sheet from the Company by June 5, 2020, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Webasto Roof Systems, Inc.

By:



Printed Name:

A O'Donovan

Its:

VP OPERATIONS

Dated:

06/04/2020

Michigan Economic Development Corporation

By:



Printed Name:

Jibrán Ahmed

Its:

Business Development Project Manager

Dated:

06/04/2020



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: June 23, 2020

To: Michigan Strategic Fund Board

From: Stacy Bowerman, Sr. Vice President Business Development Projects and Services
Trevor Friedeberg, Director, Business Development Projects

Subject: Michigan Small Business Relief Program (MSBRP) Guidelines Amendment

Request

This is a request to amend the loan repayment terms outlined in the MSBRP Guidelines from monthly to annual payments.

Background

On March 19, 2020, the Michigan Strategic Fund approved the MSBRP to support small businesses impacted by the current COVID-19 pandemic. The approved program guidelines outlined the plan to provide loans to support certain small businesses that have realized a significant financial hardship as a result of the COVID-19 outbreak. This came following Governor Whitmer's declaration of a state emergency on Tuesday, March 10, 2020 as swift and decisive action to provide additional resources to support the health and sustainability of the state's small businesses, communities, and residents.

The MSBRP included a total of \$20 million designed to support businesses in need of immediate support. The program included \$10 million to be distributed to Local Economic Development Organizations and Non-Profit Economic Development Organizations ("EDOs") to provide grants up to \$10,000 to businesses with 25 employees or less. Additionally, the program authorized \$10 million for small business loans to be distributed to Certified Development Financial Institutions ("CDFIs") or a licensed SBA not-for-profit institution, or directly from the MSF to eligible borrowers. The program allowed for small business loans of not less than \$50,000 and not more than \$100,000 to eligible borrowers with 100 employees or less. At the time of approval, the loan repayment terms were anticipated to be monthly interest only for the first 60 months followed by monthly principal and interest payments with all principal due no later than 120 months following closing.

Under the MSBRP, the EDOs have selected over 2,700 businesses that received grant support that will retain approximately 11,000 jobs. As of May 19th, almost \$9 million had been disbursed to small businesses across the state covering all 83 counties. Due to the successful deployment of grant dollars, the MEDC elected to partner with the EDOs to make referrals for the MSF to provide direct loans to eligible businesses in lieu of distributing funds to eligible financial partners. To date, the MEDC has reviewed and authorized over \$8 million representing more than 150 small business loans. The recommended businesses are currently going through the MSF Delegate process with a goal of having all funds approved by June 30, 2020.

Though the launch and implementation of the program has been extremely successful in providing much needed support to businesses across the state, requiring monthly payments to the MSF from the over 150 loan recipients presents administrative challenges with internal MEDC operations. Due to the loan size

and low interest rate some payments may be as low as \$10 per month. When the program was created, the MEDC anticipated deploying funds to a select number of authorized financial organizations to provide the small business loans, which would have greatly reduced administration of each individual loan. The decision to provide direct loans has presented a need to alter the anticipated repayment terms for the small business loans, outlined in the MSBRP Guidelines, from monthly payments to annual payments.

Recommendation

The MEDC Staff recommends the loan repayment terms outlined in the MSBRP Guidelines be amended and of all previously approved MSBRP loans, including those for the awardees listed in Appendix B of the Resolution, be amended to incorporate the terms of the updated MSBPR Guidelines as outlined in the attached resolution (“Recommendation”).

MICHIGAN STRATEGIC FUND

RESOLUTION 2020-073

MICHIGAN SMALL BUSINESS RELIEF PROGRAM GUIDELINES UPDATE

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 legislature appropriated certain funds for use by the MSF for business and community development programs and activities;

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

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

WHEREAS, in response to the presence of the novel coronavirus (COVID-19) respiratory disease pandemic in Michigan and in response to Governor Whitmer’s declared state of emergency across Michigan as a result of the pandemic, the MSF, via Resolution 2020-032, created the Michigan Small Business Relief Program (“MSBRP”), and approved the associated program guidelines (the “Program Guidelines”), for the purpose of prompt delivery of economic development services and funds in furtherance of preserving the health, safety and welfare of businesses, communities and the citizens of Michigan;

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

WHEREAS, the MEDC recommends the MSF adopt amended Program Guidelines to modify the repayment terms allowing for annual, rather than monthly, payments during the repayment period, as illustrated in **Appendix A** to this resolution; and

WHEREAS, the MEDC further recommends that all MSBRP loans previously approved by the MSF, including those for the awardees listed in **Appendix B**, be amended to incorporate the terms of the updated Program Guidelines consistent with this resolution;

NOW, THEREFORE, BE IT RESOLVED, that the MSF hereby approves the updated Program Guidelines consistent with **Appendix A** to replace the program guidelines previously approved by the MSF;

BE IT FURTHER RESOLVED, the MSF authorizes the amendment of all previously approved MSBRP loans, including those for the awardees listed in **Appendix B**, to incorporate the terms of the updated Program Guidelines; and

BE IT FURTHER RESOLVED, the MSF Fund Manager, or the MSF President, is authorized to execute all final documents necessary to effectuate this resolution.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

**Michigan Small Business Relief Program
Guidelines****PURPOSE**

The Michigan Small Business Relief Program is intended to meet the urgent needs of Michigan companies directly impacted by COVID-19 (the “Program”). Due to the dire impacts that the COVID-19 outbreak has imposed on the small businesses located in the State of Michigan, it is necessary to assist these businesses with drastic reductions in cashflow and the continued support of their workforce. Utilization of this program to address immediate needs will enable small businesses throughout the state to reasonably address the short and long term impacts of the COVID-19 outbreak.

The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for the Program.

LOAN PROGRAM OVERVIEW

The MSF seeks to award one or more non-revolving loans to one or more Certified Development Financial Institutions (“CDFI”) or a licensed SBA not-for-profit institutions (“Eligible SBA Non-Profit”), or directly from the MSF to Eligible Borrowers (as described below) up to an aggregate amount of \$10 million, to be used to support certain small businesses that have realized a significant financial hardship as a result of the COVID-19 outbreak.

Eligibility Requirements for CDFI or Eligible SBA Non-Profit

- Applicants must be a CDFI or Eligible SBA Non-Profit that have a demonstrated ability to issue loans to distressed small businesses.
- Applicants must demonstrate the ability to administer the loans.
- Applicant must provide an Application outlining their capacity to provide assistance to small businesses as described in the guidelines.

Loan Terms for MSF Loans to CDFI or Eligible SBA Non-Profit

The loan(s) awarded by the MSF to an eligible CDFI or Eligible SBA Non-Profit will include the following terms, which similar terms will also be included in the underlying loans to the Eligible Borrowers:

- Interest Rate: .25% per annum
- Draw Period: 24 months following loan closing.
- Term: Interest only for 60 months following loan closing followed by a fully amortizing 60 month term
- Repayment Terms: will be annual interest only payments for the first 60 months following closing. Payments made in excess of interest due will be applied to principal. Payments of principal and interest will begin at 61 months following closing and will be paid annually with all principal due to be repaid no later than 120 months following closing. Provided repayment to the MSF by CDFI or Eligible SBA Non-Profit is subject to repayment to the applicable CDFI or Eligible SBA Non-Profit by the Eligible Borrowers.

Investment Criteria

- Selected CDFIs and/or Eligible SBA Non-Profits may use the loan proceeds to support the following small businesses (the “Eligible Borrowers”):
 - o The company is in an industry outlined in Executive Order 2020-9, or any subsequent Executive Order of similar intent (“EO”), or demonstrates it is otherwise affected by the COVID-19 outbreak, or is a company that provides goods and services to companies to the aforementioned;
 - o The company has 100 or less employees;
 - o The company needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business;
 - o The company is able to demonstrate that it is unable to access credit through alternative sources;
 - o The company is able to demonstrate an income loss as a result of the EO, or the COVID- 19 outbreak.
- Loans issued to Eligible Borrowers by the MSF or by a CDFI or Eligible SBA Non-Profit shall also include:
 - o Maximum interest rate to be charged to any Eligible Borrower may not exceed .25%.
 - o Loans to Eligible Borrower must be \$50,000 or more and are capped at \$200,000
 - o Loans may be used for working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business.

GRANT PROGRAM OVERVIEW

The MSF seeks to award one or more grants to one or more local Economic Development Organization (“Local EDO”) or non-profit economic development organization (“Non-Profit EDO”), up to an aggregate amount of \$10 million, to be used to support certain small businesses that have realized a significant financial hardship as a result of the COVID-19 outbreak.

Eligibility Requirements

- Applicants must be a Local EDO or a Non-Profit EDC that have a demonstrated ability to issue grants to distressed small businesses.
- Applicants must demonstrate the ability to administer the loans.
- Applicant must provide an Application outlining their capacity to provide assistance to small businesses as described in the guidelines.

Grant Criteria

- Selected Local EDOs or a Non-Profit EDOs may use the grant proceeds to support the following small businesses (the “Eligible Businesses”):
 - o The company is in an industry outlined in Executive Order 2020-9, or any subsequent Executive Order of similar intent (“EO”), or demonstrates it is otherwise affected by the COVID-19 outbreak, that meets one or more of the following: provides support to impacted employees, is located in a downtown district or high impact corridor or has 50 employees or less, or is a company that provides services to companies outlined in the EO and requires additional employees to support to companies or employees impacted by EO;
 - o The company has 50 employees or less;

- The company needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business; and
 - The company is able to demonstrate an income loss as a result of the EO, or the COVID-19 outbreak.
- Grant issued to Eligible Businesses:
- Grants to Eligible Businesses capped at \$10,000
 - Grants may be used for working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business.

All MSF support shall be memorialized by final written grant or loan agreements, with terms and conditions in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation, requiring performance-based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project.

Appendix B

Business	County	Approved Amount	MSF Board Date
Alcona Canoe Rental, Inc.	Alcona	\$50,000.00	4/23/2020
Dunes Acquisitions	Allegan	\$63,040.00	4/23/2020
The Sassy Olive	Allegan	\$60,880.00	4/23/2020
Nifty Things, L.L.C.	Antrim	\$50,000.00	4/23/2020
Thornapple Ophthalmology Associates, P.C.	Barry	\$50,000.00	5/19/2020
The Tri City Brewing Company	Bay	\$50,000.00	5/12/2020
Park Place Enterprises & Management, LLC dba Bay Port Lodging	Benzie	\$50,000.00	4/23/2020
Beer Church Hospitality Group, Inc.	Berrien	\$87,960.00	5/19/2020
Berrien Metal Products, Inc.	Berrien	\$79,860.00	5/8/2020
Stiggs Brewing Company	Charlevoix	\$50,000.00	4/30/2020
Simply Pearls L.L.C.	Cheboygan	\$50,000.00	4/23/2020
Doherty Operating Corporation	Clare	\$50,000.00	5/8/2020
Hang Lo LLC	Clinton	\$50,000.00	5/6/2020
Madoak LLC	Clinton	\$50,000.00	5/6/2020
True North Outpost, Inc.	Dickinson	\$50,000.00	5/8/2020
Capital City Entertainment, LLC	Eaton	\$50,000.00	5/15/2020
TLB Enterprises, Inc.	Eaton	\$50,000.00	5/6/2020
McBride Construction, Inc.	Emmet	\$50,000.00	4/27/2020
Grand Blanc Lanes, Inc.	Genesee	\$62,504.00	5/1/2020
Markee Fashion & Design Inc	Genesee	\$74,749.58	4/30/2020
Redwood Brewing Co., Inc.	Genesee	\$100,000.00	4/29/2020
Skatemoor, Inc.	Genesee	\$79,587.00	4/29/2020
Cubby, LLC	Grand Traverse	\$50,000.00	4/29/2020
Om Cafe' TC, LLC	Grand Traverse	\$50,000.00	5/15/2020
General Automatic Machine Products Company	Hillsdale	\$50,000.00	5/21/2020
The Cardinal Group	Hillsdale	\$50,000.00	6/4/2020
Cross Country Sports, Inc.	Houghton	\$50,000.00	5/6/2020
Ipersevered, Inc.	Houghton	\$150,000.00	5/21/2020
Peters Building Contractors, Inc.	Houghton	\$50,000.00	5/6/2020
Superior Marine Products, LLC	Houghton	\$50,000.00	5/21/2020
Pyro Paradise, LLC	Huron	\$50,000.00	4/29/2020
Valley Gear and Machine Incorporated	Huron	\$50,000.00	4/30/2020
A & M Supreme Auto Repair, Inc.	Ingham	\$50,000.00	5/15/2020
Ahptic Productions, LLC	Ingham	\$50,000.00	5/6/2020
Cradles to Crayons Child Care LLC	Ingham	\$50,000.00	6/8/2020
Doerr Real Estate & Management, Inc	Ingham	\$50,000.00	4/30/2020
Events To Rent, Inc.	Ingham	\$50,000.00	4/30/2020
Kellie's Consignments LLC	Ingham	\$50,000.00	5/6/2020
Mandilay Inc.	Ingham	\$50,000.00	5/1/2020

Wild Strawberry Flowers & More LLC	Ingham	\$50,000.00	5/1/2020
Macker Basketball, LLC	Ionia	\$50,000.00	5/21/2020
Saranac Tank, LLC	Ionia	\$82,001.00	6/8/2020
Superior Lakes Investments, Inc.	Iosco	\$50,000.00	4/19/2020
Coco Joe's Beach House, Inc.	Isabella	\$50,000.00	5/8/2020
Oak Pointe Investments, LLC	Isabella	\$50,000.00	5/6/2020
The Sweet Onion, Inc.	Isabella	\$50,000.00	5/21/2020
Versah, LLC	Jackson	\$50,000.00	5/21/2020
Dome Associates, LLC	Kalamazoo	\$50,000.00	5/12/2020
Great Lakes Golf Cars Inc	Kalkaska	\$50,000.00	4/23/2020
J & M Construction Services, LLC	Kent	\$66,736.00	6/2/2020
One Beer At A Time, LLC	Kent	\$115,102.00	5/19/2020
Wilderness Resort LLC	Keweenaw	\$50,000.00	4/8/2020
Baldwin Creek Lodge, LLC	Lake	\$50,000.00	6/2/2020
Fawn's Den LLC	Lake	\$50,000.00	6/4/2020
Burkholder Transport Inc.	Lapeer	\$50,000.00	4/29/2020
Klasek L.L.C.	Lapeer	\$74,300.53	4/29/2020
Leelanau Peninsula Vintners, Inc.	Leelanau	\$50,000.00	5/20/2020
Hathaway House, Inc.	Lenawee	\$50,000.00	5/15/2020
Slusarski Excavating & Paving, Inc.	Lenawee	\$50,000.00	6/4/2020
Legacy Center, LLC	Livingston	\$50,000.00	5/21/2020
R P M Group Inc.	Livingston	\$50,000.00	5/12/2020
Nature's Kennel Sled Dog Racing and Adventures, LLC	Luce	\$50,000.00	5/12/2020
All About Jumping, LLC	Macomb	\$50,000.00	5/8/2020
All About The Hair LLC	Macomb	\$50,000.00	5/6/2020
CAPE, Inc.	Macomb	\$71,014.00	6/2/2020
Cycle & Fitness III, Inc.	Macomb	\$192,551.00	5/6/2020
JAD Fitness, LLC	Macomb	\$50,000.00	5/6/2020
Jeannette LLC	Macomb	\$70,994.00	5/8/2020
Maniaci's Banquet Center, Inc.	Macomb	\$50,000.00	5/1/2020
Petemoors, Inc	Macomb	\$60,660.00	5/6/2020
Relaxing Waters Spa, LLC	Macomb	\$50,000.00	5/12/2020
Windermere Equestrian Center, Inc.	Macomb	\$50,000.00	5/6/2020
Envirodyne, Inc.	Manistee	\$50,000.00	4/23/2020
Smarty's L.L.C.	Marquette	\$50,000.00	5/6/2020
Environmental Advisory Services, Inc.	Mason	\$122,001.00	5/19/2020
James Goergen Bowling Company, Inc.	Midland	\$50,000.00	6/2/2020
Shah & Ankenbrandt LLC	Midland	\$50,000.00	5/19/2020
BCC POURED WALLS & GENERAL CONTRACTING, INC.	Missaukee	\$50,000.00	4/23/2020
BBD & K Inc.	Monroe	\$50,000.00	5/15/2020
NorthPointe Companies LLC	Newaygo	\$50,000.00	6/4/2020
Royal Controls & Process Services LLC	Newaygo	\$50,000.00	5/19/2020
RTS Construction Group, LLC	Newaygo	\$164,160.00	6/4/2020

Studio City Photography	Newaygo	\$50,000.00	6/2/2020
ACE Mudjacking and Concrete Leveling LLC	Oakland	\$50,000.00	6/2/2020
Dartris Enterprises, Inc.	Oakland	\$50,000.00	5/21/2020
Durr Trucking L.L.C.	Oakland	\$50,000.00	6/4/2020
Exclusive Physicians, PLLC	Oakland	\$100,000.00	6/4/2020
Generations Family Dental Care PLLC	Oakland	\$50,000.00	5/21/2020
Ian Bolton Law PLLC	Oakland	\$50,000.00	6/4/2020
Johnston's Flooring, L.L.C.	Oakland	\$50,000.00	6/4/2020
Mondo Holdings LLC	Oakland	\$50,000.00	6/4/2020
R Collective LLC	Oakland	\$50,000.00	6/4/2020
TBMH, Inc.	Oakland	\$50,000.00	6/4/2020
Powers Motors Sports, Inc.	Oceana	\$50,000.00	6/2/2020
West Michigan Scoops, Inc	Oceana	\$50,000.00	6/4/2020
TLSix, Inc.	Ogemaw	\$50,000.00	5/1/2020
Hudsonville Winery, Inc.	Ottawa	\$50,000.00	4/23/2020
Nelis, Inc.	Ottawa	\$63,040.00	4/23/2020
Old Boys Brewhouse, Inc.	Ottawa	\$63,040.00	4/23/2020
Driftwood Motel II, Inc.	Presque Isle	\$50,000.00	4/23/2020
Silver Dollar Pub & Grill, Inc.	Roscommon	\$50,000.00	5/1/2020
Springbrook Investments, LLC	Roscommon	\$50,000.00	5/1/2020
Wild Customs LLC	Roscommon	\$50,000.00	4/30/2020
Crooked Creek Investment Co.	Saginaw	\$50,000.00	5/15/2020
Frankenmuth Cheese Haus, Inc.	Saginaw	\$50,000.00	5/15/2020
Sugarhigh, LLC	Saginaw	\$50,000.00	5/15/2020
Blue Water Enterprises, LLC dba Blue Water Kitchens and More	Sanilac	\$51,168.58	4/23/2020
MainStreet Cafe	Sanilac	\$50,000.00	4/29/2020
CCBD Inc.	Shiawassee	\$54,899.00	4/30/2020
Owosso Community Players	Shiawassee	\$50,000.00	4/27/2020
Laser Marking Technologies	Tuscola	\$102,791.31	4/27/2020
Lucky Girl Brewing Company - Cross Roads LLC	Van Buren	\$50,000.00	5/12/2020
Stage Flights, L.L.C.	Van Buren	\$50,000.00	5/8/2020
CLVTHEO, Inc.	Washtenaw	\$50,000.00	5/12/2020
Jewish Family Services of Washtenaw County, Inc.	Washtenaw	\$50,000.00	5/12/2020
Saeun Corporation	Washtenaw	\$50,000.00	5/12/2020
Dear Prudence, LLC	Wayne	\$110,000.00	5/19/2020
Grandpapa's Inc.	Wayne	\$93,269.00	5/15/2020
Greater Detroit Agency for the Blind and Visually Impaired	Wayne	\$50,000.00	5/21/2020
High Velocity Sports Group Recreation, L.L.C.	Wayne	\$200,000.00	5/21/2020

International Strategic Management, Inc.	Wayne	\$50,000.00	6/4/2020
OPM Doctors P.C.	Wayne	\$100,000.00	5/15/2020
RAAC Hospitality, Inc.	Wayne	\$100,239.00	6/4/2020
Secure Realty Investments LLC	Wayne	\$66,279.00	5/19/2020
Soothsayer Analytics	Wayne	\$182,861.00	5/19/2020
U.P Michigan Rentals, LLC	Wayne	\$50,000.00	5/15/2020
Total	126	\$7,765,687.00	



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

To: Michigan Strategic Fund Board

From: Chris Cook, Director – Capital Access

Date: June 23, 2020

Subject: Loan Request – Detroit Development Fund (and/or related borrower)

Request

This request is to approve a loan of up to \$1,000,000 to Detroit Development Fund (“DDF”), a Community Development Financial Institution (“CDFI”) regulated by the US Department of Treasury. The proposed funding would be used by DDF to provide loans to small businesses located within Detroit, Highland Park, and Hamtramck.

Background

DDF is a non-profit 501(c)(3) created in 1998 with a mission of helping revitalize an economically distressed target area in Detroit’s east side neighborhoods. DDF now operates throughout the City of Detroit by providing loans and technical assistance to small business owners, developers, building owners, contractors, and subcontractors that are unable to obtain capital from traditional financing sources. DDF delivers its products and services with the goals of revitalizing businesses and neighborhoods, creating economic equity, and promoting a healthy environment. Over the prior three fiscal years, DDF has provided more than \$11 million in small business loans to operating companies with an average loan size of just over \$100,000 at origination. During this period 54% of loan volume provided by DDF has been to women owned businesses and 68% has been to minority owned businesses.

DDF will use the loan capital to provide micro and small business loans to qualified borrowers located in Detroit, Highland Park, and Hamtramck. DDF anticipates it will provide a total of 30-40 loans to businesses that require patient, flexible working capital in order to re-open/re-establish operations following the relaxation of the stay-at-home orders, mandated closures and other restrictions. This capital is being made available for small businesses which are unable to obtain bank financing and represents an additional source of capital. The alternative to this type of financing is often much more expensive capital in the form of internet-based asset lenders, personal credit cards, or the small business being unable to obtain the necessary funding.

As a condition of providing and maintaining the proposed financing to DDF, MSF will require that at least 70% of the projects funded using the MSF loan proceeds will be provided to small businesses located in an economically disadvantaged area. These areas were identified based on SBA defined Historically Under-utilized Business (“HUB”) Zones and Opportunity Zones.

Loans to be provided by DDF to small businesses which utilize the proposed MSF funding will meet the following structural guidelines

- Loans generally ranging from \$5,000 to \$200,000.
- Loan proceeds to be used for working capital, acquisition of machinery and equipment, real estate acquisition and/or improvement, and inventory.
- Collateral is required in some form for all loans.
- Guarantees of owners having 20% or greater of the small business acting as the borrower is required in all cases.
- End loans provided by DDF will be priced at an interest rate of not more than 7%.

Loan Facility

MSF Incentive:	Non-Revolving Draw Facility
Borrower(s):	Detroit Development Fund, Inc. (and/or related borrowers)
Loan Amount:	\$1,000,000
Interest Rate:	1% per annum
Draw Period:	24 months following loan closing.
Term:	Interest only for 60 months following loan closing followed by a fully amortizing 60-month term

DDF Management

Ray Waters (President) Ray Waters was appointed Managing Director of the Detroit Community Loan Fund in October 2001. In 2004, he assumed the title of President of Detroit Development Fund (formerly Shore Bank Enterprise Detroit). Prior to his involvement with DDF and the DCLF, he was Managing Partner of BBC Ventures. From 1990 to 1999, Mr. Waters served as President of Horizon BIDCO Investment Company, a mezzanine venture fund providing growth capital to companies located in southeastern Michigan. Mr. Waters serves on the Small Business Advisory Board for the Federal Reserve of Chicago.

John Schoeniger (Loan Fund Manager) John Schoeniger has been the Loan Fund Manager at Detroit Development Fund since 2007. Prior to coming to Detroit, he was Vice President of Real Estate Lending at Shore Bank's Cleveland, Ohio office and has over 20 years of community development experience.

Financial Evaluation

DDF is funded through a combination of debt and grant funding from a variety of public, private, and philanthropic sources. As of 12/31/19, the balance sheet of DDF reflected assets of \$18.7 million including \$1.9 million in unrestricted cash and \$8.1 million in restricted cash. Restricted cash is provided to DDF through loan and grant agreements with a variety of banks and philanthropic organizations which support the mission of DDF. Restricted funding must be used by DDF for specific purposes including

lending, loan loss reserves, providing technical assistance, and funding operations. The restricted cash includes \$1.3 million in loan loss reserve. Through May 2020 the LLR balance has remained unchanged. Total debt of DDF \$11.4 million with current maturities of \$1.6 million.

	2017	2018	2019
Loans Receivable	\$ 12,166,661	\$ 10,071,740	\$ 9,009,767
Notes Receivable Advanced	\$ 4,430,796	\$ 3,499,323	\$ 3,289,312
Charge Offs	\$ 242,382	\$ 469,643	\$ 565,255
Charge Off %	1.99%	4.66%	6.27%

In 2018 DDF launched Entrepreneurs of Color (“EOC”) lending program designed to provide a new source of business capital for Detroit businesses owned by entrepreneurs of color and businesses that primarily hire people of color. This program includes a combination of loan loss reserves and third-party guarantees. DDF states that the increased charge-offs which it experienced in 2018 and 2019 were a result of capital provided through the EOC program to borrowers with a slightly higher credit risk profile. DDF was comfortable in providing credit to these borrowers based on the increased third-party LLR and guarantee structure. DDF received over \$1 million in grant funding in support of the EOC program as well as an up to 20% guarantee on losses incurred. Charge-offs specifically related to EOC loans totaled \$362,000 for 2018 and 2019.

Recommendations

Staff has independently reviewed various aspects of DDF’s operational performance including financial performance and recommends the following:

- Approval of funding from existing recycled funds of the Michigan Supplier Diversification Program, and a loan, of up to \$1 million from the MSF to Detroit Development Fund, Inc. and/or related borrower.
- The loan agreement shall have its final terms and conditions negotiated by the MSF Fund Manager or the MSF President, with only one required to act, and shall be compliant with all MSF requirements.
- This approval shall expire in 180 days and may be extended for an additional 60 days by the MSF Fund Manager, or the MSF President, with only one required to act.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-084**

**APPROVAL OF FUNDING AN INVESTMENT FUND LOAN
TO DETROIT DEVELOPMENT FUND (AND/OR RELATED BORROWERS)**

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

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

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

WHEREAS, pursuant to MCL 125.2088(h)(5)(b), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to grants, loans or investments made by the MSF under Chapter 8A or Chapter 8C;

WHEREAS, by Resolution No. 2009-046, the MSF Board approved the creation and operation of the Michigan Supplier Diversification Fund (“MSDF”), a Chapter 8A loan enhancement program under MCL 125.2088d(1);

WHEREAS, by Resolution No. 2009-046, the MSF Board approved funding MSDF programs with Investment Fund monies, and further approved that repayments to the MSF from any of the MSDF programs be recycled to fund the MSDF;

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

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

WHEREAS, Detroit Development Fund has requested a loan of up to \$1 million to provide loan funding to certain small business operating companies toward among other things, maintaining and growing the operation of those companies, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”) (the, foregoing, collectively, “DDF Investment”);

WHEREAS, the MEDC recommends that the MSF approve funding of up to \$1 million from MSDF to fund the DDF Investment (“Funding”);

WHEREAS, the MEDC recommends that the MSF approve the DDF Investment 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 transaction documents within 180 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 or the MSF President, with only one required to act, the Time Period may be extended for up to an additional 60 days (the foregoing, collectively, the “Recommendation for the DDF Investment”).

WHEREAS, the MEDC recommends that the MSF Board delegate to the MSF Fund Manager or the MSF President, with only one required to act, the authority to negotiate the final terms and conditions of, and sign, all documents necessary to effectuate the DDF Investment in accordance with the terms stated in Exhibit A (“Delegation to Finalize the DDF Investment”).

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

BE IT FURTHER RESOLVED, the MSF approves the Recommendation for the DDF Investment; and

BE IT FURTHER RESOLVED, the MSF approves the Delegation to Finalize the DDF Investment.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier

Nays: None

Recused: September Hargrove

Lansing, Michigan
June 23, 2020

EXHIBIT A
“TERM SHEET”

LOAN FACILITY

MSF Incentive:

Non-Revolving Draw Facility

Borrower(s):

Detroit Development Fund (and/or related borrowers)

Loan Amount:

\$1,000,000

Interest Rate:

1% per annum

Draw Period:

24 months following loan closing.

Term:

Interest only for 60 months following loan closing followed by a fully amortizing 60-month term

Repayment Terms:

Anticipated to be monthly interest only payments for the first 60 months following closing. Payments made in excess of interest due will be applied to principal. Once principal is repaid, it may not be redrawn. Payments of principal and interest will begin at 61 months following closing and will be paid monthly with all principal due to be repaid no later than 120 months following closing.

Collateral:

Anticipated to be assignment/pledge by DDF of a controlled deposit account setup to invest in projects financed and an assignment/pledge of payments from DDF related to individual project loans.

Guarantee:

N/A

Funding:

Individual advances will be subject to MEDC staff review and approval by the MSF Fund Manager, the MSF President, or the MSF Financial Officer, with only one required to act.

Other Requirements:

Anticipated to consist of the following with final terms to be negotiated:

- Individual draws under the term loan should not be for an amount less than \$200,000 or greater than \$500,000.
- Each advance will be subject to funding availability.
- Not less than 70% of the projects funded using proceeds of the loan will be to companies located in a Geographically Disadvantaged Area as defined by MEDC.
- Borrower will provide a full reporting of all loans provided using loans proceeds on a quarterly basis.
- Loan proceeds to be used for working capital, acquisition of machinery and equipment, real estate acquisition and/or improvement, and inventory.
- Collateral is required in some form for all loans.
- Guarantees of owners having 20% or greater of the small business acting as the borrower is required in all cases.
- End loans provided by DDF will be priced at an interest rate of not more than 7%.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

June 22, 2020

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

Re: Detroit Development Fund

Dear Ms. Bishop

This letter is to advise that I am recusing myself from deliberations and voting on the Detroit Development Fund during the Michigan Strategic Fund board meeting on Tuesday, June 23, 2020.

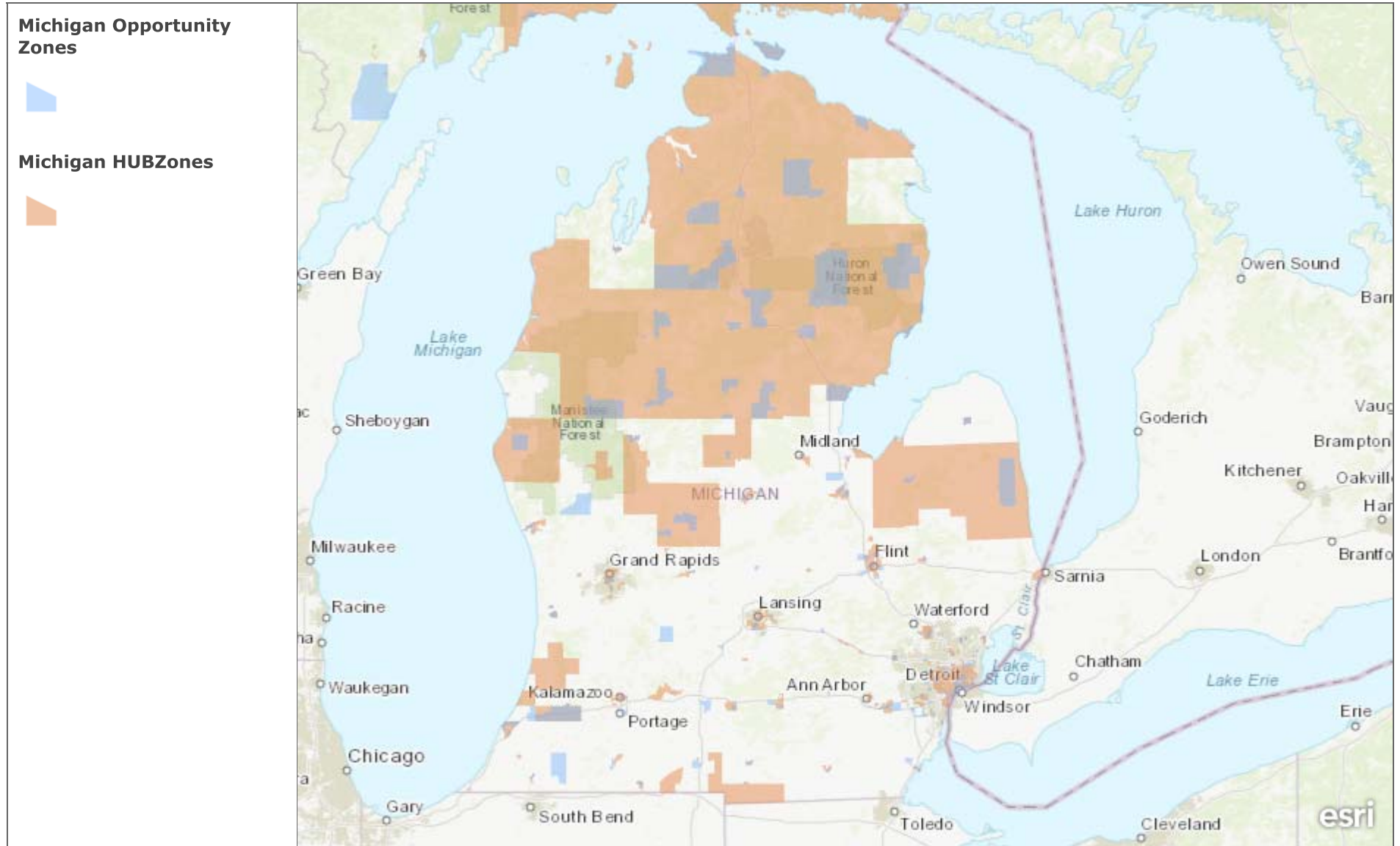
The reason for the recusal is that I have a conflict of interest with respect to the parties involved in the agenda item.

Regards,

A handwritten signature in black ink, appearing to read 'S. Hargrove', with a stylized flourish at the end.

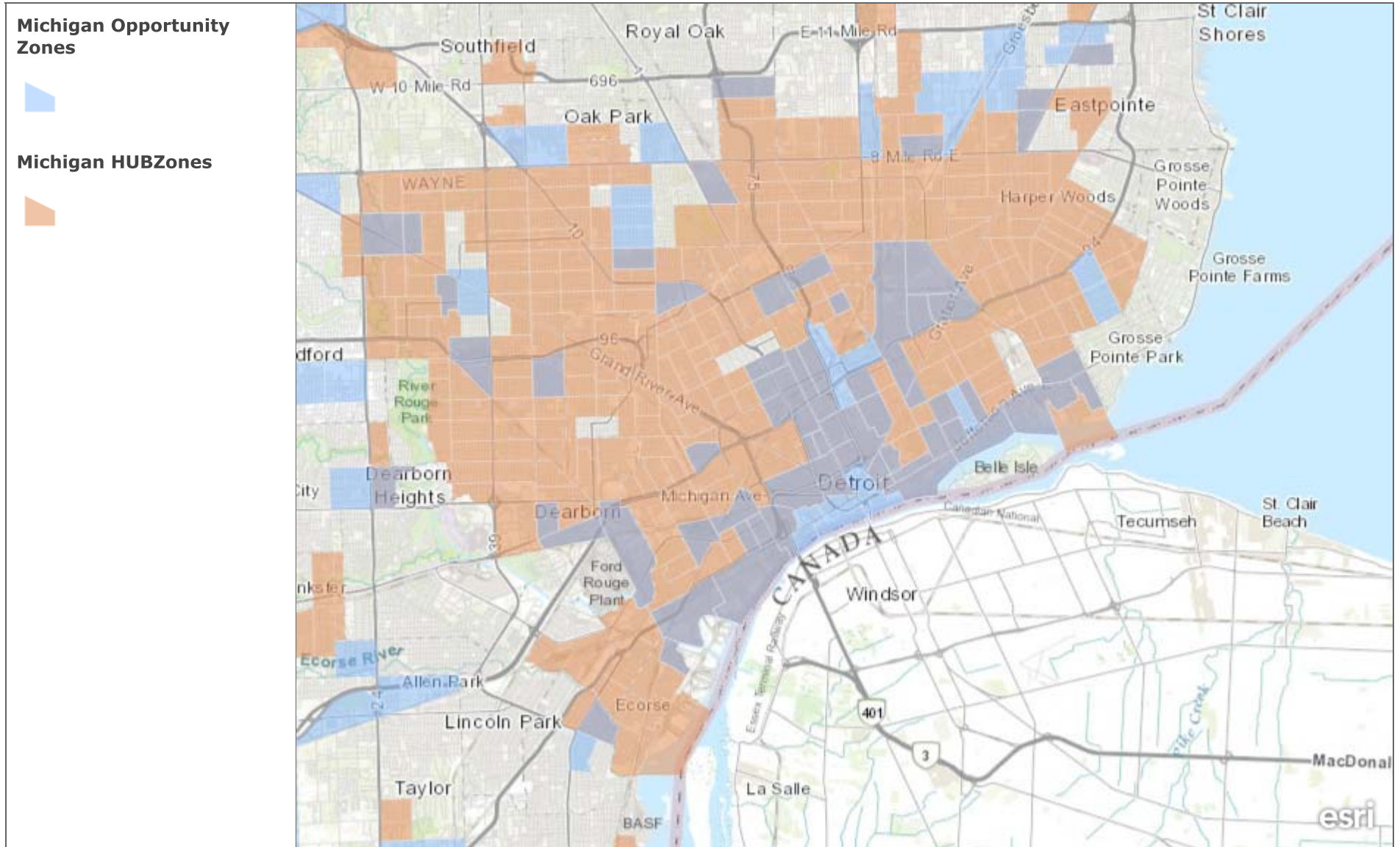
September Hargrove

Michigan Geographically Disadvantaged Business Locations



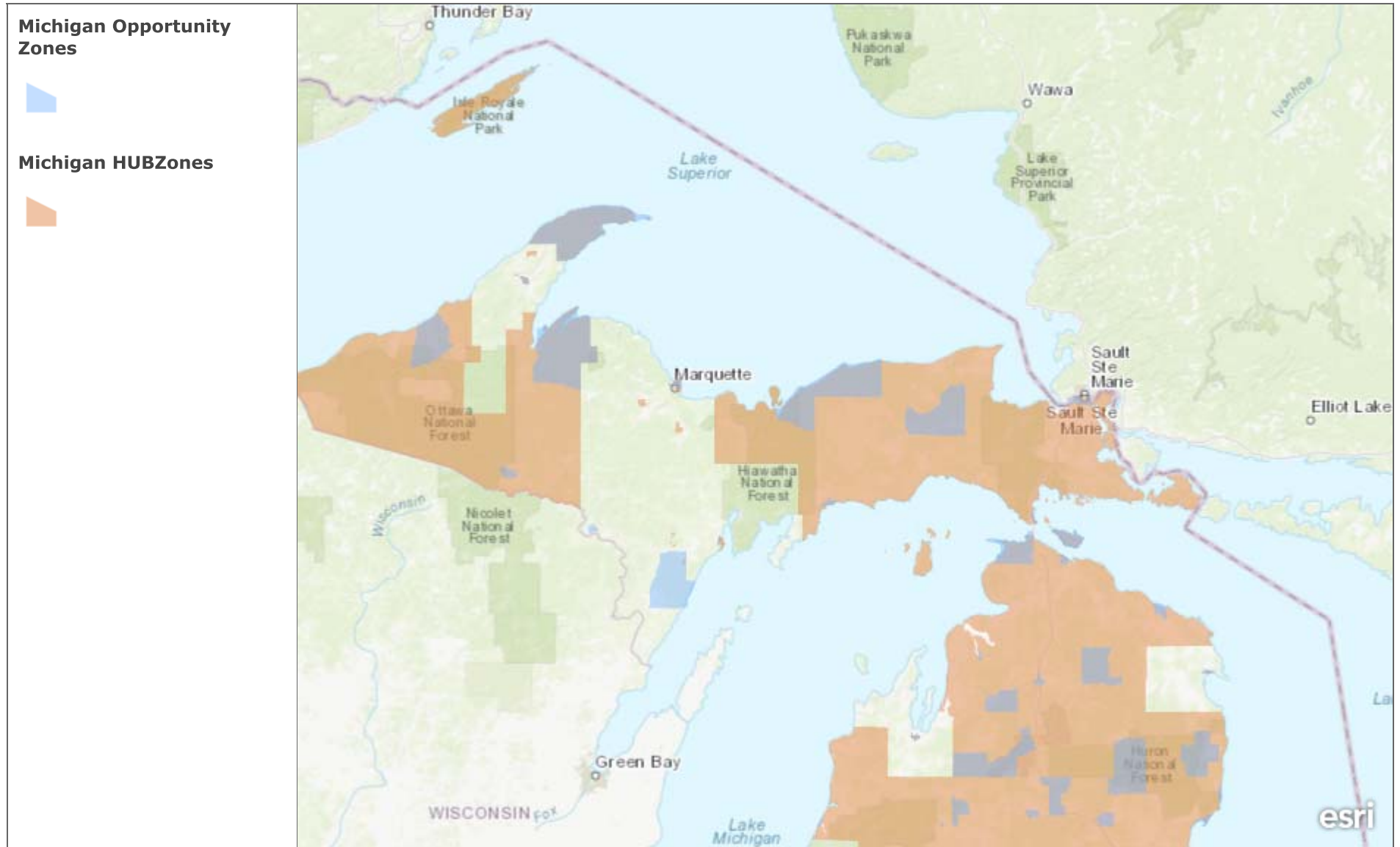
Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS

Michigan Geographically Disadvantaged Business Locations



City of Windsor, SEMCOG, Esri Canada, Esri, © OpenStreetMap contributors, HERE, Garmin, USGS, NGA, EPA, USDA, NPS, AACF, NRCAN

Michigan Geographically Disadvantaged Business Locations



Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS, AACF, NRCAN

MEMORANDUM

Date: June 23, 2020

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

From: Jeremy Webb, Senior Business Development Project Manager

Subject: Loan Amendment Request
Michigan Business Development Program (“MBDP”)
iSourceWorldwide, LLC and SkyPoint Ventures, LLC (the “Companies”)

Project Background

On April 26, 2016, the MSF approved a \$2,500,000 performance-based loan, with the ability to convert to a grant based on job creation milestones, and a \$500,000 performance-based grant to iSourceWorldwide, LLC (“iSource”) and SkyPoint Ventures, LLC (“SkyPoint”) to support the attraction of iSource, a web application development company, to downtown Flint. The site identified for the project was the 100- year old, vacant historic and blighted Dryden Building (see Attachment A for more detail) located in the commercial business district in the heart of downtown. The Dryden Building was chosen because of its prime location and the City’s desire to continue its efforts to remove/renovate blighted buildings from its primary commercial corridor as well as increase tax revenues. The project was to create 25 Qualified New Jobs (“QNJs”), with the potential of up to 100 QNJs, and a capital investment of up to \$2,650,000.

MSF Approved Deal Structure Highlights

- iSource and SkyPoint were the co-applicants (see Attachment B for more detail on the companies);
- The MSF provided a \$500,000 performance based MBDP Grant to iSource and SkyPoint for the creation of 25 QNJs, with the potential of up to 100 QNJs;
- In anticipation of additional jobs being created at the site, the MSF also agreed to provide a \$2,500,000 loan to be used for building redevelopment costs. The loan included a forgiveness clause that allowed iSource and SkyPoint to earn credits based on jobs created at the site. Forgiveness was to be calculated at \$20,000 per job for Flint residents and \$10,000 per job for non-Flint residents. A loan forgiveness request was to be submitted no later than May 15, 2020;
- The MSF approved the loan assuming the project would result in enough net new jobs to result in total forgiveness; and
- SkyPoint would provide a loan guaranty loan, in favor of the MSF.

Current Status of Project

- Grant and loan funds in the amount of \$3,000,000 have been disbursed;
- Total investment in the property is approximately \$7,902,000, of which \$2,640,000 has been invested since MSF approval;
- The appraised value as of March 4, 2020 is \$1,600,000;
- With six entities, including iSource and SkyPoint, the Dryden Building is home to nearly 200 employees;
- The Companies are currently in default for both the Grant and Loan Agreements (see Attachment C for more detail on the default chronology); and

- The Grant for iSource ended on June 30, 2018. It was determined that iSource had maintained 19 of the 25 QNJs, resulting in a repayment requirement of \$120,000 which the Companies request to add onto the Loan Agreement.

Amendment Request

The Companies request that the MSF Board approve an amendment to the MBDP Performance-based Loan Agreement (“Loan Agreement”) as outlined below (collectively, the “MBDP Amendment Request”):

- Add the Grant Repayment Amount of \$120,000 to the \$2,500,000 balance owed under the Loan Agreement;
- Extend the due date for submission of the Loan Forgiveness Claim Form from May 15, 2020 to August 1, 2020; and
- Remove the provision requiring the Company to maintain a minimum of 25 Qualified New Jobs (“QNJs”) from the date of satisfaction of Key Milestone Two through the date the Company submits the Loan Forgiveness Claim Form

The MBDP Amendment Request will allow SkyPoint and iSource to continue its focus on the work that has been done at Dryden Building. Without MSF approval, the MSF, defined as the Lender in the Loan Agreement, has the option to require immediate repayment of the entire indebtedness totaling \$2,620,000. However, based on initial conversations with iSource and SkyPoint, it is anticipated that the loan will be forgiven based on the jobs created at the Dryden Building. Though iSource was not able to meet the entire requirement of the Grant Agreement, the remainder of the project was successful. The restoration of this building has catalyzed long-term job growth and improved the economic outcome in Flint by providing jobs to a geographically disadvantaged area, as well as bringing increased investment, tax revenue, and business development.

Recommendation

MEDC Staff recommends approval of the MBDP Amendment Request.

Dryden Building History

- The Dryden Building opened in 1902 and was built by W.A. Paterson, one of Flint’s “Big Three” carriage makers. He was a local developer who was once the mayor of Flint.
- In 1908, when Billy Durant founded GM, his first offices were on the 2nd Floor overlooking Saginaw Street.
- In 1912, the Flint Elks moved into the upper floors of the building as they started construction on the Elks lodge, which finished in 1913.
- The Dryden Building caught fire in 1926 and the top floor was destroyed.
- Some other past tenants of the Dryden were J.C. Penney, Hills Bros., Rosenthal’s and A. Heitzner & Sons Department Store, and the United States Post Office.
- By the late 1990’s the building was all but empty.
- Phil Hagerman purchased the building in 2013 and began some renovations in 2015.





Company Background

iSource was formed in 2008 and grew into a highly skilled web application development company with an expertise in eCommerce applications. iSource continued to develop an online web-to-print (W2P) eCommerce solution, commonly known as PrintSites, a cloud-based platform accessed by customers under a subscription model, allowing iSource to maintain control of its intellectual property.

SkyPoint is a business capital and real estate investment firm founded in 2013 in Flint, Michigan. The firm targets investments in growth sectors and historic downtowns; emphasizing disruptive ideas, value and community impact. SkyPoint has created opportunities through their Dryden and Ferris buildings in Flint, and other properties across Michigan. Some examples of this type of work include:

- Article One was a Chicago startup that SkyPoint invested in 2015 to bring back to Flint and were one of the first tenants during the renovation process. Over the years Article One has continued to expand. They now have international sales have relocated to the Capital Theatre.
- Gear Up - The Dryden Building was home to a not for profit alternative education program that started with only 10 students to having over 50 students enrolled. The program quickly outgrew the space available in the Dryden Building and found a new home on the northern side of Flint.
- In 2017, SkyPoint founded Divide by Design, a manufacturer of demountable wall systems, privacy booths and furniture. The product was developed as an innovative way to complete the renovations of the Ferris Wheel Innovation Center at a lower cost with added flexibility. Divide by Design quickly outgrew its space in the Dryden Building and has relocated to a Flint Township location where it aggregates Michigan made components for final assembly and distribution.
- Shops on Saginaw - In 2018, SkyPoint converted all the first-floor windows to pop up shops to help the community starting with 12 vendors. The model was so successful that in 2019, it expanded to the entire first floor and currently has 40+ vendors in a model similar to the farmers market. Shops on Saginaw is open six days a week and for the first time in 20 years has brought traditional retail back to Flint.
- Forum Health - In early 2019, SkyPoint partnered with several physicians nationally and launched Forum Health, an integrative medicine company. The company's headquarters was in Chicago and in early 2020, SkyPoint worked with Forum Health leadership to move the company to Flint now housed in the Dryden Building.

MBDP Default Chronology

July 2017 - MSF receives notification from iSource that it had eliminated jobs and was below the incented level of 57. MEDC staff issued a default notice and provided iSource a cure period of 60 days to reestablish the required headcount by September 12, 2017. A repayment default of the Grant Agreement triggered a partial repayment based upon a formula within the Grant Agreement that requires \$20,000 per eliminated QNJ. In addition, the repayment default of the Grant Agreement triggered a repayment default of the Loan Agreement, due to cross-default language that is included in all of our agreements, allowing the ability of the MSF to reclaim the entire balance of the Loan.

September 2017 - iSource was not able to cure the default. As a result, iSource requested the MEDC make a recommendation to the MSF to forbear on exercising its rights to repayment under the Grant Agreement and Loan Agreement until the earlier of 1) June 30, 2018 or 2) the Company's cure of the underlying event of default (the "Forbearance Request"). In consideration for the Forbearance Request, the Company agreed to pay a fee of \$30,000. The forbearance was never finalized.

June 2018 - The Grant for iSource ended on June 30, 2018. Through the months following the submission of headcount verification documentation, it was determined that iSource had maintained 19 of the 25 QNJs, resulting in a repayment requirement of \$120,000.

2019/2020 - MEDC staff worked with iSource and SkyPoint to figure out the best plan of action with regard to the Grant Repayment. The MBDP Amendment Request was established and presented to the MSF.

MICHIGAN STRATEGIC FUND

RESOLUTION 2020-081

AMENDMENT TO MICHIGAN BUSINESS DEVELOPMENT PROGRAM LOAN AND TERMINATION OF MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO ISOURCEWORLDWIDE, LLC AND SKYPOINT VENTURES, 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, on April 26, 2016, the MSF Board authorized a performance-based MBDP grant incentive of up to \$500,000 and a performance-based, non-revolving MBDP loan of up to \$2,500,000 to iSourceWorldwide, LLC (the “Company”);

WHEREAS, on August 10, 2016, the Company and the MSF entered into an MBDP Grant Agreement and an MBDP Loan Agreement under which the Company agreed to create and maintain 25 Qualified New Jobs at the project location (the “Grant Agreement” and “Loan Agreement”);

WHEREAS, the Loan Agreement includes loan forgiveness provisions that allow all or a portion of the loan to be forgiven based on jobs created at the project location and calculated at \$20,000 per job for Flint residents and \$10,000 per job for non-Flint resident;

WHEREAS, the Company is in default under Section 5.2(b)(i) of the Grant Agreement and Section 5.5(d) of the Loan Agreement for eliminating Qualified New Jobs (the “Event of Default”) and triggered repayment of \$120,000 under the Grant Agreement (the “Repayment Amount”);

WHEREAS, on March 27, 2018, the MSF Board approved a forbearance agreement under which the MSF agreed to forbear on its right to terminate the agreements and seek repayment as a result of the Event of Default until June 30, 2018 in exchange for a forbearance fee of \$30,000 (the “Forbearance”), however, the Forbearance Agreement was not executed;

WHEREAS, the Event of Default still exists as of April 30, 2020;

WHEREAS, the Company has requested an amendment to the Loan Agreement to include the following terms and conditions:

- Add the Repayment Amount to the balance owing under the Loan Agreement;
- Extend the due date for submission of the Loan Forgiveness Claim Form from May 15, 2020 to August 1, 2020; and
- Remove the provision requiring the Company to maintain a minimum of 25 Qualified New Jobs from the date of satisfaction of Key Milestone Two through the date the Company submits the Loan Forgiveness Claim Form

(the aforementioned, collectively, 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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio,
Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached),
Charles P. Rothstein, Susan Tellier

Nays: Paul Gentilozzi, September Hargrove

Recused: None

Lansing, Michigan
June 23, 2020



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: June 23, 2020
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jeremy Webb, Sr. Business Development Project Manager
Subject: Michigan Business Development Program (“MBDP”) Grant Request
State Essential Services Assessment (“SESA”) Exemption Request
Magna Seating of America, Inc. (“Company” or “Applicant”)

Request Summary

This is a request from the Applicant, more specifically outlined in the attached Resolutions, for:

- Approval of a \$2,173,322 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”), for the creation of 480 Qualified New Jobs (“QNJ”) and a total capital investment of up to \$35,428,000 in the city of Highland Park, Wayne County; and
- Approval of a five-year, 100% SESA Exemption estimated to be worth up to \$326,678 (“SESA Request”) for its Eligible Investment of \$34,728,000 in Eligible Personal Property.

Background

The Company is a subsidiary of Magna International, Inc. (“Magna”). Magna's deep roots in the auto industry go back to 1957, when they began working with General Motors. Today, Magna makes everything from seats to powertrains and is the only auto supplier to build complete vehicles. Magna is looking to the future and focusing on electrification and autonomy. Magna is a global automotive supplier dedicated to delivering new mobility solutions and technology that will change the world. The products they manufacture can be found on most vehicles today and come from 346 manufacturing operations and 92 product development, engineering and sales centers in 28 countries. Magna has over 168,000 employees worldwide, of which 625 are located at the Highland Park Plant. In total, Magna operates 30 facilities in Michigan and employs more than 10,000 Michiganders.

The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy.

Project Description

The Company was awarded two new full seat assemblies for two OEM's. One contract runs from 2020-2026 and the other from 2021-2027. In order to accommodate the new product lines, the Company will need to either locate them at its Highland Park, Michigan location or its Moore, South Carolina location. In Michigan, the Company would need to expand its Highland Park site by approximately 5,000 square feet. In addition, the Company would need to expand its parking lot by at least 100 spaces, add three new shipping docks, redesign/remodel current space, add two new automated storage and retrieval shipping systems, and redesign all assembly lines throughout the facility to maximize space. The Company's lease ends in December of 2022 with the ability to extend five years and the Company is looking to renew the lease at that time. The Company has adequate space at its Moore, South Carolina location to house the new product lines and would only need to add the new machinery.

The Company is also looking to locate this project at its Moore, South Carolina facility. The biggest advantage to the South Carolina location is it has sufficient space to house the project. The Company indicated that South Carolina is closer to the customers for the new product lines which would save on

logistics costs. Lastly, the Company has received an aggressive incentive offer from South Carolina in the form of grants and tax credits.

Demonstrated Need

This is a great project for not only the State of Michigan, but the city of Highland Park. Currently, the Company has 625 employees at that site and adding 480 new employees will increase the site by almost 68% which will further solidify the Company's presence in Michigan. This project does support MEDC's strategic focus of supporting a business in a target industry of mobility and automotive manufacturing. In addition, this project is adding 299 entry level positions to a geographically disadvantaged area. South Carolina would allow the Company to move more quickly as the site does not require modification and it is closer to the end customer. With that considered and the incentives being offered by South Carolina, there is a real chance Michigan could lose this project without MSF Board approval of the MBDP Request and SESA Request.

Considerations for SESA Exemption

- 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 Applicant is eligible for a five-year, 100% SESA Exemption based on the following:
 - a. The Project will be in the city of Highland Park, which is an Eligible Distressed Area; and
 - b. The Project will result in Eligible Investments of up to \$34,728,000 in Eligible Personal Property.
- c) The Eligible Investments will be made after MSF approval and completed within three years of June 23, 2020. ("Commencement of the Project").
- d) The Company has agreed to pay a SESA Exemption administrative fee of \$3,267 (1% of the estimated exemption value) payable to the Michigan Economic Development Corporation upon successful completion of the first performance milestone.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The project will result in significant investment; the project will result in a net-positive return to this state; the investment will be placed in an existing facility; level of investment is high; the project has strong links to Michigan suppliers; out-of-state competition for this investment.
- f) The SESA Exemption is estimated to be worth \$326,678 over five years.

Request

The SESA Request will help offset some of the additional costs associated with redesigning the current assembly lines within the plant when compared to South Carolina. The MBDP Request will help address the significant job creation, offset the increased costs of having to alter its existing site in order to accommodate the new product lines, help to offset the increased logistics costs, as well as help offset the incentive package provided by South Carolina.

Recommendation

MEDC Staff recommends approval of the MBDP Request and SESA Request, as outlined in the attached Resolutions.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-082**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
MAGNA SEATING OF AMERICA, INC.**

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

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

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

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

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

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

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

WHEREAS, Magna Seating of America, Inc. (“Company”) has requested a performance based MBDP Grant of up to \$2,173,322 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

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 20, 2020

Company Name: Magna Seating of America, Inc. and/or its affiliates and subsidiaries.

Project Location: Highland Park, Michigan

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$2,173,322

Base Employment Level: At least 625, at the time of first disbursement of funds and thereafter

Qualified New Jobs: At least 480 at the Project Location

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

Start Date for Measurement of Creation of Qualified New Jobs: May 20, 2020 (Date of Signed Term Sheet)

Term of the Agreement: May 30, 2022

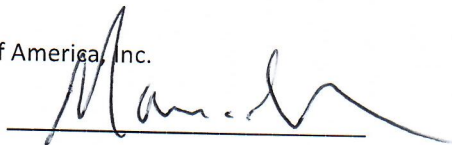
Milestone Based Incentive: Disbursements will be made over a one-year period and will be performance based on job creation as follows:
Milestone 1: \$226,350 for the creation of 50 jobs.
Milestone 2: \$1,946,972 for the creation of 430 jobs.

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

Acknowledged as received by:

Magna Seating of America, Inc.

By:



Printed Name:

Mark Dunn

Its:

Vice President and General Counsel

Michigan Economic Development Corporation

By:



Printed Name:

Jeremy J. Webb

Its:

Sr. Business Development Project Mgr



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-083**

**APPROVAL OF A STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION TO
MAGNA SEATING OF AMERICA, INC.**

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 five-years for up to \$326,678 in Eligible Investment in Eligible Personal Property, as defined in the SESA and Alternative SESA Exemption Guidelines, in the City of Highland Park (“SESA Exemption Recommendation”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) recommends the MSF Board approve the SESA Exemption Recommendation and require a one-time administrative fee in the amount of \$3,267 payable to the MEDC upon completion of the first performance milestone;

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the SESA Exemption Recommendation.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: June 23, 2020

To: Michigan Strategic Fund Board

From: Sarah Rainero, Community Assistance Team Director
Julius Edwards, Commercial Real Estate Investment Manager
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: Request for Approval
Michigan Community Revitalization Program (MCRP) Grant
Allen Place Project

PROJECT SUMMARY

ANC Holdings, LLC (“Applicant”) is requesting a MCRP performance-based grant in the amount of \$1,500,000. The Applicant anticipates that the project will result in a total capital investment in the amount of \$11,059,066. The request will support a community development project to rehabilitate an existing, two-story building into a three-story mixed use development consisting of affordable housing units, community-based health care services, a culinary training school, an accelerator kitchen for food-based entrepreneurs, and increase access to healthy food options in the area. The project is located at 1601-1631 East Kalamazoo St. in Lansing, Michigan.

A small portion of the existing building is occupied by the Allen Neighborhood Center (ANC), a community-based non-profit providing a breadth of community services within the region. ANC’s current operations include services such as an incubator kitchen, community outreach, community events, a farmer’s market, and fresh food delivery options. The remaining portion of the building, including the second-story, is vacant and has been determined functionally obsolete. The project is anticipated to improve a building that totals 39,012 square feet with 21 residential units totaling 15,110 square feet, commercial and retail space totaling 21,080 square feet and 2,822 square feet of common area. There is also a 63 space surface parking lot totaling 5,040 square feet.

The proposed project is using New Market Tax Credits, which requires a minimum of 7 residential units be income restricted and offered at rental rates considered affordable to an 80% or lower AMI household. To best serve the needs of the community, all 21 units will be targeted at 80% AMI or lower residential rental levels which is consistent with the surrounding community.

A Letter of Interest (LOI) has been executed with several future tenants. In total, seven commercial/retail tenants will occupy the first floor on the development. These include:

- **Unit #1: Ingham County Health Center Clinic (square feet = 4,943)**
The Ingham County Community Health Centers, operated by the Ingham County Health Department, will bring a Federally Qualified Health Center (FQHC) to the block. FQHCs are

outpatient safety net providers which offer services to enhance the provision of primary care services in medically underserved urban communities.

- **Unit #2: IISD / Ferris State: Culinary Training (square feet = 4,487)**
The Ingham Intermediate School District (IISD) and Ferris State University (FSU) are interested in partnering to open a Culinary School in the redeveloped ANC location. The Culinary School, serving as a satellite for the IISD's Mason-based Wilson Talent Center, will serve high school juniors and seniors as well as early college students.
- **Unit #3: ELFCO (Food Co-Op) (square feet = 2,158)**
The East Lansing Food Co-Op (ELFCO) is a 40-year old food co-op and will offer local, organic, and bulk food items to the public.
- **Unit #4: ANC Food Accelerator (square feet = 1,632)**
The Accelerator Program is an intermediate step between incubator and brick and mortar. For a monthly rental fee, the Accelerator Program offers 24/7 access to a licensed kitchen with an exclusive work/storage area for wholesale production, catering, and retail.
- **Unit #5: ANC's Allen Market Place (square feet = 4,738)**
The Allen Market Place (AMP) facility opened in 2013 as a multi-functional food resource center and food hub. It currently houses the Allen Farmers Market, the Food Incubator Kitchen, a small licensed food processing area called a Wash-Pack 1, a weekly produce and grain Pantry, and the Veggie Box program.
- **Unit #6: ANC Wash-Pack 2 (square feet = 802)**
Having outgrown the original Wash-Pack space due to a 2,000% increase in demand over the last four years, space will increase ANC's capacity to further grow its Veggie Box program, a Community Supported Agriculture (CSA) program, and increase the Greater Lansing region's access to fresh, healthy, and locally grown food options.
- **Unit #7: ANC Outreach Office (square feet = 2,320)**
Since Spring 2000, ANC's Outreach Office has served as a hub for health enrollment, information, and referral services.

A financing gap exists due to ANC being a grass roots, community-based organization that does not have the financial capacity or ability to finance this project with a typical equity raise. Unlike a typical market rate developer, ANC does not view this project in typical fashion – developer return is not a primary metric that was used in evaluating this project. A project developer return of under 1% demonstrates why additional incentive assistance is needed to make this project a success. With a return this low, a typical developer would not proceed with this project; however, this number ignores the non-monetary impact that the project will have on the residents of the neighborhood.

Furthermore, ANC has diligently exhausted all financing options, including New Market Tax Credit investments, senior financing, an Obsolete Property Rehabilitation Exemption Certification, a seller's note, obtained approximately \$1,500,000 in grants from a number of entities, with two grants pending from two separate entities totaling \$100,000. The proposed MCRP award will be used to assist in filling the financial gap and ensuring the financial viability of the project.

The project does not meet the MCRP underwriting criteria as it relates to the development team's equity investment which is below 3% of the total development cost rather than at or above 10% which is preferred for the program. MEDC staff is comfortable with this deviation due to the not-for-profit nature of the development team and the number of outside grant funds, as well as other subsidies secured.

REQUEST

ANC Holdings, LLC (“Applicant”) is requesting a MCRP performance-based grant in the amount of \$1,500,000. The Applicant anticipates that the project will result in a total capital investment in the amount of \$11,059,066.

PROGRAM SUMMARY

The request for MCRP support is consistent with program goals and requirements as the project will accelerate private investment in an area of historical disinvestment. It does deviate from the preferred developer equity amount of 10%. The deviation is considered acceptable by staff because of the multitude of grants and incentives that the non-profit development team has been able to attract to the project. The project is adding density by redeveloping a two-story building into a three-story mixed-use development, incorporating affordable housing options, and sustainable elements. It is located in an existing commercial node serving an urban neighborhood and qualifies for the MCRP because the site is functionally obsolete. Further, the project aligns with the MEDC Strategic Plan. First, it supports Agribusiness with over 75 farmers/food producers within 50 miles of Lansing that use the space. It also develops attractive places by transforming an underutilized property into a neighborhood redevelopment with placemaking features and increased community services. The accelerator kitchen will catalyze entrepreneurship for food-based entrepreneurs. Finally, the project provides for equitable high-wage growth by supporting economically disadvantaged persons, women-owned businesses, minority-owned businesses, and continues to provide internships, youth program volunteers, workshops, and other training opportunities with the intent of providing the tools, knowledge, and skills needed to pursue high-wage employment opportunities.

LOCAL SUPPORT

Local support for the project includes approval of an application for a 12-year Obsolete Property Rehabilitation Exemption Certificate valued at approximately \$900,000. The Lansing Economic Development Corporation also sponsored and obtained approval of an \$850,000 brownfield grant from the Department of the Environment, Great Lakes, and Energy (EGLE). The City of Lansing is certified with MEDC’s Redevelopment Ready Communities (RRC) program and is also a Michigan Main Street Community. The project is in a Michigan Geographically Disadvantaged Business Location.

FINANCING OPPORTUNITY – MCRP PERFORMANCE-BASED GRANT

The Applicant has requested the MSF provide a \$1,500,000 MCRP Performance-Based Grant to assist in filling a financing gap for the project. It is anticipated that disbursements to the project on the grant will be disbursed following construction completion and issuance of Certificates of Occupancy for the development. Below outlines a summary of the development sources and the proposed structure of the grant.

GRANT TERMS

MSF Facility:	MCRP Performance Based Grant
Grantee:	ANC Holdings, LLC or a Related Entity
Total Capital Investment:	Currently estimated at \$11,059,066
MSF Eligible Investment:	Currently estimated at \$6,854,446

Minimum Eligible Investment: Currently estimated at \$5,484,000

MSF Grant Amount: Up to the lesser of 25% of “Eligible Investment” or \$1,500,000

MSF Fees: The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan. The Lender may charge the borrower for this fee.

Reserves: The development budget includes approximately \$862,000 in contingencies, interest, rent up and operating reserves.

Funding: The MSF will fund up to \$1,500,000 to be disbursed following issuance of a Certificates of Occupancy and completion of other performance criteria.

Other Conditions: The MSF’s investment will be contingent upon the following:

- Receipt of a Financial Project Budget
- Receipt of Construction Documents, including “Guaranteed Maximum Price” Construction Contract

SUMMARY OF DEVELOPMENT SOURCES:

PNC Bank	\$	3,500,000	31.65%
Seller Note	\$	1,000,000	9.04%
EGL E Grant	\$	850,000	7.69%
Various Other Grants	\$	735,716	6.65%
MSF Grant	\$	1,500,000	13.56%
New Market Tax Credit Equity	\$	3,223,350	29.15%
Developer Equity	\$	250,000	2.26%
TOTAL	\$	11,059,066	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$	1,000,000
Hard Construction Costs	\$	7,175,952
Eligible Soft Costs	\$	528,494
Other	\$	2,354,621
TOTAL	\$	11,059,066

APPLICANT HISTORY

The Applicant is a place-based organization that for over 20 years has served as a non-profit hub for neighborhood revitalization and for activities that promote the health and well-being of Lansing’s Eastside community and other stakeholders. The Applicant has successfully raised funds for past capital improvement projects for the existing ANC building and neighborhood improvement projects.

Cinnaire Solutions, an affiliate of Cinnaire Corporation, is serving as a consultant on the project. Cinnaire is a Lansing-based Community Development Financial Institution with over 25 years of experience and a \$3.8 billion portfolio of affordable housing developments across a nine state footprint.

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

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

RECOMMENDATION

MEDC staff recommends approval of a MCRP performance-based grant in the amount of up to \$1,500,000 for ANC Holdings, LLC.

APPENDIX A – Project Map and Renderings





APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on July 23, 2019, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and a financial review has been completed.

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

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

The City of Lansing has demonstrated the importance of the project through financial incentives, including an Obsolete Property Tax Rehabilitation Exemption Certification valued at approximately \$900,000 and through sponsorship of an EGLE grant valued at \$850,000. Allen Neighborhood Center a well-established place-based organization that Lansing's Eastside Community benefits from and the proposed project is anticipated to create 70 construction jobs and 14 FTE jobs after construction is complete. The commercial aspect of the project will bring businesses and vibrancy to a formerly vacant space, and inspire comparable efforts along the East Kalamazoo Street corridor. The project will increase density in the area and provide usable green space for residents and the broader community.

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

The Applicant anticipates that the project will catalyze comparable mixed-use developments in the commercial nodes all along the East Kalamazoo Street Corridor. East Kalamazoo is zoned primarily residential with large commercial nodes every several blocks between E. Pennsylvania and US 127. The Applicant hopes that the project will act as a demonstration to others and attract new investment in the community.

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

The City of Lansing has demonstrated the importance of the project through financial incentives, including an Obsolete Property Tax Rehabilitation Exemption Certification valued at approximately \$900,000 and through sponsorship of an EGLE grant valued at \$850,000.

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

ANC has diligently exhausted all financing options, including New Market Tax Credit investments, senior financing, an Obsolete Property Rehabilitation Exemption Certification, a seller's note, obtained approximately \$1,500,000 in grants from a number of entities, with two grants pending from two separate entities totaling \$100,000. The proposed MCRP award will be used to assist in filling the financial gap and ensuring the financial viability of the project.

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

The project will redevelop a functionally obsolete property that is primarily vacant into a mixed-use development.

F. Creation of jobs:

The project is anticipated to create 14 full-time equivalent jobs. The average hourly wage is estimated to be \$22.00.

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

The project is using a New Market Tax Credit allocation of \$9,500,000 with a monetary value of over \$3,250,000, senior financing, a seller's note, obtained approximately \$1.5 million in grants from 10 separate entities, and has two grants totaling \$100,000 pending from two separate entities.

H. Whether the project is financially and economically sound:

Upon achieving stabilized occupancy, the project will be able to achieve an average debt service coverage ratio of over 1.20 to 1.00. Additionally, the development's financial viability is further supported by interest only payments on the loan from PNC Bank during the NMTC compliance period of 84 months, as well as, the lender is focused on a triple bottom line (social, environmental, and financial impact).

The development team has been able to execute tenant LOI's for a majority of the commercial space and the residential rental rates are deeply targeted to meet the needs of the surrounding residential neighborhood.

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

The project will increase the density of the area in several ways. Importantly, the project adds 21 new apartments and will activate vacant, underutilized commercial space, which will certainly increase density. The Applicant anticipates that the project will catalyze comparable mixed-use developments in the commercial nodes all along this corridor; and consequently, steadily increase density.

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

The project is a mixed-use redevelopment that will increase the density of the neighborhood and, subsequently, increase walkability. The services offered at ANC will attract residents from nearby to walk to this destination. The green infrastructure attributes of the project will enhance the pedestrian experience through beautification and placemaking. Tenants, occupants, and residents can walk to Michigan Avenue just three (3) blocks north of ANC.

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

The project will not convert an abandoned public building to private use.

L. Whether the project promotes sustainable development:

The project includes green infrastructure and renewable energy components that will not only result in economic, social, and environmental benefits for its users, but will also serve as an informational and educational resource to demonstrate local approaches towards sustainable development practices. Permeable pavements will cover portions of the parking lot, and native plants will be planted in planter boxes and rain gardens to manage the quantity and quality of stormwater runoff.

In addition, the project is seeking an Energy Star Certification for energy efficiency and will also use solar panels as a renewable energy source for ANC and its tenants. Solar panels will be placed on the rooftop of the redeveloped building, the newly installed carports, and several picnic tables – creating a Solar Park at Allen Place. The Board of Water & Light is currently completing a solar energy storage analysis for this component of the project and is considering using it as a case study and long-term testing site for renewable energy research.

ANC will create informational signage adjacent to each sustainability component described above for educational purposes. They will also continue to host periodic workshops for more in-depth training on these sustainability practices. A large mural with a Farm-to-Neighborhood theme and an interactive display will add to the educational aspects of the project.

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

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

N. Whether the project addresses area-wide redevelopment:

The project aligns with the goals, objectives, and strategies for area-wide redevelopment established in the 2012 Design Lansing comprehensive plan and the Tri-County Regional Planning Commission's Economic Development Strategy. For example, the project will include affordable housing, green infrastructure, entrepreneurship opportunities, energy efficiencies, access to health food options, art displays, and renewable energy.

O. Whether the project addresses underserved markets of commerce:

The Ingham County Health Department will occupy a first floor commercial/office space to operate a Federally Qualified Health Center (FQHC). The FQHC will provide healthcare services to area residents – primarily to low income, underinsured, not insured, or otherwise medically disadvantaged persons.

Also, the project will increase the capacity of the Allen Neighborhood Center to address an underserved fresh food market in the region. Since its inception, ANC has seen 36 small businesses launched from its Food Incubator Kitchen Program – 75% women-owned and 30% minority-owned. Over 75 farmers and other food producers within 50 miles of ANC provide fresh, healthy food options at the Farmer's Market, for the Food Incubator Program, and the Veggie Box program. The addition of the Food Accelerator Program, Wash-Pack 2, and culinary training school will provide more opportunities to serve these markets.

P. The level and extent of environmental contamination:

Up to two Underground Storage Tanks (UST) will be removed from the southeast corner of the property. USTs will be removed from the Property to comply with due care obligations and to

mitigate any potential future release(s). Transportation and Disposal of Hazardous Soil Includes the transportation and off-site disposal of up to 100 tons of hazardous soil from 1621 E. Kalamazoo Street (former dry cleaner). A new vapor intrusion mitigation system will be placed under the new project.

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

The project is not rehabilitating a historic resource.

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

The project is not anticipated to compete with or affect existing Michigan businesses within the same industry.

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

None

APPENDIX C - Organizational Chart

ANC Holdings, LLC Organizational Structure				
ANC Holdings, LLC EIN: 83-1054460				
ANC Holdings, LLC Manager: Joan M Nelson				
Member		Ownership Interest	EIN	State of Organization
ANC Holdings, LLC			83-1054460	Michigan
Allen Neighborhood Center		100%	38-3502484	Michigan
Member/Company name and manager				
Joan Nelson, Manager				
Member/Company name and manager				
Member/Company name and manager				
Key Principals/Guarantors:				
	Amount of Guarantee			
Jon Lum, Presidentt	10%			
Janet Kincaid, Vice-President	10%			
Rebecca Bahar-Cook, Secretary	10%			
Andy Draheim, Treasurer	10%			
Sarah Schillio, Member	10%			
Jennie Gies, Member	10%			
Kristina Sankar, Member	10%			
Yvette Collins, Member	6%			
Gregory Farhat, Member	6%			
Mary Miner, Member	6%			
Abbey Harper, Member	6%			
Rick Kibbey, Member	6%			
Instructions: Include member names of the first layer of companies. Include member names of the second layer companies if the company has a 20% or higher share of ownership in the project. Percentages shown are examples. Add or delete rows as necessary.				

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-075**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
GRANT AWARD TO ANC HOLDINGS, 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, ANC Holdings, LLC (“Company”) has requested a performance-based grant of up to \$1,500,000 (“Award Request”), along with other general terms and conditions;

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 180 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 90 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: June 23, 2020

To: Michigan Strategic Fund Board

From: Adam Cummins, Community Assistance Team
Julius Edwards, Commercial Real Estate Investment Manager
Jake Winder, MCRP and Brownfield Program Specialist

Subject: Request for Approval of a Michigan Strategic Fund (MSF) Activity, Equity Investment and a Request for Approval of an Act 381 Work Plan
Lansing Acquisition 500, LLC - The Temple Redevelopment

PROJECT SUMMARY

The request will support a community development project being completed by Lansing Acquisition 500, LLC (“Applicant”) which is led by Michigan Community Capital. The Applicant proposes to redevelop the historic Temple building in the City of Lansing’s Old Town neighborhood into a 5-story, mixed-use building consisting of 27,874 square feet of residential, commercial, and office space, representing \$9,412,000 in total capital investment. The project will reuse the shell of the existing building to include 3,050 square feet of first-floor commercial/office space and four new floors of mixed-income residential apartment units totaling 17,343 square feet and common area of 7,481 square feet. The rear of the site will be excavated to create room for a new, 2-story 9,180 square foot parking structure that will provide 51 spaces for the commercial and residential tenants. Also, the project will include 7,694 square feet of public infrastructure improvements, including new wider sidewalks and landscaping in the public right-of-way along East Cesar Chavez Avenue and North Cedar Street in the City of Lansing.

It is anticipated that approximately 3,050 square feet of the commercial space will be master leased by Michigan Community Capital utilizing a portion of the space as their headquarters and subleasing five small office suites. The master lease structure allows MCC to use its balance sheet to provide financial support the project operations, giving the senior lender and MSF additional comfort. A remaining separate retail suite has a pending letter of intent from a coffee shop. The residential space will consist of 31 mixed-income rental units with rents targeted at between 80% to 120% of the Area Median Income (AMI).

A financing gap exists due to the significant cost of activities required to convert the 2-story single-use building into a 5-story mixed-use development and construction of a two-story parking structure to support the development. Due to low projected income from the completed project, the project has an as-stabilized appraised value of \$3,700,000, which is 39% of the total project cost, severely limiting the projects access to traditional capital such as bank debt and investor equity. Although Lansing rents are relatively high for the state of Michigan, the rental rates do not justify the costs associated with the project, a condition common in many markets in Michigan. The project is requesting \$4,800,000, or 51% of the total project cost, in an MSF Investment Fund Equity Award. This particular property is a priority

site for redevelopment as evidenced by the local support being provided to the project through TIF reimbursements, and a \$250,000 loan being provided by the Lansing Brownfield Redevelopment Authority under favorable terms of 1.00% interest and payments spread over 30 years. The proposed awards from the MSF and the investments from the City of Lansing will allow the development team to achieve an anticipated return of under 2.0% from operations.

The project aligns with Community Development priorities and meets the criteria established in MEDC's Strategic Plan. It is a priority project for the City of Lansing because it will add needed housing to the Old Town neighborhood and restore along vacant and iconic building located on an important commercial corridor and a 37k car per day state trunk line leading to downtown Lansing. It is located in a geographically disadvantaged area, and without Michigan Community Capital's (MCC) involvement in the project its completion would not be possible due the limited returns provided by the project. MCC will be the fourth owner proposing a redevelopment with three prior groups failing due to the complex site and difficult project economics.

REQUEST

The Applicant is requesting a MSF Activity Performance-Based Equity Award of \$4,800,000 from the MSF Investment Fund and the Lansing Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$706,069 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$9,412,000.

PROGRAM SUMMARY

The request for an MSF Other Activity Award is necessary because the project's financing gap exceeds 25 percent of eligible investment and requires additional support beyond what is allowable under the MCRP program. The request for an Act 381 Work Plan approval is consistent with the Act 381 Work Plan Guidance. The project qualifies for the Brownfield program because the site is functionally obsolete. The project is consistent with the Community Development priorities, the MEDC Strategic Plan goals, and the local objectives.

LOCAL SUPPORT

Local support for the project includes approval of an Act 381 Work Plan, including local capture estimated at \$1,412,349 and approval of an accelerated brownfield reimbursement loan of \$250,000. The city of Lansing is both a Certified Redevelopment Ready Community and a Michigan Main Street community. The project is in a Michigan Geographically Disadvantaged Business Location and a City designated Northeast Blight Elimination Area.

FINANCING OPPORTUNITY

The Applicant has requested an MSF Activity Performance-Based Equity Award of \$4,800,000 to complete the redevelopment of the property. The development has secured \$3,050,000 loan from Capital Impact Partners (CIP) with a favorable amortization period of 40 years. MCC will provide all project construction completion and loan guarantees. Additionally, they have secured \$250,000 from the Lansing Brownfield Redevelopment Authority (LBRA) at an interest rate of 1.00% and a 30-year term. Lastly, the development team is contributing over 10% of the total development cost in equity. It is anticipated that disbursements to the project will follow contribution of 100% of equity being provided by the Applicant. Below outlines a summary of the development sources and the proposed structure of the MSF equity investment. The award is being proposed as an equity investment in order to provide financial flexibility and sustainability to the project. The proposed award for the project will allow the developer to bring this

difficult to develop but conspicuous and iconic site back to active use and to achieve a projected return of just under 2% from operations.

EQUITY INVESTMENT AWARD TERMS:

MSF Facility:	MSF Investment Fund Performance-Based Equity Investment
Applicant:	Lansing Acquisition 500, LLC or a Related Entity (“Investor”)
Investor’s Equity Amount:	Owner equity contributions of not less than \$962,000 (“Investor Equity”)
MSF Investment Amount:	Up to \$4,800,000 (“MSF Equity”). Staff is requesting the MSF Fund Manager be given authority to negotiate the final terms of the equity investment. All terms may be subject to senior lender consent.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s Award amount. Additionally, the development team will be responsible for all third-party costs incurred by the MEDC/MSF in closing the transaction.
Interest Purchased:	MSF will acquire an equity interest in Lansing Acquisition 500, LLC or an entity to be determined. The MSF will provide no guarantees on debt or accept any recourse obligation.
“Put” Rights:	The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, Lansing Acquisition 500, LLC or another entity to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time of the notice to exercise the “Put” on terms and conditions acceptable to the MSF. The owners of the project will be required to guarantee the “Put” right obligation.
MSF “Exit” Option:	MSF will have the option to exit the project after 240 months following disbursement of its proceeds. The Put price would be based on a valuation of the MSF’s ownership interest performed by an independent third party.
Investors “Call” Option:	Following construction completion the Investors will have the option to call the MSF’s ownership interest for 240 months at a value equal to the greater of any accrued and unpaid returns plus

the MSF's original principal investment or an amount necessary to assure a 5% IRR to the MSF.

Net Cash Flows:

To be determined at a later date, that will include the following considerations:

1. Senior debt service requirements.
2. Annual escrowed replacement reserves.
3. Capital expenditures above and beyond what has been escrowed for replacement reserves.
4. Repayment of deferred developer fees.
5. Other restrictions placed on the property by the Senior Lender.

Split of Net Cash Flows:

A 60/40 split of remaining net cash flow with 60% going to the MSF and 40% going to the Investor.

Split of Proceeds from Sale or Refinance:

A 60/40 split available net proceeds with 60% going to the MSF and 40% going to the Investor.

Membership Change:

The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity, except with respect to changes made for estate planning purposes.

Sale/Liquidation:

The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g., sale to a non-qualified third party).

Timing of Funding:

The MSF investment would be made after (a) all of the Investors' Equity has been contributed to and used to fund approved and budgeted for Project expenses and (b) the Senior Lender has either approved or waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to the Senior Lender advancing any amounts under its loan.

Deferred Developer Fees:

The developer fees of \$350,000 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.

Reserves:

It is anticipated that the project will have approximately \$678,000 in operating, replacement, interest, and lease up reserves, and contingencies.

Other Conditions:

The MSF’s investment will be contingent upon the following:

- Receipt of final construction documents, including a “Guaranteed Maximum Price” construction contract
- Minimum \$962,000 owner equity investment
- Receipt of final development budget

SUMMARY OF DEVELOPMENT SOURCES:

CIP Loan	\$	3,050,000	32.41%
LBRA Loan	\$	250,000	2.66%
MSF Equity	\$	4,800,000	51.00%
Deferred Developer Fees	\$	350,000	3.72%
Developer Equity	\$	962,000	10.22%
TOTAL	\$	9,412,000	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$	520,162
Hard Construction Costs	\$	6,723,155
Eligible Soft Costs	\$	1,208,154
Other	\$	960,529
TOTAL	\$	9,412,000

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Lansing, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on December 2, 2019. The property has been deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on September 25, 2019.

There are 71.3386 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.7792 mills (33.33%) and local millage equaling 47.5594 mills (66.67%). Tax increment capture will begin in 2022 and is estimated to continue for 30 years. In addition, 90% of the available capture is being used to reimburse towards the project and the remaining 10% will remain with the taxing jurisdictions. The state tax capture is recommended to be capped at \$706,069 which is the amount of tax increment revenue anticipated to be generated in 30 years. Total MSF eligible activities are estimated at \$2,118,418. MSF eligible activities breaks down as follows:

State tax capture	(33.33%)	\$	706,069
Local tax capture	(66.67%)	\$	1,412,349
TOTAL		\$	2,118,418

COST OF MSF ELIGIBLE ACTIVITIES

Demolition	\$	341,445
Lead, Asbestos, or Mold Abatement		22,600
Infrastructure Improvements		1,105,902
Site Preparation	+	343,460
Sub-Total	\$	1,813,407
Contingency (15%)	+	272,011
Sub-Total	\$	2,085,418

Brownfield/Work Plan Preparation	+	18,000
Brownfield/Work Plan Implementation	+	<u>15,000</u>
TOTAL	\$	2,118,418

In addition, the project is requesting \$16,950 in TIF from EGLE to assist with environmental eligible activities.

APPLICANT HISTORY

Lansing Acquisition 500, LLC is a single purpose entity formed for this project and led by Michigan Community Capital, (MCC). MCC is a private non-profit corporation, a public charity (501c3), and gets its non-profit status because it is a supporting organization to the MEDC and MSHDA. It was founded as the Michigan Magnet Fund in 2004-2005 to attract federal New Market Tax Credits (“NMTC”). MCC has secured a total of \$200M in NMTC authority covering four (4) separate competitive awards. This resulted in approximately \$50M in direct federal grants to job creating and place making projects across Michigan.

MCC has also been awarded \$22,500,000 in MSF Activity performance-based loans to invest in attainable housing across Michigan, which has supported six community Development projects. Additionally, they received MSF support in the form of an Act 381 Work Plan and MCRP award for the Cadillac Lofts, LLC project. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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

RECOMMENDATION

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

- a) State tax capture for the Act 381 eligible activities capped at \$706,069, utilizing the current state to local capture ratio.
- b) MSF Investment Fund Performance Based Equity Award in the amount of \$4,800,000 for Lansing Acquisition 500, LLC or a related entity based on terms and conditions outlined in Exhibit A found in the resolution.
- c) Grant authority to the MSF Fund Manager to negotiate the final terms of the transaction.

APPENDIX A – Project Map and Renderings





APPENDIX B – Programmatic Requirements

Key Statutory Criteria

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

- a) Overall Benefit to the Public:**
The property associated with this project is in the heart of the Old Town neighborhood in Lansing. This is a vacant, boarded-up building that when redeveloped, will provide approximately 28,000 square feet of residential and commercial space for new tenants. This project will increase the tax base and increase density in the Principal Shopping District.
- b) Jobs Created (Excluding Construction and other Indirect Jobs):**
This project will create 10 full-time equivalent jobs. The average hourly wage is estimated to be \$14.50.
- c) Area of High Unemployment:**
The City of Lansing unadjusted jobless rate was 4.3% in March 2020.
- d) Level and Extent of Contamination Alleviated:**
Redevelopment activities at the property will include appropriate abatement measures, such as lead and asbestos.
- e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:**
This project includes a complete renovation of a functionally obsolete building in the heart of the Old Town neighborhood.
- f) Whether Project will Create a New Brownfield Property in the State:**
This project does not create a new brownfield property in the state.
- g) Whether the Project is Financially and Economically Sound:**
From the materials received, the MEDC infers that the project is financially and economically sound.
- h) Other Factors Considered:**
No additional factors need to be considered for this project.

APPENDIX C - Organizational Chart

LANSING ACQUISITION 500 LLC Organizational Structure					
Company Name EIN: 82-2313996					
Company Name Manager: Eric Christopher Hanna					
Member			Ownership Interest	EIN	State of Organization
Member/Company name and manager					
Michigan Community Capital	100.00%		100.00%	33-1068719	Michigan
Member/Company name and manager					
Member/Company name and manager					
Member/Company name and manager					
Key Principals/Guarantors:					
		Amount of Guarantee			
Michigan Community Capital		\$3,200,00			
Member Name					
Member Name					

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-076**

**APPROVAL OF FUNDING A PERFORMANCE BASED MICHIGAN STRATEGIC FUND
INVESTMENT FUND EQUITY AWARD
TO LANSING ACQUISITION 500, LLC
(THE TEMPLE REDEVELOPMENT PROJECT)**

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

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

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

WHEREAS, pursuant to MCL 125.2088(h)(5)(b), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to grants, loans or investments made by the MSF under Chapter 8A or Chapter 8C;

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

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

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

WHEREAS, Lansing Acquisition 500, LLC (“Company”) has requested a Michigan Strategic Fund Performance Based Investment Fund Equity Award of up to \$4,800,000, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (collectively “Award Request”);

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request in accordance with the Term Sheet subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

EXHIBIT A

“Term Sheet”

Equity Investment Award:

MSF Facility:	MSF Investment Fund Performance-Based Equity Investment
Applicant:	Lansing Acquisition 500, LLC or a Related Entity
Investor’s Equity Amount:	Owner equity contributions of not less than \$962,000 (“Investor Equity”)
MSF Investment Amount:	Up to \$4,800,000 (“MSF Equity”). Staff is requesting the MSF Fund Manager be given authority to negotiate the final terms of the equity investment. All terms may be subject to senior lender consent.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s Award amount. Additionally, the development team will be responsible for all third-party costs incurred by the MEDC/MSF in closing the transaction.
Interest Purchased:	MSF will acquire an equity interest in Lansing Acquisition 500, LLC or an entity to be determined. The MSF will provide no guarantees on debt or accept any recourse obligation.
“Put” Rights:	The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, Lansing Acquisition 500, LLC or another entity to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time of the notice to exercise the “Put” on terms and conditions acceptable to the MSF. The owners of the project will be required to guarantee the “Put” right obligation.
MSF “Exit” Option:	MSF will have the option to exit the project after 240 months following disbursement of its proceeds. The Put price would be based on a valuation of the MSF’s ownership interest performed by an independent third party.
Investors “Call” Option:	Following construction completion the Investors will have the option to call the MSF’s ownership interest for 240 months at a value equal to the greater of any accrued and unpaid returns plus the MSF’s original principal investment or an amount necessary to assure a 5% IRR to the MSF.

Net Cash Flows:	To be determined at a later date, that will include the following considerations: <ol style="list-style-type: none"> 1. Senior debt service requirements. 2. Annual escrowed replacement reserves. 3. Capital expenditures above and beyond what has been escrowed for replacement reserves. 4. Repayment of deferred developer fees. 5. Other restrictions placed on the property by the Senior Lender.
Split of Net Cash Flows:	A 60/40 split of remaining net cash flow with 60% going to the MSF and 40% going to the Investor.
Split of Proceeds from Sale or Refinance:	A 60/40 split available net proceeds with 60% going to the MSF and 40% going to the Investor.
Membership Change:	The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity, except with respect to changes made for estate planning purposes.
Sale/Liquidation:	The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g., sale to a non-qualified third party).
Timing of Funding:	The MSF investment would be made after (a) all of the Investors' Equity has been contributed to and used to fund approved and budgeted for Project expenses and (b) the Senior Lender has either approved or waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to the Senior Lender advancing any amounts under its loan.
Deferred Developer Fees:	The developer fees of \$350,000 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.
Reserves:	It is anticipated that the project will have approximately \$678,000 in operating, replacement, interest, and lease up reserves, and contingencies.
Other Conditions:	The MSF's investment will be contingent upon the following: <ul style="list-style-type: none"> • Receipt of final construction documents, including a "Guaranteed Maximum Price" construction contract • Minimum \$962,000 owner equity investment • Receipt of final development budget



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-077**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
TEMPLE 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 Lansing Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 502 E. Cesar E. Chavez Avenue within the City of Lansing, known as the Temple Redevelopment Project (the “Project”);

WHEREAS, the City of Lansing 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 33.33% to 66.67% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos and mold abatement, and infrastructure improvements as presented in the Work Plan dated February 27, 2020. 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 \$2,085,418 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$18,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$706,069.

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan

June 23, 2020



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

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Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: June 23, 2020

To: Michigan Strategic Fund Board

From: Chelsea Beckman, Community Assistance Team – Region 5
Julius L. Edwards, Commercial Real Estate Investment Manager
Jake Winder, Program Specialist – Brownfield & MCRP

Subject: Request for Approval Michigan Community Revitalization Program (MCRP)
Loan and a Request for Approval of an Act 381 Work Plan Amendment
BRD Opportunity Zone Developer LLC – Uptown/River’s Edge
Redevelopment Project

PROJECT SUMMARY

The request will support a community development project that will create a new five story building with 60 residential units and a two-level parking structure on the waterfront in Uptown Bay City. In addition to support for the new residential building, the City of Bay City’s Brownfield Redevelopment Authority is requesting an amendment to their existing Brownfield Work Plan in order incorporate additional development and to improve the public infrastructure within and surrounding the Uptown Bay City property parcels. The Work Plan anticipates the 60 unit building that is proposed to begin construction upon approval of this request as well as a future 40 unit building that is anticipated to begin construction approximately six months after the first building is completed. Specifically, the City of Bay City, in partnership with Shaheen Development, will be undertaking brownfield eligible activities including reconstructing a bridge off ramp and building or restoring City-owned streets creating a more cohesive and walkable downtown environment. A strong sense of placemaking and a pedestrian friendly environment will be achieved by eliminating blight and vacancy between Uptown and Downtown contributing to a more vibrant and energetic area that will attract additional residents and businesses.

The creation of the 60 unit residential building will result in 92,615 square feet of market-rate, riverfront development, as well as over \$14,381,044 of private investment. The future 40 unit building will add approximately 64,748 square feet of additional residential development. The public infrastructure improvements will be funded in advance by Shaheen Development and the City of Bay City, resulting in over \$44,000,000 in new private investment in approximately 252,000 square feet of public infrastructure. The City’s contribution to the public infrastructure will be funded with approximately \$6,000,000 in municipal bonds. For additional context, previous brownfield redevelopment included in the 2008 and 2011 amendments to this Act 381 Work Plan (Phase One), resulted in over \$100,000,000 of private investment, reactivated 43 acres of river frontage, and created over 500,000 square feet of new development.

The financing gap exists for three primary reasons. The first is that there are extensive costs associated with preparing eleven acres of vacant, contaminated, underutilized riverfront property for redevelopment. These costs include infrastructure improvements, demolition and abatement of existing facilities, site

preparation related to vertical construction of the 60-unit residential building, and mass grading and land balancing. Additionally, a financing gap exists due to construction costs related to development of the parking structure which generates limited income for the project. Finally, rents that are supported by downtown Bay City residential rental market are not adequate to support the cost of development. In order to meet the unique financing requirements, the development team is contributing equity of over \$4,900,000 or 34% of the total development cost and utilizing the opportunity zone structure to improve returns for investors. The remaining gap is proposed to be filled by a \$1,900,000 MCRP award. The proposed award will allow the development team to achieve a return of under 1% from operations (does not account for benefits provided by Opportunity Zone investment).

REQUEST

In order to prepare the Uptown property for redevelopment through the creation of vital infrastructure and the development of the 60 residential units on downtown Bay City's riverfront, Shaheen Development – in partnership with the City of Bay City – is requesting the following support:

1. an amendment to the existing Act 381 Work Plan that would allow for tax capture from new development of up to \$11,078,220 in state tax capture (40.51%) and \$16,268,658 in local tax capture (59.49%) to support eligible activities throughout the larger brownfield site. In total the Act 381 Work Plan, with previously approved activities and this amendment, will allow for the reimbursement of \$47,745,626 in MSF eligible activities with state tax capture totaling \$19,427,428; and
2. a Michigan Community Revitalization Program performance based loan totaling \$1,900,000 which includes a \$400,000 interest only note, for the creation of the 60 unit residential building, which is contingent upon the MSF President or MSF Fund Manager's approval of an amendment to the Applicant's Michigan Business Tax credit boundaries in order to align the tax credit boundaries with the City of Bay City's and the development team's master plan for the site.

PROGRAM SUMMARY

The project qualifies for the MCRP and Brownfield 381 program because the site is a facility. The request for MCRP and Brownfield support is consistent with the program requirements, because the project involves transforming a property qualifying as a facility into an environmentally friendly, walkable, vibrant place conducive to present and future development – as well as results in the immediate creation of a 60 unit residential building. The project meets MEDC Strategic Plan and Community Development priorities because it is developing attractive places and contributing to the expansion and density of the City of Bay City's downtown as well as encouraging opportunity zone investment in a geographically disadvantaged area.

LOCAL SUPPORT

Local support for the project includes the local portion of the Brownfield Tax Increment Financing valued at \$16,268,658 for this phase and \$12,049,540 for Phase One as well as \$6,000,000 of local municipal bonds to support the creation of vital infrastructure associated with the Uptown Phase II property redevelopment. The City of Bay City is engaged with the MEDC's Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location. For the better part of 20 years, the Uptown Bay City development has been a top priority for the City of Bay City. The City prioritizes development that reactivates its riverfront and creates additional public

space for its community members. In addition to a completed public boardwalk, the Uptown Phase II property redevelopment will create a large public plaza, clean-up contaminated properties, and create a more walkable downtown environment.

FINANCING OPPORTUNITY

The Applicant is requesting a \$1,900,000 MCRP Award. The MCRP Award will be in the form of a Performance-Based Direct Loan, split into two tranches. One tranche of \$1,500,000 will be amortized over 300 months and another \$400,000 tranche that will be interest only for up to 120 months. Other financing includes a senior loan of \$6,701,044 from Horizon Bank, MBT credits with an estimated discounted value of \$855,000, and the ownership team is contributing approximately \$4,925,000 or 34.25% of the total development costs. With the proposed award, the development team will achieve a return of under 1% from operations.

Below outlines a summary of the development sources and the proposed structure of the MCRP Award.

MSF AWARD TERMS RELATED TO THE RESIDENTIAL BUILDING

MSF Award Amount:	Lesser of 20% of “Eligible Investment” or \$1,900,000
Borrower:	BRD Opportunity Zone Developer, LLC or a Related Entity
Total Capital Investment:	Currently estimated at \$14,381,044
MSF Eligible Investment:	Currently estimated at \$12,678,527
Minimum Eligible Investment:	Currently estimated at \$10,143,821
Deferred Developer Fees:	N/A
Funding:	The MSF will fund up to \$1,900,000 following issuance of Certificates of Completion and achievement of other criteria.
Contingencies/Reserves:	Anticipated to be over \$871,000. This includes construction interest and lease up reserves of approximately \$283,000, along with \$588,000 in construction contingencies.
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.- Final development budget.- Minimum owner equity investment of \$4,900,000- Other documents may be required for review.

MSF Loan #1:

MSF Loan Amount:	\$1,500,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount
Term:	To match that of the senior lender, not to exceed 120 months
Amortization:	To match that of the senior lender, not to exceed 300 months
Repayment Terms:	Monthly interest only for up to 12 months, followed by monthly principal and interest payments with principal due at maturity.
Collateral:	Anticipated to be a security interest in the real estate and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2 nd priority interest.
Guarantee(s):	To match that of the senior lender, anticipated to be the limited pro rata guarantees of the owners limited to 50% of their respective ownership interests.

MSF Loan #2:

MSF Loan Amount:	Up to \$400,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount
Term:	To match that of the senior lender, not to exceed 120 months
Repayment Terms:	Monthly interest only payment for up to 120 months, remaining principal due at maturity.
Collateral:	Anticipated to be a security interest in the real estate and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2 nd priority interest.
Guarantee(s):	To match that of the senior lender, anticipated to be the limited pro rata guarantees of the owners limited to 50% of their respective ownership interests.

SUMMARY OF DEVELOPMENT SOURCES FOR RESIDENTIAL DEVELOPMENT:

Horizon Bank	\$	6,701,044	46.60%
MSF Loans	\$	1,900,000	13.21%
MBT Credits	\$	855,000	5.94%
Developer Equity	\$	4,925,000	34.25%
TOTAL	\$	14,381,044	100.00%

SUMMARY OF DEVELOPMENT USES FOR RESIDENTIAL DEVELOPMENT:

Acquisition	\$	1,050,000
Hard Construction Costs	\$	12,348,527
Eligible Soft Costs	\$	330,000
Other	\$	652,517
TOTAL	\$	14,381,044

TAX CAPTURE SUMMARY FOR PUBLIC INFRASTRUCTURE IMPROVEMENTS

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Bay City, a Qualified Local Governmental Unit, has duly approved a brownfield plan amendment for this property on August 5, 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 20, 2020.

There are 59.2412 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (40.51%) and local millage equaling 35.2412 mills (59.49%). Tax increment capture began in 2013 and will continue until 2042 for a total of 29 years. The state tax capture being added to the Act 381 Work Plan is recommended to be capped at \$11,078,220, which is the amount of tax increment revenue anticipated to be generated by this new investment over 25 years.

This Act 381 Work Plan was originally approved by the MEGA Board in December 2011. They were approved for \$30,271,716 in eligible activities, with 40.93%, or \$12,390,213 coming from state tax capture. Tax capture began in 2013 and was expected to end in 2042. However, as of June 23, 2020 they have only captured and reimbursed approximately \$20,398,749 with approximately \$8,349,208 coming from state tax capture.

With this proposed amendment, they are seeking an additional \$27,346,878 in tax capture, with 40.51% or \$11,078,220 coming from state tax capture but will be reimbursed for eligible costs of up to \$47,745,627 over the life of the plan. The amount of state tax capture over the entire life of the plan is valued at approximately \$19,427,428.

MSF eligible activities for Phase II of this project are estimated at \$27,345,878. Below is a summary of the original MSF eligible activities as approved and as certified, the MSF eligible activities associated with the amendment and the total request:

ORIGINAL PROJECT AS APPROVED

State tax capture	(40.93%)	\$	12,390,213
Local tax capture	(59.07%)	\$	<u>17,881,503</u>
TOTAL		\$	30,271,716

COST OF MSF ELIGIBLE ACTIVITIES (AS APPROVED)

Demolition	\$	3,466,100
Lead, Asbestos, or Mold Abatement		40,000
Infrastructure Improvements		14,310,000
Site Preparation	+	8,488,870
Sub-Total	\$	26,304,970
Contingency (15%)	+	3,945,746
Sub-Total	\$	30,250,716
Brownfield/Work Plan Preparation	+	20,000
MEGA Review Cost	+	1,000
TOTAL	\$	30,271,716

ACTUAL CERTIFIED COSTS INCURRED FROM ORIGINAL APPROVAL

State tax capture	(40.93%)	\$	8,349,208
Local tax capture	(59.07%)	\$	12,049,540
TOTAL		\$	20,398,748

MSF ELIGIBLE ACTIVITIES (ADDED IN PROPOSED AMENDMENT)

Demolition	\$	559,875
Lead, Asbestos, or Mold Abatement		82,167
Infrastructure Improvements		14,889,075
Site Preparation	+	8,501,328
Sub-Total	\$	24,032,445
Contingency (15%)	+	3,290,433
Sub-Total	\$	27,322,878
Brownfield/Work Plan Preparation	+	9,000
Brownfield/Work Plan Implementation	+	15,000
TOTAL	\$	27,346,878

TOTAL COST OF MSF ELIGIBLE ACTIVITIES ASSOCIATED WITH ACT 381 WORK PLAN

Demolition	\$	1,226,596
Lead, Asbestos, or Mold Abatement		82,167
Infrastructure Improvements		31,459,683
Site Preparation	+	11,641,747
Sub-Total	\$	44,410,193
Contingency (15%)	+	3,290,433
Sub-Total	\$	47,700,626
Brownfield/Work Plan Preparation	+	30,000
Brownfield/Work Plan Implementation	+	15,000
TOTAL	\$	47,745,626

TOTAL AMENDED PROJECT

State tax capture	(40.69%)	\$	19,427,428
Local tax capture	(59.31%)	\$	28,318,198
TOTAL		\$	47,745,626

In addition, the project has received \$4,781,250 in TIF from EGLE to assist with environmental eligible activities in Phase I.

BROWNFIELD MICHIGAN BUSINESS TAX CREDIT SUMMARY

The MBT amendment request is included in this document for informational purposes and because one of the amended MBT credits is proposed as part of the capital stack for the new building being supported by the requested MCRP loan. Per the Michigan Business Tax Act 36 of 2007, the formal approval of this amendment request will be undertaken by the MSF Chairperson.

The project was originally approved as a multi-phase project and was to be completed in two (2) phases as described below:

Phase I – This phase was going to include the completion of the building shell in either building area A or B. Eligible investment for this phase was approved as \$6,745,608 in New Construction. and;

Phase II – This phase was going to include the completion of the same building’s core to move-in ready condition. Eligible investment for this phase was approved as \$1,254,392 in New Construction.

The Qualified Taxpayer, SSP Development, LLC will be requesting an amendment to both of the Brownfield MBT credits. Both amendment requests will include the addition of a new qualified taxpayer and a scope change to both credits.

APPLICANT HISTORY

Shaheen Development is a family owned, community-based real estate development company that owns and manages more than one million square feet of residential, mixed-use, and commercial real estate in the Great Lakes Bay Region. Shaheen Development is led by brothers Dr. Samuel Shaheen and Peter Shaheen, both natives of Saginaw, Michigan. Shaheen Development has previously been awarded Brownfield Tax Increment Financing, Michigan Community Revitalization Program, and Michigan Business Tax Credits on various successful projects across the State of Michigan. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

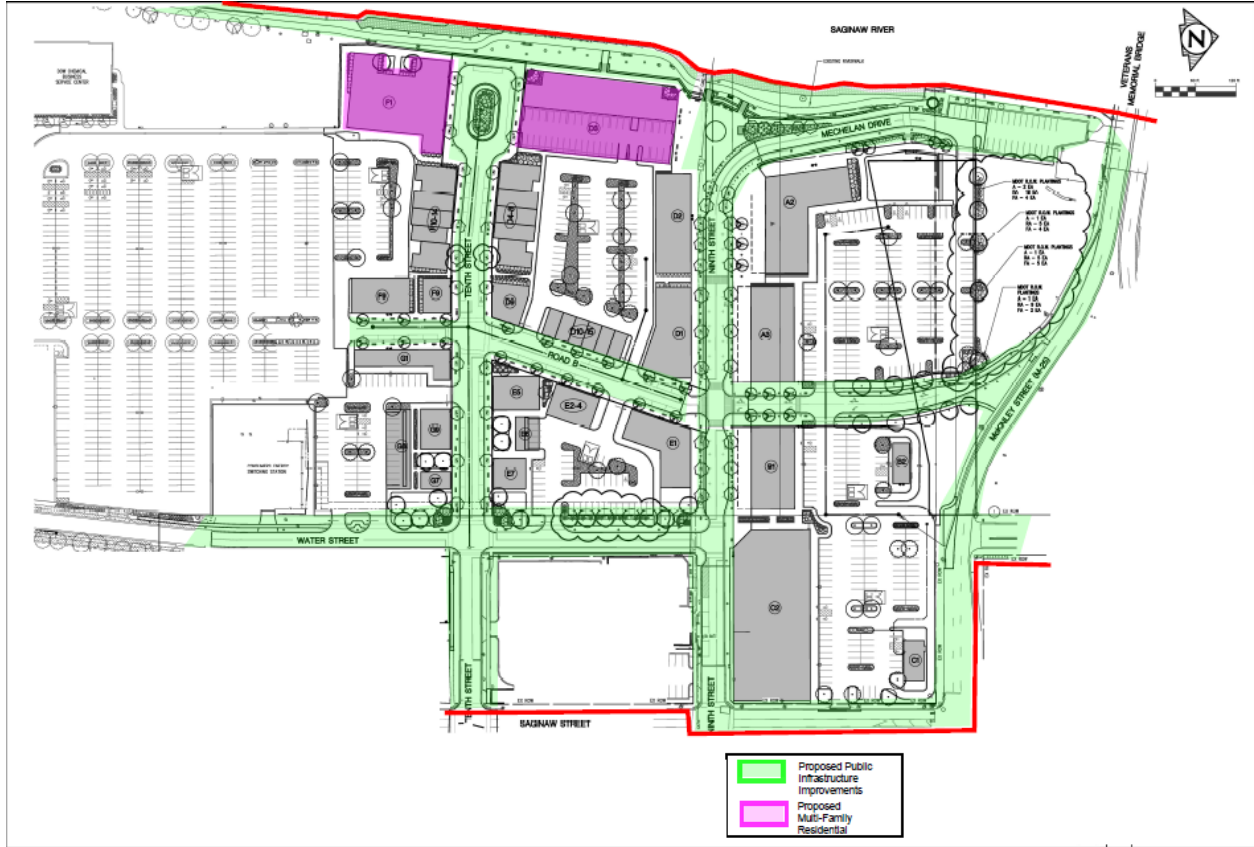
Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

RECOMMENDATION

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

- a) Amendment to the Act 381 Work Plan with additional state tax capture for eligible activities capped at \$11,028,220 utilizing the current state to local capture ratio.
- b) A MCRP performance-based loan in the amount of up to \$1,900,000 for BRD Opportunity Zone Developer, LLC on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Project Map and Rendering



APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on July 23, 2019, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and a financial review has been completed.

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

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

For approximately the last 20 years, the City of Bay City has been working in direct partnership with Shaheen Development to redevelop approximately 54 acres of underutilized and contaminated riverfront property. The redevelopment of Uptown Bay City Phase I and Phase II, as identified in the City's Master Plan, has been a top priority for the City as they look to reactivate the property in the hopes of spurring future downtown investment and creating additional market rate housing. The City has financially supported these revitalization efforts through the approval of local tax increment financing capture, as well as a total of \$23,000,000 in bonds to support public infrastructure associated with the development.

Additionally, there are several public amenities associated with both Phase I and Phase II of the Uptown Bay City development including a vibrant downtown boardwalk and a re-connected street grid that not only supports future development but adds to the overall connectivity and walkability between Uptown and downtown. There will also be additional housing, commercial, and retail infill developments that will be created in phases throughout the life of the brownfield plan.

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

The Uptown Phase I and Phase II projects will continue to spur additional revitalization of the community within the City of Bay City. To date, there has been over \$100,000,000 of investment on just Phase I of the project which has resulted in over 100 new residents living in downtown Bay City, the opening of over 15 new businesses, as well as approximately 750 employees working daily in downtown Bay City.

With the creation of the proposed master plan for Phase II, Shaheen Development in partnership with the City of Bay City anticipates the future development over 125,000 square feet of new residential development and over 10,000 square feet of new commercial space in downtown Bay City. The 60 unit residential building, made possible through the \$1,900,000 MCRP award – will be the first vertical development of many for Phase II of the Uptown Bay City project.

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

The City has financially supported these revitalization efforts through the approval of local tax increment financing capture, as well as total of \$23,000,000 in bonds to support public infrastructure associated with the full Uptown Redevelopment (\$17,000,000 in Phase I and an additional \$6,000,000 for Phase II).

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

The financing gap exists for several reasons. The first is that there are extensive costs associated with preparing eleven acres of vacant, contaminated, underutilized riverfront property for redevelopment. These costs include infrastructure improvements, demolition and abatement of existing facilities, site preparation related to vertical construction of the 60 unit residential building, and mass grading and land balancing. Additionally, a financing gap exists due to construction costs related to development of the parking structure which generates limited income for the project. Finally, the rents that are supported by downtown Bay City residential development are not sufficient to cover the development costs. In order to meet the unique financing requirements, the development team is contributing equity to the project totaling over \$4,900,000 or 34% of the total development cost and utilizing the opportunity zone structure to improve returns for investors. The remaining gap would be filled by the proposed \$1,900,000 MCRP award. The proposed award would allow the development team to achieve a return of under 1% from operations (does not account for benefits provided by opportunity zone structure).

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

This project does not include the reuse of vacant buildings, historical buildings or the redevelopment of blighted property.

F. Creation of jobs:

The MCRP project will result in the creation of four (4) jobs with an hourly average wage of \$20/hour.

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

There is \$14,381,044 of anticipated private investment.

H. Whether the project is financially and economically sound:

Upon achieving stabilized occupancy, it is anticipated that the project will generate adequate cash flow to service all debt requirements and maintain a debt service coverage ratio of greater than 1.20 to 1.00. Additionally, the project is being developed by a very experienced development team and the award will be supported by the financial backing of the owners.

As part of staff's review comparable residential properties were reviewed. A review determined that the proposed rent structure is above what has traditionally been achieved in the downtown Bay City market. Consideration was given to the fact that the property is located along the waterfront which generally garners higher rental rates. Staff has structured a portion of the proposed award as interest only in order to provide financial flexibility for the project.

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

Phase 1 and Phase 2 of the Uptown Bay City Development creates a vibrant street grid that not only supports future development but also adds to the overall connectivity, walkability, and density throughout Downtown.

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

Although the 60 unit market-rate residential building that is being supported with an MCRP loan is not itself a mixed-use building, it will be contributing to the larger Phase II vision that will create a vibrant, mixed-use, and dense built environment consistent with the Michigan Economic Development's community development priorities.

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

This project does not convert abandoned public buildings to private use.

L. Whether the project promotes sustainable development:

The 60 unit market-rate residential building promotes sustainable development by adding to the density of the downtown district, as well as by incorporating numerous sustainable elements into the physical construction including: storm water reduction, natural and native plant selections on the site, heat island reduction, energy efficient HVAC systems with programmable thermostats, special wall systems, energy star appliances, low VOC materials, ERV charging stations, energy efficient windows and doors, and LED light fixtures.

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

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

N. Whether the project addresses area-wide redevelopment:

For approximately the last 20 years, the City of Bay City has been working in direct partnership with Shaheen Development to redevelop approximately 54 acres of underutilized and contaminated riverfront property. The redevelopment of Uptown Bay City Phase I and Phase II, as identified in the City's Master Plan, has been a top priority for the City as they look to reactivate the property in the hopes of spurring future downtown investment and creating additional market rate housing. The City has financially supported these revitalization efforts through the approval of local tax increment financing capture, as well as \$23,000,000 in bonds to support public infrastructure associated with the development.

Additionally, there are several public amenities associated with both Phase I and Phase II of the Uptown Bay City development including a vibrant downtown boardwalk and a re-connected street grid that not only supports future development but adds to the overall connectivity and walkability between Uptown and downtown. There will also be additional housing, commercial, and retail infill developments that will be created in phases throughout the life of the brownfield plan.

O. Whether the project addresses underserved markets of commerce:

The project addresses underserved markets of commerce by creating 60 market-rate residential units in a federally designated Opportunity Zone area.

P. The level and extent of environmental contamination:

The property in which the 60 unit residential building will reside is considered a facility. Previous subsurface investigations on the parcel (listed in the Act 381 Work Plan as “Property IV”) identified concentrations of magnesium, mercury, and polychlorinated biphenyls in the soil that exceed EGLE’s Generic Residential Cleanup Criteria (GRCC).

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

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

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

The project will not compete with or affect existing Michigan businesses within the same industry.

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

None.

Brownfield Act 381 Program Additional Project Information:

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

The F.P. Horak building was deemed functionally obsolete and has been demolished to make way for new construction.

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

No new Brownfields will be created by this project.

APPENDIX C - Organizational Chart

BRD Opportunity Zone Developer LLC - Organizational Structure				
EIN: 84-2061960				
Managers: Samuel Shaheen & Peter Shaheen				
Member	Ownership Interest	EIN	State of Organization	
BRD Opportunity Fund LLC	46.67%	84-2045465	Michigan	
Samuel Shaheen Alaska Family Trust u/a/d December 14, 2009	14.29%			
Peter H. Shaheen Alaska Family Trust u/a/d December 14, 2009	14.28%			
Sabrina Shaheen Cronin Alaska Family Trust u/a/d December 14, 2009	14.28%			
Eklund Opportunity LLC	38.10%			
Mark S. Flegenheimer Inter-Vivos Trust dtd 2-14-95, as amended	9.52%			
Anne H. Flegenheimer Inter-Vivos Trust dtd 2-14-95, as amended	9.52%			
DKK Schauman Rentals, LLC	26.67%			
Dr. Farhad & Kathy Shokoohi	17.78%			
Cornwell QOF II, LLC	8.89%			
Key Principals/Guarantors:				
Samuel Shaheen				
Peter Shaheen				

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-078**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF BAY CITY BROWNFIELD REDEVELOPMENT AUTHORITY
UPTOWN/RIVER'S EDGE REDEVELOPMENT PROJECT
AMENDMENT #1**

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

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

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

WHEREAS, the MEGA Board approved a Work Plan request for Uptown/River’s Edge Redevelopment Project (the “Project”), by Resolution 2011-160 on December 13, 2011, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$30,271,716 in eligible activities;

WHEREAS, the City of Bay City Brownfield Redevelopment Authority (the “Authority”) wishes to amend the scope of the Project by constructing new public infrastructure improvements along two existing streets as well as the creation of two new roads, constructing a 60-unit apartment complex totaling 92,615 square feet, and the anticipated construction of a 40-unit apartment building totaling 64,748 square feet and increasing the maximum amount for eligible costs;

WHEREAS, the Authority is requesting MSF approval to capture 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 amended 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 40.69% to 59.31% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the revised Work Plan dated February 13, 2020. 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 \$47,700,626 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for Brownfield/Work Plan implementation, and a maximum of \$30,000 for Brownfield/Work Plan preparation, and with the capture of additional taxes levied for school operating purposes per this amendment being limited to a maximum of \$19,427,428.

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.

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-079**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
MCRP LOAN AWARD TO
BRD OPPORTUNITY ZONE DEVELOPMENT, 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, BRD Opportunity Zone Development, LLC (“Company”) has requested a MCRP Performance-Based Loan(s) of up to \$1,900,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”)

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020

EXHIBIT A

“Term Sheet”

Loan Facility

MSF Award Amount:	Lesser of 20% of “Eligible Investment” or \$1,900,000
Borrower:	BRD Opportunity Zone Developer, LLC or a Related Entity
Total Capital Investment:	Currently estimated at \$14,381,044
MSF Eligible Investment:	Currently estimated at \$12,678,527
Minimum Eligible Investment:	Currently estimated at \$10,143,821
Funding:	The MSF will fund up to \$1,900,000 following issuance of Certificates of Completion and achievement of other criteria.
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.- Final development budget.- Minimum owner equity investment of \$4,900,000- Other documents may be required for review.
MSF Loan #1:	
MSF Loan Amount:	\$1,500,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount
Term:	To match that of the senior lender, not to exceed 120 months
Amortization:	To match that of the senior lender, not to exceed 300 months
Repayment Terms:	Monthly interest only for up to 12 months, followed by monthly principal and interest payments with principal due at maturity.
Collateral:	Anticipated to be a security interest in the real estate and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2 nd priority interest.
Guarantee(s):	To match that of the senior lender, anticipated to be the limited pro rata guarantees of the owners limited to 50% of their respective ownership interests. Final structure to be determined by the MSF Fund Manager.
MSF Loan #2:	
MSF Loan Amount:	Up to \$400,000
Interest Rate:	1.00% per annum

MSF Fee(s): Equal to 1.00% of the loan amount

Term: To match that of the senior lender, not to exceed 120 months

Repayment Terms: Monthly interest only payment for up to 120 months, remaining principal due at maturity.

Collateral: Anticipated to be a security interest in the real estate and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2nd priority interest.

Guarantee(s): To match that of the senior lender, anticipated to be the limited pro rata guarantees of the owners limited to 50% of their respective ownership interests. Final structure to be determined by the MSF Fund Manager.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: June 23, 2020

To: Michigan Strategic Fund Board

From: Lindsey Miller, Community Assistance Team Specialist
Julie Gardner, Program Specialist, Community Development Block Grant

Subject: *Community Development Block Grant Program
Downtown Access & Placemaking – Unique and Innovative
City of Sault Ste. Marie, County of Chippewa*

Request

The City of Sault Ste. Marie is requesting \$4,378,500 in Community Development Block Grant (CDBG) funds for streetscape and placemaking improvements for the Downtown Access & Placemaking Project and up to \$30,000 in CDBG funds to provide a CDBG Certified Grant Administrator (CGA) to assist the City with the compliance and administrative requirements of the award, located in Chippewa County, Michigan. The City anticipates that this project will result in increased private investment in the downtown due to the improved access and connectivity to the downtown district. This project will create placemaking elements for members of the community of which 54.08% are low to moderate income status. Additionally, the project will provide safe access to the core of the downtown district and increase pedestrian traffic.

Background

In 2018 the Sault Ste. Marie Downtown Development Authority (DDA) identified a transformation strategy with guidance from the Michigan Main Street Program. The process included work sessions and significant public input to identify the desired future state of downtown. The community created a vision for Downtown Sault Ste. Marie as an internationally renowned, lively, full and year-round commercial district with a diversity of experiences and entertainment options that invites and welcomes the active engagement of residents and visitors alike. To accomplish this vision the DDA set goals to enhance and increase the pedestrian traffic throughout downtown and to articulate and build upon the sense of place that defines downtown Sault Ste. Marie. With the vision and goals for transforming Downtown as a top priority, the DDA created an action plan to increase downtown beautification enhancements, increase way finding and directional signage, and provide safe access for residents. The DDA identified four sites in the heart of downtown that were a high priority for improvements to provide safe access to downtown along with beautification and placemaking elements. The Downtown Access & Placemaking project will enhance four public sites.

The Downtown Access & Placemaking project will transform four public spaces with curb-less and multi-modal sidewalks, an interpretive pathway, streetscape improvements and way finding signage allowing for residents to safely walk, bike, and access public transportation in downtown Sault Ste. Marie. Redevelopment of the four sites will create green areas, dedication of space to enjoy outdoor recreation and placemaking elements.

In its existing state, the four sites limit access to non-motorized users of downtown Sault Ste. Marie and present significant safety concerns for bicyclists, walkers and vehicular traffic. The sites are currently lacking sidewalks, pedestrian amenities, safety features, traffic calming features and green areas. Residents within the project area rely on this space for parking, pedestrian movement, cycling and access to public transportation. The area is heavily traversed by seniors with disabilities as well as young children. There are 53 income restricted housing units that directly rely upon Oak Street and the adjoining project areas daily. These housing units are located at the adjoining Avery Square senior living complex, and across Spruce Street to the north at Park Place City Center, a low-income housing complex.

With the above improvements, public safety concerns will be greatly lessened. The Downtown Access & Placemaking project will provide a safe, non-motorized connection to the City benefiting those low-income residents who walk and bike to school, work and for recreation. With the beautification to downtown and increase in pedestrian traffic future private development opportunities will be more likely to take place.

Providing non-motorized transportation along with beautification and placemaking improvements are supported by Sault Ste. Marie's transformation strategy for the downtown district. Additionally, this project meets the goals and objectives of the CDBG program by redeveloping assets in a distressed rural community through the development of a place-based project that attracts talent and provides an area benefit to all residents in the community.

The Downtown Access & Placemaking project is best completed in one effort rather than in multiple, smaller projects which would increase costs and delay the future benefits to the City. The City has identified the project has a high priority and demonstrated a significant level of financial support for the project. A thirty (30) percent match was assembled utilizing capital resources of the City. In its totality, the City will provide \$1,878,500 of the approximate \$6,257,000 total project cost.

Program specific requirements and screening guidelines are addressed in **Appendix A**.

Project area map, including renderings and before photos are provided in **Appendix B**.

Recommendation

The MEDC Staff recommends:

- The Michigan Strategic Fund approve a CDBG grant agreement in the amount of \$4,378,500 for the City of Sault Ste. Marie for the Downtown Access & Placemaking Project and additionally, up to \$30,000 for grant administration.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

The Project was evaluated utilizing the CDBG requirements. It has been determined that the Project meets the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**

This Project qualifies for CBDG funding as the Project activities will benefit all residents of the Project area and 54.08 percent of the residents of the City of Sault Ste. Marie are low and moderate-income persons as determined by census data provided by the U.S. Department of Housing and Urban Development.

The Project will achieve safe access to downtown Sault Ste. Marie for all members of the community to enjoy recreational activities and allow for safe passage throughout the City.

- **Eligible Activity:**

This Project involves eligible activities identified in Section 105(a)(2) of Title I of the Housing and Community Development act of 1974, as amended.

Screening Guidelines

The Project was evaluated utilizing the CDBG guidelines. It has been determined that the Project meets the following standards to qualify as an eligible Project under the CDBG program:

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the Project is:

- Located in a highly visible location
- Located in a DDA

and the community has:

- Prior use of downtown development incentives (TIFs, abatements, etc.)
- Local organizational capacity to successfully complete this Project
- A full-time downtown development professional or community staff member able to administer the Project
- Adopted a downtown development plan, which identifies objectives that will be completed with the Downtown Access & Placemaking Project

- **Minimum Local Participation:** The City of Sault Ste. Marie will make an anticipated contribution of \$1,878,500 which is thirty percent (30%) of the total public infrastructure costs. The funds will be provided by the City's fund accounts of General Funds, Gaming, Road Contingency, Sewer Depreciation Reserves, Land Sales and Carbide Dock Reserves.

- **Financial Viability:** The community receiving the benefit from this project has been determined to be financially viable.
- **Background Check:** A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

The MEDC staff has concluded that the Project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.

APPENDIX B – Map, Renderings and Site Photos

Project Map



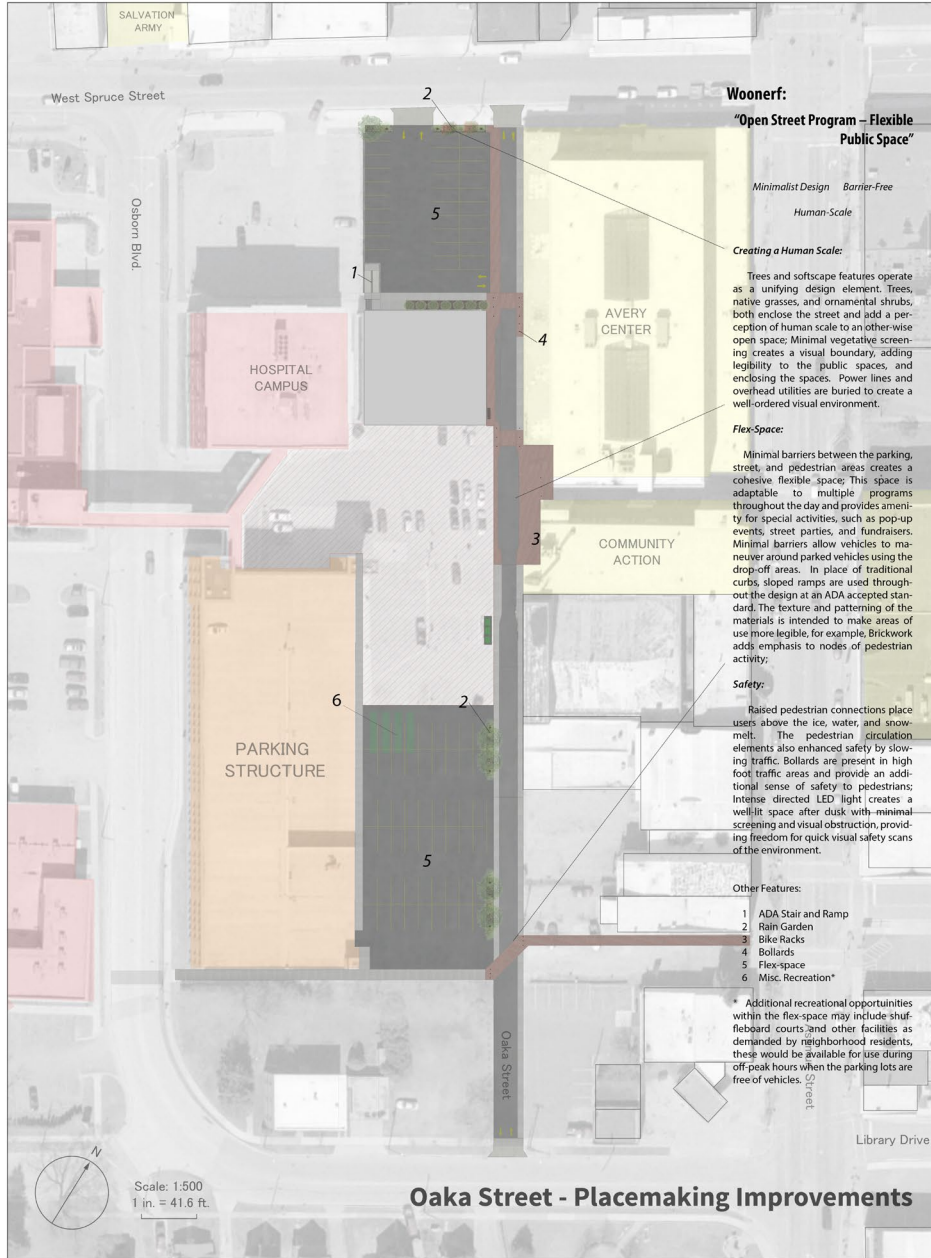
Renderings: Arlington Street



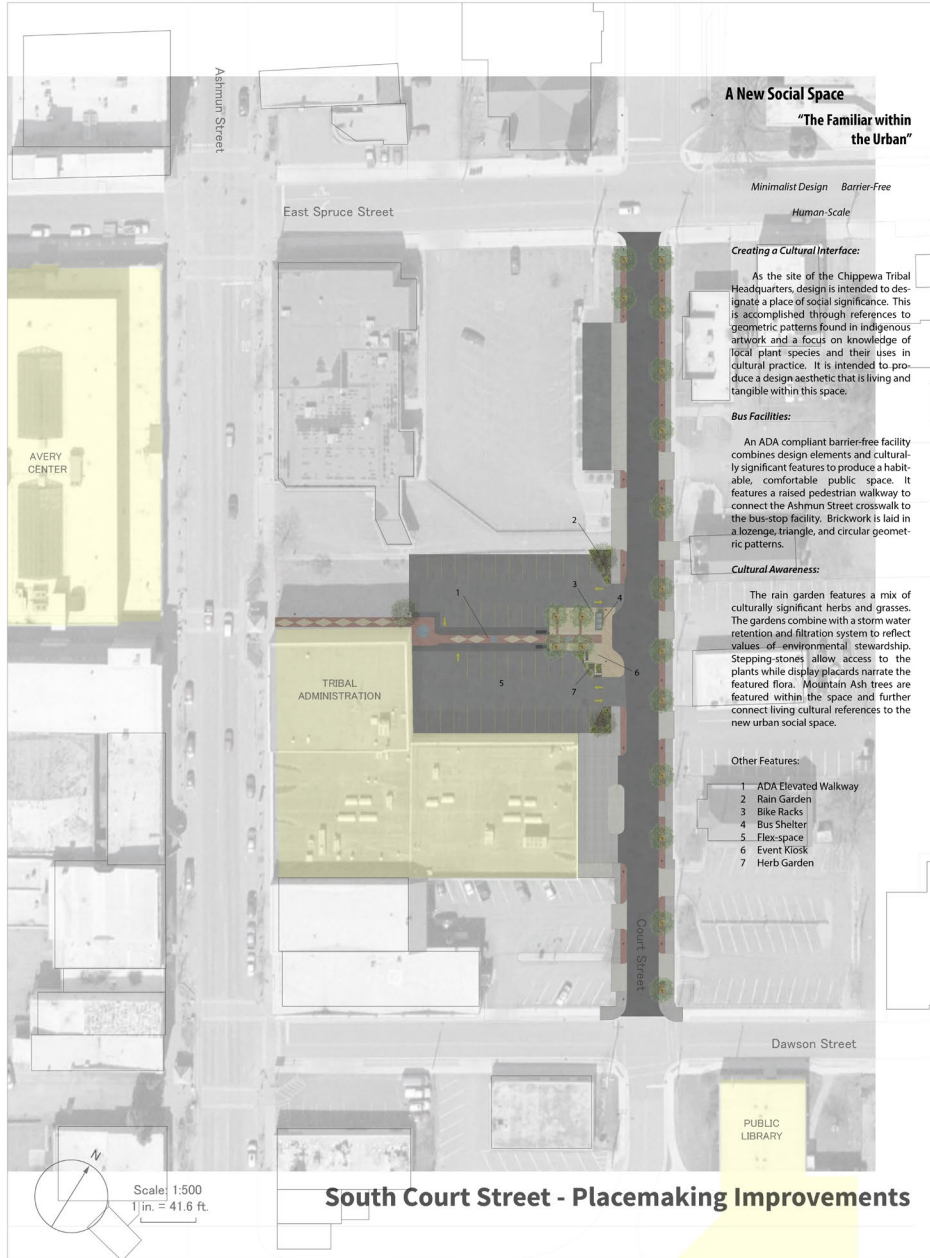
North Court Street



Oaka Street



South Court Street



Arlington Street



North Court Street



Oaka Street



South Court Street



Current Site Photos

Arlington Street



North Court Street



Oaka Street



South Court Street



MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-080**

**APPROVAL OF CITY OF SAULT STE. MARIE DOWNTOWN ACCESS &
PLACEMAKING PROJECT**

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

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

WHEREAS, the CDBG program has policies, criteria, and parameters that are enumerated in the 2019 Program Year Funding Guide, as amended (the “Criteria”). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the MSF, by Resolution 2019-133, authorized and approved the 2019 Program Year Funding Guide Excerpt which includes guidelines for area benefit grants;

WHEREAS, pursuant to SFCR 10.1-1, 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 or decisions approved under the CDBG program;

WHEREAS, the City of Sault Ste. Marie (the “Community”) has submitted a complete application for approval requesting funding to be used to fund the infrastructure and placemaking improvements to their downtown (the “Project”);

WHEREAS, the CDBG program staff reviewed the application and proposed Project in light of the Criteria, Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, and at least 51 percent of the project beneficiaries are low and moderate income persons; and

WHREAS, staff recommends that a grant agreement be authorized and entered into with the Community for funds from the CDBG program for the reasons set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$4,408,500 for the payment or reimbursement of costs associated with the Project, and allocates \$4,408,500 from the Michigan CDBG program for the purpose of funding the Community’s proposed Project contingent upon the MSF’s continued receipt of CDBG funds and availability of adequate funds; and

BE IT FURTHER RESOLVED, the MSF Fund Manager, in coordination with MEDC staff, is directed to negotiate the terms of the grant agreement for the project consistent with this Resolution.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
June 23, 2020



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood